Entrepreneurship responding to adversity: Equilibrating Adverse Events and Disequilibrating Persistent Adversity

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Abstract
Entrepreneurship and organization theory can both benefit from a mutual exchange to theorize on a number of topics. One such topic is organizational responses to adversity. In this paper, we theorize by abstracting across highly contextualized papers on entrepreneurship’s role in responding to adversity and propose that entrepreneurial action, such as the creation of new ventures, performs a different function depending on whether the adversity is an event or a persistent state. Specifically, we theorize that entrepreneurial action performs the role of an equilibrating mechanism when adversity is an event, such as an earthquake that kills thousands of people and injures many more, business failure, and perhaps the Covid-19 pandemic, and performs the role of a disequilibrating mechanism when adversity is a persistent state, such as for poor farmers in rural India, women in patriarchal communities in Bangladesh, and perhaps the Covid-19 pandemic. We then explore the possibilities of entrepreneurship for both equilibrating and disequilibrating adversity and offer some future research opportunities that we believe can make important contributions to organization theory and the entrepreneurship literature.

Keywords
civil society, entrepreneurship, improvisation, non-profit organizations, process theories, social enterprise, time

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Introduction

Entrepreneurship has much to contribute to organization theory, and organization theory has much to contribute to entrepreneurship. This mutual relationship is particularly important as we develop theories around responding to adversity. Indeed, as we face the Covid-19 pandemic, it is not surprising that scholars are redoubling their efforts to understand how people can improve their lives in the face of adversity. By adversity, we refer to “an unfortunate event or circumstance or the state of serious and continued difficulty” (Tian & Fan, 2014, p. 252). Over the years, the two of us (together and separately) have worked to build theory on entrepreneurship in a variety of adverse contexts. For example, we have explored entrepreneurial action in the aftermath of the 2009 Black Saturday bushfires in Australia (Shepherd & Williams, 2014; Williams & Shepherd, 2016b, 2018) and the 2010 earthquake in Haiti (Williams & Shepherd, 2016a, 2020); entrepreneurial action in the slums of Mumbai (Shepherd, Parida, & Wincent, 2020), prisons in Germany (Patzelt, Williams, & Shepherd, 2014), long-term refugee camps in Lebanon (Shepherd, Saade, & Wincent, 2020), resource-poor rural India (Shepherd, Parida, & Wincent, 2020a), and the arctic wilderness (Wigger & Shepherd, 2020); and entrepreneurial action by US marines and soldiers injured in combat (Haynie & Shepherd, 2011), abused women in Bangladesh (Shahriar & Shepherd, 2019), and individuals who have experienced business failure in Australia (Shepherd, 2003), the United Kingdom (Byrne & Shepherd, 2015), and the United States (Mueller & Shepherd, 2016). These theory-building efforts have resulted in a series of models theorizing processes of entrepreneurship under adversity.

In general, grounded theoretical models vary on a continuum from those that are more specific and phenomenon based to those that are more general and abstract (Charmaz, 2014; Strauss & Corbin, 1997). Upon reflection, our inductive studies of entrepreneurship in particular adversity contexts are more at the specific end of the continuum as we sought to develop grounded theoretical insights through extreme cases of entrepreneurial action under adversity. While helpful, there is an opportunity to expand the theoretical insights beyond the unique contexts we have explored. Therefore, the primary purpose of this paper is to expand our theorizing from these more specific theorizations to develop a more general entrepreneurship model of adversity. In doing so, we use published articles as the data for inductive theorizing to abstract across highly contextualized papers toward a more generalized theoretical understanding of entrepreneurship and adversity (consistent with the approach of theorizing by abstracting from second-order themes to aggregate theoretical dimensions within a paper, e.g., Strauss & Corbin, 1997).

As a preview to our findings, we first highlight the most interesting finding from this theorizing, which is that entrepreneurial action performs a different function depending on whether the adversity is perceived as an event or a persistent state. Specifically, by adverse events, we refer to low-probability, high-impact negative shocks or jolts to a focal individual’s or organization’s environment that is potentially highly disruptive to well-being (consistent with Pearson & Clair, 1998). By persistent adversity, we refer to a continued cumulative process of downward pressure that imposes an ongoing and persistent threat to well-being (i.e., the well-being of individuals, organizations, and communities) (consistent with Roux-Dufort, 2016; Turner, 1976). We use the term “well-being” as it is used in the literature to reflect individual (Bonanno, Brewin, Kaniasty, & Greca, 2010), organizational (Williams, Gruber, Sutcliffe, Shepherd, & Zhao, 2017), and community (Almandoz et al., 2017) functioning in the face of adversity. At the individual level, we refer to well-being as the extent to which a focal individual’s basic psychological needs for competence, belongingness, and autonomy are fulfilled (for a review, see Ryan & Deci, 2001). At the collective level, we refer to well-being as the extent to which a collective (e.g., an organization or a community) adjusts and maintains functioning
before, during, and after exposure to adversity (Cameron, Dutton, & Quinn, 2003; Peredo & Chrisman, 2006; Williams & Shepherd, 2020).

Despite the different conceptualizations of well-being and adversity in the literature across levels of analysis, they largely draw from similar foundations. Specifically, these conceptualizations emphasize that actors (individuals, organizations, and communities) experience objective threats to well-being in the form of adversity, which can potentially disrupt the actors’ functioning (Almandoz et al., 2017; Bonanno et al., 2010; Roux-Dufort, 2016). Adversity, then, is universally experienced as a potential disruption, but the outcome of adversity for an actor depends on a variety of factors, including the actor’s pre-adversity resources and capability for adaptation and adjustment in the midst of adversity (see Williams et al., 2017, for review). In this paper, our primary interest is in theorizing about how differences in perceptions of adversity (as an event or a continuous state) impact entrepreneurial actors—whether they are individuals, organizations, or communities.

Across entrepreneurship studies on adversity, we theorize that when adversity is an event, entrepreneurial action performs the role of an equilibrating mechanism. That is, entrepreneurial action leads to changes such that those facing the adverse event (e.g., destruction caused by a natural disaster) are eventually returned to a valued status quo (e.g., victims of the crisis return to pre-crisis well-being). In contrast, when adversity is a persistent state, entrepreneurial action performs the role of a disequilibrating mechanism. That is, entrepreneurial action leads to changes such that those facing the adverse state (e.g., endemic poverty) report an increase in their well-being (e.g., extraction from poverty or improvement in one’s economic or social standing). Therefore, there is an important temporal element to adversity that impacts entrepreneurship’s role in adversity response.

To be clear, while prior theory distinguishes between crises as events and crises as processes (for a review, see Williams et al., 2017), there likely is some gray area. Indeed, the once-in-a-generation Covid-19 pandemic represents adversity on an epic scale in that it appears to encapsulate both definitions of adversity: a massive negative shock event and one that is continually unfolding with seemingly no end in sight. The result is that there are needs to respond to the immediate shock while simultaneously preparing to advance in whatever becomes the “new normal” as the world continues to live with Covid-19. Regardless, we argue that our theorizing of the role of entrepreneurship in response to adversity is all the more salient. Indeed, given that we are still in the pandemic’s grip, there are needs to respond to its evolving event-like repercussions (e.g., lockdowns, lack of access to certain industries and resources) as well as to the persistent state-like nature of Covid-related adversity (i.e., returning to work, school, and daily living under new institutional conditions). Therefore, theorizing about the role of entrepreneurial action in responding to the Covid-19 pandemic is likely to be different depending on researchers’ and subjects’ beliefs about whether we are facing an event or a persistent state (or both). Scholars from all disciplines are investigating its causes, its perpetuation, and its consequences. Organization theory scholars have an opportunity to make important contributions to this scholarly and practical conversation by combining entrepreneurship and an organization theory lens to explore the related phenomena across levels of analysis, over time, and in terms of both adverse events and persistent adversity. We hope this paper provides some insights that can assist in this new, important research stream.

In the sections that follow, we first provide a theoretical model of entrepreneurial action equilibrating and disequilibrating adversity. This model provides a structural overview of our arguments and helps orient the reader to our theoretical arguments. Second, we present our theorizing on entrepreneurship equilibrating adverse events, on entrepreneurship disequilibrating persistent adversity, and on entrepreneurship both equilibrating and disequilibrating adversity. Third, we detail some of our key assumptions for our model and arguments. Finally, we suggest some important future research opportunities.
Entrepreneurial Action and Adversity

In Figure 1, we display our model of entrepreneurship equilibrating and disequilibrating adversity, which we developed by abstracting from highly contextualized entrepreneurship studies. While our process of developing the model was inductive (Strauss & Corbin, 1997)—an induction of largely inductive studies—we display it here to help orient the reader to the overarching structure of our arguments. The top half of Figure 1 represents entrepreneurship as equilibrating adverse events. In the bottom half of Figure 1, our model represents entrepreneurship as disequilibrating persistent adversity. The dashed arrows of Figure 1 link the two sub-systems of the model. Both halves of the model incorporate other relevant concepts explaining actors’ response to adversity, including resilience, well-being, recovery, and the potential for chronic dysfunction (consistent with Bonanno, 2004; Sutcliffe & Vogus, 2003; Williams et al., 2017; Williams & Shepherd, 2016a, 2016b, 2018, 2020).

Central to both sub-models is entrepreneurial action. Definitions for entrepreneurship and entrepreneurial action vary (e.g., McMullen & Shepherd, 2006; Shane & Venkataraman, 2000). However, scholarship on entrepreneurship and organizational emergence in the face of adversity has largely adopted the definition advanced by Stevenson and Jarillo (1990, p. 23): “entrepreneurship is the process by which [actors] pursue opportunities without regard to resources they currently control,” where opportunities are future situations that are “desirable and feasible.” This definition is helpful in that it is inclusive of the pursuit of opportunities to alleviate suffering for the individual actor herself (Shepherd et al., 2020; Williams & Shepherd, 2016b), organizations (Dutton, Worline, Frost, & Lilius, 2006; Sutcliffe & Vogus, 2003; Williams & Shepherd, 2018), and communities experiencing adversity (Peredo & Chrisman, 2006; Shepherd & Williams, 2014; Williams & Shepherd, 2016a, 2020). Furthermore, this definition encompasses the sometimes temporary nature of entrepreneurial action (Shepherd & Williams, 2014, 2018), whereby ventures emerge, address a need, and then dissolve (because they have achieved their objectives). Therefore, we conceptualize entrepreneurial action as a tool—a tool that can be used for constructive or destructive purposes and

![Figure 1. An Entrepreneurial Action Model of Equilibrating and Disequilibrating Adversity.](image-url)
outcomes. For constructive purposes, entrepreneurial action can disrupt a dysfunctional system or return a disrupted system to its functional state whereas for destructive purposes, entrepreneurial action can disrupt a functional system or return a disrupted system to its dysfunctional state.

Having provided a general overview of our model and defined key terms, we now theorize each aspect of the model. It is important to note that despite the potential gray area of adversity as an event or a process, we isolate these concepts to allow for theoretical development. Indeed, the studies we reviewed covered a range of distinct contexts of adversity. Using a multiple comparative case study approach (Eisenhardt, 1989), we were able to distinguish between adversity as an event and adversity as a relatively persistent state. Distinguishing adversity as events or persistent states in this way is consistent with isolating more “extreme contexts” to build theory (Eisenhardt, 1989) as extreme contexts are more likely to be generative in advancing theory.

Entrepreneurship equilibrating adverse events

In the top half of Figure 1, we illustrate the sub-model of entrepreneurship equilibrating adverse events. In this sub-model, the focal actor (e.g., individual, organization, or community) has a valued status quo (baseline well-being) that is interrupted by an adverse event. While some try to escape the adverse event and may become stuck in a negative state (chronic dysfunction), others respond to the adverse event with entrepreneurial action in the form of de novo, de alio, and/or community venturing (Shepherd & Williams, 2018; Williams & Shepherd, 2020). Resilient actors can engage in entrepreneurial action to facilitate others’ resilience (and entrepreneurial action can facilitate the actors’ own resilience) or to facilitate the recovery of others whose well-being is substantially disrupted by the adverse event (and their recovery can return them to a desired status quo, which provides a “return to normal”). Therefore, when adversity is an event, entrepreneurial action performs an equilibrating role in helping focal actors and others “return” to their status quo well-being (or a new status quo that offers higher well-being than the status quo lost, such as in post-traumatic growth; Maitlis, 2009, Williams & Shepherd, 2016a).1

Therefore, those who experience an adverse event can (1) be resilient and engage in entrepreneurial action to help others such that these focal actors are equilibrated back to their previous status quo well-being (or an improved status quo); (2) engage in entrepreneurial action to help themselves and others recover such that they and others equilibrate back to what they consider to be a valued status quo (or an improved status quo); or (3) disengage (chronic dysfunction) in an attempt to escape the consequences of the adverse event, resulting in the loss of status quo well-being.

Resilience and entrepreneurial action. While conventional wisdom suggests that adverse events lead to a major negative disruption in functioning, this is not always the case and perhaps not even the most common reaction. For example, studies have found that during the first six months after the 9/11 terrorist attacks, only 6% of people from the New York metropolitan area exhibited post-traumatic stress disorder (PTSD) (Galea et al., 2003) and that one-third of those directly exposed to this adverse event exhibited few or no symptoms of PTSD (Bonanno, Rennicke, & Dekel, 2005). Indeed, it appears that resilience, rather than disfunction, may be the most common response to adverse events. While definitions may vary to some degree across levels of analysis, we define resilience as “the process by which an actor (i.e., individual, organization, or community) builds and uses its capability endowments to interact with the environment in a way that positively adjusts and maintains functioning prior to, during, and following adversity” (Williams et al., 2017, p. 742). This definition is inclusive of both different levels of analysis and the crisis-as-process/crisis-as-event perspectives.
Resilience can lead to entrepreneurial action, and entrepreneurial action can reinforce resilience. Specifically, resilience can lead to entrepreneurial action in the form of compassion venturing. Such compassionate entrepreneurial action is performed through the creation of *de novo* (new independent) or *de alio* (new corporate) ventures, which are distinct from established organizations whose primary mission is to help people (e.g., hospitals) and from established organizations that redirect normal operating routines to help their employees in need (e.g., Dutton et al., 2006). Indeed, in several studies, we found that after a natural disaster, some of the locals who experienced the adverse event (e.g., the deaths of friends and family, lost property and livestock, and physical injuries) maintained positive functioning to create ventures to alleviate the suffering of others. For example, in the aftermath of the Black Saturday bushfires in Australia, resilient individuals were hyper-functional in relying on remaining resources (i.e., local values, local knowledge, and local relationships) to create ventures that alleviated suffering through improvising locally, performing needed community roles, and engaging in important symbolic actions (Shepherd & Williams, 2014). Similarly, in the aftermath of the Haiti earthquake in 2010, resilient individuals created local (compassionate) ventures, which involved “the arrangement of resources and organizational structures in novel ways by those within the disaster zone to alleviate the suffering of victims” (Williams & Shepherd, 2016a, p. 2070). Some of these newly created local ventures worked toward sustaining people, while others worked toward transforming victims of the adverse event by helping them develop autonomy, self-reliance, and—ultimately—a new status quo so they no longer needed help.

While resilience enables entrepreneurial action in response to an adverse event, it appears that engaging in entrepreneurial action also reinforces entrepreneurs’ resilience. For example, some victims (i.e., individuals who lost property, loved ones, and pets) of the Black Saturday bushfires engaged in entrepreneurial action (through the creation of local ventures) to alleviate others’ suffering (Williams & Shepherd, 2016b). This action to create ventures generated more positive outcomes for the *actors* themselves compared to others with similar resource capabilities who either took no entrepreneurial action or engaged in short-term volunteering. Specifically, the mechanisms shaping resilience outcomes for these entrepreneurial actors included receiving feedback from those they helped, experiencing positive emotions by making a difference, and witnessing others’ acts of kindness, all of which reinforced a hope and belief that despite the crisis, common humanity remained (Williams & Shepherd, 2016b). Such interactions generated by entrepreneurial action reinforce entrepreneurial actors’ resilience by enabling them to maintain behavioral functioning (Bonanno, 2004; Hobfoll, Mancini, Hall, Canetti, & Bonanno, 2011); emotional functioning (Bonanno & Jost, 2006; Folkman & Moskowitz, 2000); and the functioning that comes from positive fundamental assumptions about the self, others, and the world (Beder, 2005; Janoff-Bulman, 1992).

In a related study, we found that compassionate venturing can benefit organization and community actors as it can bind communities closer to one another, unearth previously unused resources, and promote a positive long-term trajectory for the actors involved (Williams & Shepherd, 2020). For example, communities and organizations *co-emerged* in response to the 2010 Haiti earthquake, enabling community members to function in essential supply-chain roles for the emergent organizations, while the emergent organizations simultaneously provided customized responses that ensured a more stable status quo well-being for these organizations and communities (Williams & Shepherd, 2020). It appears that victimized actors are often the *most effective* at addressing their own needs in a rapid, customized, and appropriately scaled manner (Drabek & McEntire, 2003; Shepherd & Williams, 2014).

*Entrepreneurial action and recovery—actor self-help.* Entrepreneurial action can also help actors recover from an adverse event. First,
entrepreneurial action can provide a vehicle for building the foundation for a new career for people who lose a valued work identity that cannot be captured again. For example, in a study of entrepreneurship programs in prison, we found that as the prisoners recognized potential business opportunities they could pursue once released, they began to adopt more positive attitudes toward their entrepreneurial competence, toward their imprisonment, and toward others (including their fellow inmates and those outside the prison walls) (Patzelt et al., 2014). That is, entrepreneurial thinking enabled these constrained individuals to think positively and constructively about the future, which facilitated their persistence with education programs and a belief that their lives had changed for the better. The hope is that as these individuals develop new skills and attitudes and leave prison, they will contribute to society (rather than cost society by re-offending and going back to prison). Similarly, in another study, we found that marines and soldiers injured in combat lost their valued careers (i.e., they were honorably discharged) and used the notion of becoming an entrepreneur to orient themselves away from their past (i.e., traumatic injury) and from the obstacles to a traditional career (i.e., employers’ insufficient accommodation of their physical and/or mental injuries) and toward an entrepreneurial career that would provide renewed meaning and purpose (Haynie & Shepherd, 2011). Consistent with the case of individuals released from prison, entrepreneurship can, it is hoped, not only help individuals injured in combat improve their well-being but also enable society to benefit from what has heretofore been an underutilized asset.

For some, the foundation from which to explore alternatives essential for recovery only comes after hitting rock bottom—that is, “when negativity is brought to a climax by the formation of links among the negative features of one’s current life situation and a belief that the future is likely to ‘contain much of the same’” (Bauer, McAdams, & Sakaeda, 2005, p. 1182)—which in turn fundamentally undermines their “commitment to a role, relationship, or investment” (Baumeister, 1994, p. 282). By hitting rock bottom, individuals are in a better place to engage in the identity play necessary to find a new work identity, which is essential for recovery (Shepherd & Williams, 2018).

Second, an entrepreneurial career provides the flexibility for individuals to construct an organization that is suited to them and their personal development of a valued career. For example, for the veterans disabled in combat, creating a new organization satisfied their need for autonomy, which was essential to these individuals because they felt it was following orders that nearly got them killed, and they were tired of following the hospital’s rules during their physical recovery. Moreover, these individuals recognized that they needed the flexibility provided by an entrepreneurial career because they could structure their organizing around their physical needs resulting from the adverse event (e.g., taking time off work for doctors’ visits, working around headaches that typically occurred in the afternoon, and so on).

Finally, entrepreneurial action facilitates actors’ recovery by encouraging organizational members to think about their experiences before and after the adverse event they endured in a new light. For example, entrepreneurs who experience the adverse event of business failure can learn from the experience (by regulating grief) to improve their competence such that they feel they are better prepared to try again (Shepherd, 2003). Similarly, as the veteran marines and soldiers who were injured in combat developed an entrepreneurial mindset, they began to think more deeply (structurally) about the competences they had developed both in their careers and in coping with their injuries that could be linked to the competences required for advancing their entrepreneurial organizations. Therefore, starting an entrepreneurial journey after an adverse event can help people recover to regain their pre-adversity well-being or create well-being that exceeds the pre-adversity level (consistent with post-traumatic growth; see Maitlis, 2009).

**Entrepreneurial action and others’ recovery and resilience from adverse events.** While some
individuals, organizations, and communities are resilient to adverse events and therefore have the capacity to help alleviate victims’ suffering, others face a substantial disruption to their functioning. Entrepreneurial action (by those who are resilient to adversity) provides a mechanism by which others who are disrupted by an adverse event can recover their positive functioning over time as well as develop resilience to future adversity. Entrepreneurial action thus provides critical, timely, and customized solutions to address victims’ suffering by accommodating and addressing the evolving consequences of an adverse event and helping victims learn how to re-establish well-being once the major disruption has passed.

Adverse events and chronic dysfunction. Not all paths lead to entrepreneurial action, and not all paths enable actors to regain their pre-adversity status quo well-being (see Figure 1). Indeed, the literature on stress response (at multiple levels) suggests that some efforts to manage stress—namely, some forms of coping—can be destructive in nature (Scheier, Weintraub, & Carver, 1986). At the individual level, a number of “ugly coping” behaviors can arise (Bonanno, Keltner, Holen, & Horowitz, 1995; Bonanno et al., 2005) such that some individuals escape the adversity of an event through cognitive deconstruction. Cognitive deconstruction refers to an attempt to blot “out threatening implications . . . [through] a refusal of insights and a denial of implications or contexts” and thus put oneself in a numb state to escape the negative emotions generated by thoughts of an event or situation (Baumeister, 1990, p. 92). For example, drug use represents an “ugly coping” behavior that some people use to escape the adversity of an event (Haynie & Shepherd, 2011), which can lead to cognitive deconstruction. This cognitive deconstruction can lead to chronic suffering and even suicide (Baumeister, 1990; Singh, Corner, & Pavlovich, 2007).

For members of failed businesses (Ucbasaran, Shepherd, Lockett, & Lyon, 2013) or “dead” organizations (Crosina & Pratt, 2019), such cognitive deconstruction typically involves chronic grief (Shepherd, 2003), or what psychologists call complicated grief (see Prigerson et al., 1995). We also found evidence that some of the marines and soldiers injured in combat engaged in cognitive deconstruction in the form of heavy drug use as an emotion-focused mechanism to cope with PTSD (Haynie & Shepherd, 2011). Similarly, for some of the prisoners we studied, cognitive deconstruction seemed to materialize as unrelenting externalization of blame; feelings of low control over their lives; pessimism about the future; negative attitudes toward themselves, prison, and others; and dropping out of education courses (Patzelt et al., 2014).

We found a similar type of response to crises by organizations and communities. For example, we found that in aftermath of the 2010 earthquake, some organizations emerged and functioned in a seemingly permanent “survival” state—operating day to day, barely subsisting, and relying heavily on outside donors for basic functions (Williams & Shepherd, 2016a). Indeed, rather than developing and building for the future, these organizational actors engaged communities to preserve a relatively dysfunctional state of existence—maintaining and institutionalizing “tent city” encampments, engaging in illegal resource-gathering activities (including posing as authorities and stealing water or food), and so forth. In a separate study, we also found that some organizational actors “took action” so they could get their mind off the tragedy. However, while this action provided some relief to the actors for having “taken action,” when it was not customized to the challenge at hand (e.g., timeliness, scale, and scope), it inhibited progress for the targets of the help (Williams & Shepherd, 2018). Thus, action served as a numbing agent to deal with the adversity but ended up causing additional suffering (in some cases) due to misappropriated resources.

Similarly, in a related study, we found that organizations and communities co-emerged and pursued a trajectory that sought to provide “numbing” help for community members (e.g., alcohol sold out of anti-freeze bottles) to help them “escape” from the reality of their extremely adverse environment (Williams &
Shepherd and Williams

Shepherd, 2020). These findings, while relatively novel in the organizational literature, suggest that chronic dysfunction can be promoted by organizational and community actors when facing adversity. That is, in some cases, just as at the individual level, organization and community action can (1) be numbing in nature; (2) be focused on providing an “escape” from the adversity at hand; and (3) result in long-term subsistence rather than resilience for communities, organizations, and individuals. This chronic dysfunction could be considered a new form of “permanently failing organization” (Rao, 1990), where the organization and the community around it persist but do so with major failings (Meyer & Zucker, 1989).

In sum, adverse events present potentially traumatic situations that actors can respond to in a variety of ways, including with entrepreneurial action or destructive behaviors that perpetuate dysfunction. In abstracting from the emerging literature in this area, we theorize that, whether by resilient actors or those attempting to recover from the adversity at hand, entrepreneurial action can play an equilibrating role—namely, it helps those affected overcome the disruption caused by adverse events. However, other action focused on escape (e.g., drug consumption, un-customized organizing, and community numbing) can lead to chronic dysfunction for both the subjects and targets of the action.

**Entrepreneurship disequilibrating persistent adversity**

While adversity can occur as an event, adversity can endure over an extended period of time and function as a persistent stressor to individuals, organizations, and communities. We present our sub-model of entrepreneurship disequilibrating persistent adversity in the bottom half of Figure 1. The disequilibrating model starts with persistent adversity as the focal actor’s status quo. While some accept their situation and remain stuck at a low level of well-being, those high in resilience can act entrepreneurially. This entrepreneurial action by resilient actors generates improved well-being (for individuals, organizations, and/or local communities), which in turn reduces their experience of adversity, builds resilience, and facilitates further entrepreneurial action. Therefore, actors experience a change in their situation as a result of their entrepreneurial action (directly and indirectly through building resilience and improved well-being). We explore these relationships in detail in the sub-sections below.

**Persistent adversity.** Persistent adversity is the notion that an actor faces enduring hardship, which, if unmanaged, can result in permanently disabling outcomes. For example, the organizational literature explains that actors face “daily perturbations” that, when combined, can result in organizational hardship and/or failure (Cobb, Wry, & Zhao, 2016; Rudolph & Repenning, 2002; Turner, 1976). These perturbations may be as simple as drift in an organization’s mission (Grimes, Williams, & Zhao, 2020) but could also include extensive and ongoing environmental threats. Indeed, there are many forms of persistent adversity. One form of persistent adversity is faced by individuals who live in slums (approximately 860 million people)—neighborhoods that are so poor that their residents lack ready access to safe water, sanitation, and other essential infrastructure such as housing, which is often poorly constructed, overcrowded, and located on land that does not have a secure residential status (United Nations Human Settlements Program, 2003). The residents of slums are poor (earn less than US$16 per month), are illiterate or semiliterate (Banerjee, Bandyopadhyay, Dasgupta, Paul, & Chattopadhyay, 2016), and engage in low-skilled work (Subbaraman et al., 2014). As a result of their poverty, living conditions, and work, these individuals face serious health issues (Haushofer & Fehr, 2014; Wyk & Bradshaw, 2017). What is worse, many of those living in the poorest of conditions are the most vulnerable to the economic and social consequences of crisis events, such as high mortality rates, loss of infrastructure, and economic and governmental failure (Guillaumont, 2010; Peduzzi, Dao, Herold, & Mouton, 2009). Thus, those experiencing persistent adversity are doubly disadvantaged in (1)
the daily challenges they face for survival and (2) the extraordinarily high costs they face when crisis events occur (Williams & Shepherd, 2016a).

Persistent adversity has a number of individual costs that, when aggregated, impact all members of society (including organizations, communities, and so forth). To elaborate on this point, we highlight three major issues currently shaping individual, organizational, and community well-being. First, individuals’ mental health challenges are imposing increasing constraints on society in that mental health problems function as a multiplier of other adverse conditions. According to the Johns Hopkins Bloomberg School of Public Health and the National Institutes of Health (NIH) (in the United States), in a given year, 26% of the adult population suffers from a mental disorder, 9.5% of the adult population suffers from a depression-based disorder, and 18% of adults between 18 and 54 suffer an anxiety-based disorder. Similarly, the Centers for Disease Control and Prevention (in the United States) reported that mental disorders were the primary reason for 56.8 million visits to physicians in 2016 and 4.8 million emergency department visits in 2017. We refer to suffering from a mental disorder as persistent adversity because these individuals can experience high levels of anxiety, depression, unemployment, and social exclusion, which can lead to suicide (according to the NIH, most people who commit suicide have a diagnosable mental disorder, and there were 47,173 suicides in the United States in 2017; Kochanek, Murphy, Xu, & Arias, 2019).

Second, beyond mental health challenges, there is currently a global refugee crisis influencing individuals and organizations as well as economic, social, and political policy. Approximately 13.6 million people were forcibly displaced worldwide in 2018, which takes the total to 70.8 million refugees in the world currently (25.9 million refugees under United Nations mandate, 41.3 million people internally displaced, and 3.5 million asylum seekers). For example, at the start of 2019, there were 5.5 million Palestinian refugees (UNHCR, 2019), and many adults living in the Palestinian refugee camps in Lebanon were born in these camps. These refugees face persistent adversity in the form of extreme poverty and overcrowding (Khali, 2011), unsanitary living conditions (Cutler, 2016), low literacy rates (Segal, Khoury, Salah, & Ghannam, 2018), and mental health problems (Ssenyonga, Owens, & Olemia, 2013; Steel, Silove, Bird, McGorry, & Mohan, 1999). The refugee crisis is motivating a number of actors to organize solutions (i.e., alleviate suffering) and is also generating interest in developing policy that supports refugee-driven entrepreneurial activity that goes beyond mere subsistence.

Third, many women throughout the world are facing persistent adversity. In one study, Chin (2012) reported that 16–37% of married Bangladeshi women experience sexual or other forms of physical abuse from their husbands over an extended period, and in our study of women who applied for microfinance loans, we found that 27.76% of respondents experienced sexual and other forms of physical abuse from their husbands (Shahriar & Shepherd, 2019). There are many other countries similar to Bangladesh that have a patriarchal society in which violence against women is normalized, girls are married at an early age to older men and forced into having sex, and women remain subordinate to males throughout society (Field & Ambrus, 2008; Schuler, Hashemi, & Badal, 1998). Women in such patriarchal societies face considerable persistent adversity, which has significant individual-, organization-, and community-level implications for well-being.

In the face of considerable persistent adversity, some actors display resilience through their entrepreneurial action to create a space for themselves, their organizations, and their communities to experience a better life, thereby perforating the structure of the status quo that has diminished their well-being. Other resilient entrepreneurial actors “shake up” existing structures to enhance their well-being and the well-being of many others, thus creating a substantial disruption to the status quo (for both the recipients and perpetrators of adversity). Whether the entrepreneurial action perforates...
the status quo (for the focal actors’ enhanced well-being) or otherwise substantially disrupts it (for most who suffer under it), entrepreneurial action can disequilibrate persistent adversity.

**Resilience, entrepreneurial action, and persistent adversity.** Resilient individuals act entrepreneurially in the face of persistent adversity by ignoring or circumventing constraints, looking for potential opportunities, and thinking differently about the benefits generated by potential opportunities.

First, a key to both resilience and entrepreneurial action in the face of persistent adversity is ignoring or circumventing constraints. For example, when facing resource constraints, entrepreneurial actors appear to engage in bricolage—that is, making do with the resources at hand and recombining these resources for new purposes (Baker & Nelson, 2005). For example, in one study, we found that business owners in resource-poor rural India engaged in a local variant of bricolage called *jugaad*, which involves recombining available resources through trial and error and an attitude of assertive defiance to improvise frugal quick fixes to problems (Shepherd, Parida, & Wincent, 2020a). Similarly, in our study of entrepreneurs in the slums of Mumbai, we found that resilient individuals were highly resourceful in using attributes of their slum environment (e.g., highly dense living conditions; shared facilities, such as water outlets and toilets; low-cost housing; access to cheap labor; and so on) to generate lower operational costs, rapid word-of-mouth advertising, and a culture of caring and support that ultimately contributed to business success (Shepherd et al., 2020b). Similarly, in our study of refugees in the slums of Mumbai, we found that resilient individuals were highly resourceful in using attributes of their slum environment.

Second, in the face of persistent adversity, resilient actors identify and pursue entrepreneurial opportunities. For example, given their substantial and persistent adverse environment in rural India, the individuals who engaged in *jugaad* (i.e., *jugaadus*) were oriented to look for potential opportunities. The *jugaadus* were continuously looking for problems to solve, whether these problems were recognized from their own experiences, the experiences of friends and family, or the experiences of strangers. For the refugees we studied, the problems exacerbated by the ambiguity of their citizenship status led to complicated identity issues: they were born in a country different from the one they were “assigned,” so, with varying degree, they identified with their host and traditional home countries and had the additional identity of being a refugee. Some resilient refugees used the role of entrepreneur as a means to align their multiple identities with pursuing business opportunities, and this entrepreneurial action helped them further build their resilience and find a space for themselves where they were somewhat protected from the persistent adversity (Shepherd et al., 2020). Similarly, entrepreneurship enables individuals with mental disorders to find or create a career space in which their disorders are more functional (or less dysfunctional) than in the typical employment context (Miller & Le Breton-Miller, 2017; Wiklund, Hatak, Patzelt, & Shepherd, 2018; Wiklund, Patzelt, & Dimov, 2016).

Finally, in the context of persistent adversity, we found evidence that resilient entrepreneurial actors think differently about the outcomes of their opportunity pursuit vis-a-vis entrepreneurial action in response to an adverse event and entrepreneurial action absent adversity. In resource-poor rural India, the *jugaadus* were not interested in (nor did they achieve) a sustainable competitive advantage for their businesses (because their inventions were difficult to market, scale, and protect), but their entrepreneurial action generated inclusive growth by enhancing others’ well-being (e.g., helped other users facing the same problems, fostered entry into self-employment that improved the entrants’ well-being, and connected people for accessing and sharing resources) (Shepherd et al., 2020a). Moreover, the *jugaadus* increased
their well-being through satisfaction with solving problems, a positive social reputation, and enhanced feelings of self-worth.

The slum entrepreneurs also defined success in a way inconsistent with entrepreneurial success in more munificent environments; the slum entrepreneurs uniformly defined business success as ensuring their children were educated so that their children could secure a good job and a good marriage and move out of the slum. Their actions were not directed at improving their own lives but those of their children because they realized that it would require a generation (or two) to climb out of the adverse situation into which they were born.

The refugees we studied also induced benefits from the activities involved in their entrepreneurial action, including feelings of competence from solving problems and demonstrating self-reliance, feelings of belongingness from integrating their multiple identities, feelings of purpose from serving a larger cause (i.e., solidarity in the Palestinian cause), and feelings of hope from forming optimistic realism about the future (Shepherd et al., 2020). It is clear that for individuals facing persistent adversity, the typical (perhaps Western) notions of entrepreneurial outcomes do not appear to apply; rather, the goal of entrepreneurial action in the context of persistent adversity, at least for many of these entrepreneurs, is to disrupt their status quo to enhance well-being for themselves, their families, and perhaps also their communities.

However, in our study of Bangladeshi women receiving microfinance loans, we found that the entrepreneurship solution to persistent adversity was less accessible to those who needed it most. All the women in the study undoubtedly faced persistent adversity, but those women who suffered sexual and other physical violence from their husbands had lower self-efficacy (which we theorized was the result of the abuse) and were therefore less likely to use their loans to create their own businesses, businesses that could have reduced their husbands' control and thus reduced their persistent adversity (Shahriar & Shepherd, 2019). Therefore, while entrepreneurship can help diminish persistent adversity, there appear to be types of adversity that reduce the likelihood of entrepreneurship and thus reduce individuals’ ability to carve out a space for themselves where they can experience a better life.

**Entrepreneurial action equilibrating and disequilibrating adversity**

Based on an inductive review and synthesis of context-specific theory-building studies, we explore the mechanisms of entrepreneurial action as both equilibrating and disequilibrating adversity, which we illustrate by the dotted arrows connecting the sub-models in Figure 1. We now explore each of these relationships.

**The status quo for one group can be persistent adversity for another group.** The status quo for well-being is unlikely to be universally valued—something that is hardly ever explicitly accounted for in the extant literature. Specifically, the bulk of the literature on adversity suggests that a return to a pre-adversity state (when adversity is an event)—a return to previous functioning—is the primary goal. However, this literature does not account for differences in the factors driving the maintenance of the status quo. Indeed, one of the main purposes of our theoretical arguments in this article is to isolate (1) different types of adversity and (2) different responses to adversity based on the nature of the adversity in order to (3) theorize the individual-, organization-, and community-focused implications at the intersection of these previously isolated streams of research.

For example, for some, the status quo provides many benefits and a high-quality life, whereas, for others, the same status quo represents persistent adversity. For example, much is made of the wealth gap in the United States and how this gap appears to be widening, but the implications of the wealth gap appear to be even greater in developing countries. Those at the top of the wealth distribution benefit from high-quality education, access to high-quality healthcare, and access to trusting and supportive communities (Sampson, Raudenbush, & Earls, 1997). In
contrast, those at the bottom of the wealth distribution suffer from persistent adversity, such as reduced access to healthcare (Sood et al., 2014), ineffective teaching and education (Battin-Pearson et al., 2000; White, 1982), and physical and psychological problems (for a review, see Matthews & Gallo, 2011). Those with low socioeconomic status also typically live in neighborhoods characterized by a high incidence of violence and environmental hazards (Bradley & Whiteside-Mansell, 1997), less supportive communities (Gallo & Matthews, 2003; Matthews & Gallo, 2011), and a relative lack of social order (Sampson et al., 1997). Therefore, while the wealthy (and powerful) are likely to value the status quo and reinforce the institutions that perpetuate it, the poor are likely to experience the status quo as substantial persistent adversity. As such, while there may be some consensus about adversity across disparate people—for example, an earthquake that kills tens of thousands of people, breast cancer, and climate change—adversity depends on perception, and perception depends on “where you sit.”

The implication for the contradicting motivations relating to adversity (one party seeking to return to the status quo, and the other seeking to revise the status quo) are evident in a number of recent phenomena. For example, the current refugee crisis involves (in many cases) individuals fleeing countries that were former colonies of the developed countries in which they seek refuge (e.g., England, France, and other European Union countries). In some cases, the conditions they are fleeing (e.g., forced labor in factories, disrupted socio-political contexts, and so on) serve as the basis for well-being in more developed locations (e.g., low prices in the West for consumer products and goods). Therefore, solutions to alleviating suffering (for entrepreneurial actors or others) may not be universally “acceptable” in terms of well-being. Accordingly, recent entrepreneurship scholarship has pressed for a greater focus on the “dark side” of entrepreneurship, which could have important implications in organization theory as well (see Shepherd, 2019; Shepherd, Williams, & Zhao, 2019).

**Entrepreneurial action in response to persistent adversity can be perceived by others as an adverse event.** As we have theorized above, those experiencing persistent adversity are motivated to engage in entrepreneurial action to challenge the status quo to improve the well-being of themselves and their communities. While many community members will appreciate such disequilibrating entrepreneurial action, those who value the status quo are likely to perceive the others’ entrepreneurial action as an adverse event—an event that challenges their valued status quo and thereby triggers entrepreneurial action to return the status quo to its previous equilibrium. For example, the entrepreneurial action of those facing persistent adversity include the illegal businesses of Palestine refugees in Lebanon, improvised quick-fix solutions (jugaad) by farmers in rural India, and the operation of manufacturing businesses out of homes in the slums of Mumbai. However, such entrepreneurial action can be perceived as adverse events by those Lebanese people who want to “keep a lid on” refugee access to resources, jobs, and power; by local governments concerned about the lack of safety from quick-fix solutions and those who die from them; and by the owners of legitimate businesses undercut by those who do not follow government regulations for safety and taxes, respectively. These actors with a vested interest in the status quo have been found to engage in innovative actions to quash these entrepreneurial challenges, to which we now turn.

**Entrepreneurial action in response to an adverse event can quash others’ attempts to eliminate persistent adversity.** While entrepreneurship is typically associated with positive outcomes, such as economic gain, for entrepreneurial actors (Carter, 2011), regions (Fritsch & Wyrwich, 2017), the natural environment (Meek, Pacheco, & York, 2010), communities (Peredo & Chrisman, 2006), and others (Mair & Marti, 2006), entrepreneurial action can also be destructive (Baumol, 1996; Shepherd, 2019). That is, while the exploitation of an opportunity can benefit the entrepreneurial actor and perhaps a focal
group of people, it may also maintain persistent adversity for others. For example, entrepreneurial actors in the oil, gas, and mining sector engage in prospecting, developing, and exploiting new mines to extract gold and silver (Bakker & Shepherd, 2017), yet these mines can cause substantial damage to the local landscape, such as acid mine drainage, multi-elemental contamination of the environment, elevated levels of trace elements in top soils in the vicinity of smelters, plant contamination, and so on (Dudka & Adriano, 1997). In addition, the release of carbon from these production facilities creates persistent adversity for some groups, such as those experiencing pollution from a local refinery and fracking operation, those living on lands that have faced extended periods of drought from climate change, and residents of large cities (e.g., Shanghai) who experience asthma and other health problems related to particulates in the air (Watts, 2006). Therefore, while the energy industry promotes economic opportunities (e.g., jobs, economic growth, and so on), the long-term costs may outweigh what becomes an ephemeral benefit.

Similarly, entrepreneurial action in perpetually disrupted communities can rely on those communities remaining fragmented and broken. For example, after the 2010 Haiti earthquake, we (Williams & Shepherd, 2016a) found that some individuals organized “relief” efforts in tent cities until they became de-facto mayors of these informal communities. However, these tent cities came at the cost of those living in the community, keeping vulnerable people, including women, in a condensed location where they could be leveraged to obtain new resources and provide easy targets for human and sex traffickers. Therefore, while acting in the guise of “helping” victims, some entrepreneurial actors actually rely on maintaining the status quo of persistent adversity for the vulnerable.

Alternatives to an exploitative model of status quo. We have theorized above that the entrepreneurship equilibrating sub-model can work against the entrepreneurship disequilibrating submodel and vice versa. That is, entrepreneurship can deliver benefits to those who value the status quo at the expense of those who face persistent adversity (equilibrating stronger than disequilibrating), or alternatively, entrepreneurship can deliver benefits to those who face persistent adversity at the expense of those who value the status quo (disequilibrating stronger than equilibrating). However, these equilibrating and disequilibrating forces do not need to act in opposition to each other. In this section, we theorize about how entrepreneurship can be simultaneously equilibrating and disequilibrating to enable the betterment of all actors involved.

First, individuals, organizations, and communities facing a persistently adverse environment at least appear to have entrepreneurial action as a means to try to improve their well-being or the well-being of others. We realize that this tool—entrepreneurial action—in the hands of one actor is unlikely to create a major disruption to the status quo (because if the change was easy, the adversity would not have been able to persist for so long). Indeed, across numerous studies, we found that entrepreneurial actors facing this persistent adversity were able to create a space within a larger domain that offered increased well-being for themselves or close others, but these various forms of entrepreneurial action were not appraised as a threat to the status quo by those who benefited from the status quo. For example, the Palestine refugees in Lebanon created organizations to improve their well-being (e.g., income, social connections, and the pursuit of a larger cause), and because these organizations were small and “flew under the radar” (because they were illegal), the Lebanese who valued the status quo either did not notice or ignored these refugee businesses (Shepherd et al., 2020). Similarly, farmers in rural India were able to generate quick-fix frugal solutions to work-related problems (based on jugaad) to enhance the efficiency of their work, generate a positive reputation in their local communities, and help other farmers who imitated their solutions, but these jugaads were discounted by large established organizations and experts (including one reviewer) as not being innovative and not being
the basis of a competitive advantage (Shepherd et al., 2020a). Therefore, while not singlehandedly destroying the structure maintaining their persistent adversity, these entrepreneurs were able to put a little hole in it—to perforate the adversity structure.

This perforation approach may not have the visibility of a major disruption, but for entrepreneurial actors, it is something within their control to improve their well-being and the well-being of others. For example, in our recent study (Williams & Shepherd, 2020) on community–organization emergence following a natural disaster, we found that community–organization collaborations that focused on small, community-level impact activities were more successful in generating traction toward societal change than those that sought to solve major issues (i.e., homelessness and orphans). Indeed, these actors explained that their goal was to address issues in their “immediate communities,” something they hoped would be perpetuated in other affected communities. This type of bottom-up institutional change is necessary in places where institutional or economic structures are essentially in a “failed state.” Entrepreneurial actors in these contexts have little choice to wait for coordinated and organized macro-economic policies; rather, they seek to make changes in their immediate, controllable environment. While a single perforation likely has little impact on the status quo, many perforations might—as highlighted by those seeking to inspire other Haitian communities to replicate their community–organization collaborations (Williams & Shepherd, 2020). That is, the spaces created by entrepreneurs to improve their well-being and that of those around them can inspire other entrepreneurs, organizations, and communities to also carve out spaces for themselves, and these many perforations may aggregate such that there a tipping point at which the spaces undermine the institutional structure so much that the structure collapses. Perhaps the institutional entrepreneur is the “straw that breaks the camel’s back” to overthrow and replace the structure being attacked (to mix metaphors). In this case, the many entrepreneurial actors who are carving out spaces for enhanced well-being for themselves represent the institutional entrepreneur.

Second, not only is perforating the persistent-adversity structure within reach of these entrepreneurial actors, it seems to represent a response that carves out sufficient space for them to improve their well-being without disrupting the status quo so much that it triggers a response from those benefiting from the status quo. That is, these disequilibrating entrepreneurs fly below the radar by creating disruptions that are below the response threshold of the powerful. In such a situation, the incumbents (i.e., those benefiting from the status quo) may be unaware of the perforations until there is a revolution, structural change, and the elimination of this form of adversity.

Finally, entrepreneurial actors who face adverse events that disrupt their status quo can use entrepreneurial action to return to a positive status quo (for them) that is not so negative for individuals facing persistent adversity. Similarly, entrepreneurial actors facing persistent adversity can engage in entrepreneurial action that is less directed at disrupting others’ status quo and more at replacing the current status quo with one that enhances the well-being of both parties (i.e., those who value the status quo and those who experience an adverse status quo)—a win-win.

Key Assumptions and Boundary Conditions

Although we rely on the conceptual distinction between an event and a persistent state (as detailed in the introduction) in this paper, we recognize that there is a continuum between a short-duration event (e.g., an earthquake that creates destruction over 20 minutes) and persistent adversity (e.g., families experiencing poverty over many generations). For example, some scholars (Roux-Dufort, 2016; Turner, 1976) argue that all crises are processes in that they have a gestation period, point of “punctuation,” and then an eventual resolution. However, we believe that it is important to recognize differences in the function of adversity—sudden,
unpredictable, and short term vs. prolonged, predictable, and enduring. Indeed, for most of the studies we analysed, it was clear whether the adversity was an event or a persistent state, but we realize that this distinction is not always clear cut—that is, there likely is a gray area. For example, we studied entrepreneurial action in the aftermath of the 2010 Haiti earthquake in two studies. It could be argued that Haiti suffers in persistent adversity as it is classified as a “least developed country” by the United Nations and has experienced extreme socio-economic hardship for generations. However, this persistent adversity was further exacerbated by the 2010 earthquake, turning daily challenges into apocalyptic threats. Therefore, we argue that the situations before and after the 2010 earthquake both presented unique “adversity” scenarios wherein entrepreneurial action functioned differently depending on the nature and intensity of the adversity facing Haitians.

Similarly, although we categorized individuals in prison as facing an adverse event (because a single act likely resulted in their arrest and conviction), long-term incarceration or societal sigma could be considered a persistent state of adversity for these individuals once released. Indeed, as those in our sample left prison, they entered a different context (post-prison) that presented a new and different challenge: finding work despite history as a felon. Furthermore, it could be that individuals who face certain types of persistent adversity are more likely to engage in criminal acts, which produces an adverse event for them.

In this paper, we do not explore the antecedents to adversity but recognize that the antecedents to adverse events (e.g., natural disasters and other crises) are likely to be different than the antecedents to persistent adversity (e.g., institutional structures and power imbalances). That is, while there could be a logical gestation (Turner, 1976) of crises in certain scenarios—for example, the executive decision-making leading up to the Enron financial scandal—other crises are much less probable and predictable (Pearson & Clair, 1998). For this reason, we focused on concepts like resilience and recovery, with the notion of resilience referring to the maintenance of functioning during and after an adverse event as it is relatively easy to distinguish resilient actors from those who experience a disruption to their functioning (and well-being). Similarly, it is relatively easy to identify actors who are disrupted and recover or those who are chronically disrupted (Bonanno, 2004).

Discussion

Our approach to theorizing in the current paper is a little unusual. We built models of entrepreneurial action in response to adversity by taking grounded theoretical models at the specific-phenomena end of the continuum and abstracting across them to inductively recognize patterns and eventually generate theories that are more abstract and general. Perhaps this approach is not that new in that something similar is done across first-order and second-order codes of data within inductive papers (Strauss & Corbin, 1997) and something similar is done in literature review papers (Shepherd, Williams, & Patzelt, 2015). While similar to these research approaches, our theorizing by abstracting across more phenomena-based inductive studies seems to represent a new spin on top-down inductive theorizing (Shepherd & Sutcliffe, 2011). The resulting abstraction from more context-specific theory-building studies of entrepreneurship and adversity provides a model that (1) accommodates different forms of adversity in terms of adverse events or adversity as a persistent state or both; (2) applies across levels of analysis (individuals, organizations, institutions, nations, and systems); and (3) acknowledges both the bright side and the dark side of entrepreneurial action. We hope others will consider, expand upon, and use this approach to generate new organizational theories. From the theorizing approach that we followed, we turn to the implications of our entrepreneurship model of adversity response for future research.

Future research

Resilience and entrepreneurial action. Given the specific purposes of the entrepreneurship...
studies on responses to adverse events, such as the natural disasters of the Black Saturday bushfires and the Haitian earthquake, it is not surprising that as we begin to abstract from the specific relationships and detailed mechanisms within each paper to a more general model across papers we are left with a number of important gaps in our knowledge about the relationship between resilience and entrepreneurial action. Here are what we believe to be the most critical research questions arising from our theorizing on the equilibrating and disequilibrating roles of entrepreneurship in responding to adversity.

First, although our theorizing has involved various levels of analysis, we were not explicitly focused on mechanisms explaining cross-level relationships. Specifically, because resilient individuals act entrepreneurially to alleviate the suffering of others (e.g., community members, friends, family members), more research is needed to explain how entrepreneurial action (by individuals and organizations and even by collectives of organizations created to alleviate community members’ suffering) contributes to community resilience to adversity. For example, how do entrepreneurs define community, and what impact does that have on those deemed “outside” one’s community? Furthermore, how many resilient entrepreneurial individuals are needed for a community to be resilient—that is, for the community to maintain positive functioning in the aftermath of large-scale adverse events? Do one or two entrepreneurial actors have a multiplying effect on the alleviation of suffering, or do those individuals gain disproportionate power over a vulnerable community (resulting in subsequent abuses)?

Over and above the relationship from the lower level (resilient entrepreneurial individuals and their organizations) to the higher level (a resilient community), future research can explore why and how some communities (higher level of analysis) generate compassionate ventures (lower level of analysis) in the aftermath of an adverse event, while others do not (or do so to a lesser extent). There is some preliminary evidence that local community culture (Shepherd & Williams, 2014) and national culture (Williams & Shepherd, 2016b, 2020) drive resilient individuals to create ventures to help others and, in doing so, contribute to a level of community resilience. However, even this research has demonstrated that different levels of community focus (e.g., geographic, shared values, or a combination of the two) lead to different types of venturing (and alleviation-of-suffering outcomes). Similarly, as entrepreneurial action reinforces actors’ resilience, this may help explain, in part, why some communities that have faced adverse events in the past are more resilient to subsequent adverse events (Seery, Holman, & Silver, 2010); e.g., the increased resilience of Holocaust survivors (Shrira, Palgi, Ben-Ezra, & Shmotkin, 2010).

Second, in our theorizing, we did not explore the differences between new ventures that are de novo and those that are de alio. Perhaps compassion venturing through the creation of a new venture within an established organization arises from a resilient organization (and perhaps an organization’s resilience is reinforced by its venture’s entrepreneurial action to alleviate the suffering of others impacted by an adverse event). In contrast to de alio ventures, the processes of resilience and entrepreneurial action might be completely different in emergent response groups (Majchrzak, Jarvenpaa, & Hollingshead, 2007) that take the form of de novo compassionate ventures. We highlight these possible distinctions between de alio and de novo ventures to encourage future research to explore the different forms of entrepreneurial action in response to adversity, the different antecedents at different levels of analysis, and differences in these ventures’ effectiveness in responding to different adverse events and different forms of persistent adversity.

Third, while some resilient actors engage in entrepreneurial action to alleviate individuals’ suffering, other resilient actors may engage in forms of non-entrepreneurial action (e.g.,
volunteer at the local fire station) to alleviate others’ suffering, and perhaps some high in resilience do not act at all. Hopefully, future research will investigate how variations in the resilience process lead actors to respond to adverse events in different ways that have (or do not have) an impact on others’ recovery from the adverse events and/or contribute to their communities’ resilience to such events. Given that resilient actors are well positioned to engage in entrepreneurial action to help others recover from adverse events (and contribute to community resilience), it is important to investigate the nature of the relationship between their resilience and their prosocial motivation. For example, Bonanno and colleagues (2005, p. 984) found that individuals high in self-enhancement—individuals who use “unrealistic, self-serving biases”—have greater resilience and that this relationship is fully mediated by low perceived social constraints. Perhaps because of their unrealistic, self-serving biases and/or their lack of perception of social constraints, resilient individuals are less sensitive to others’ suffering and are thus less motivated (than less resilient individuals) to engage in compassion venturing in the aftermath of adverse events. If this is the case, then those who are most capable of engaging in entrepreneurial action to help others facing adversity may be among the least motivated to do so. We hope future research explores the nuances of the social considerations of resilient actors in helping (or not) those suffering in the aftermath of adverse events.

Finally, although we theorized (from evidence) that entrepreneurial action to help others reinforces resilience in the aftermath of an adverse event (see Williams & Shepherd, 2016b), are there some contexts in which actors’ resilience is diminished because they took entrepreneurial action (to help others recover from an adverse event and thereby contribute to community resilience)? For example, while investing personal resources to help others may contribute to the helper’s behavioral, emotional, and assumptive functioning (Williams & Shepherd, 2016b), there may be an upper limit to such investment—it might be important to conserve at least a bare minimum of resources to provide “fuel” for ongoing functioning. Indeed, it is not difficult to imagine things becoming “too much” for an entrepreneur during an extended period of acting entrepreneurially to help alleviate others’ suffering—the entrepreneur does too much activity without sufficient sleep, the suffering caused by the adversity becomes more salient (than the help), the entrepreneur faces setbacks in terms of delayed help, and so on. Indeed, studies have found that entrepreneurs (Wei, Cang, & Hisrich, 2015), volunteer firefighters (Huynh, Xanthopoulou, & Winefield, 2013), and those helping others with their trauma (i.e., compassion fatigue; Figley, 1995) can experience burnout—“a prolonged response to chronic emotional and interpersonal stressors on the job” (Maslach, Schaufeli, & Leiter, 2001, p. 397). Therefore, someone who is initially resilient may need to self-regulate to ensure continued resilience in the face of an adverse event, and we suspect that such regulation will involve finding the optimal balance between investing and conserving personal resources. Process studies can explore the dynamic inter-relationship between resilience and entrepreneurial action and perhaps when the relationship turns negative (if it does) as well as why some actors in some organizational contexts are able to avoid disruption to their functioning from prolonged compassionate responding.

Resilience, entrepreneurial action, and persistent adversity. The fledgling research stream on dealing with persistent adversity suggests that entrepreneurship and organization scholars need to break the shackles of strategic management’s focus on the outcome of sustainable competitive advantage because evidence suggests that sustainable competitive advantage is of diminished import and is even irrelevant to those managing organizations in adverse contexts. Rather than worrying about whether a resource is rare, future research in adverse contexts can focus on resources that are available yet ineffectively deployed. Such a focus is consistent with legacy research (Penrose, 1959) which has suggested
that objects can be evaluated differently in terms of their application to entrepreneurial problems (Sonenshein, 2014), such that the mere possession of objects or resources is insufficient; they need to be applied to solve problems. As such, rather than worry about whether a resource bundle can be protected from imitation, future research in adverse contexts can explore how frugal quick-fixes can provide solutions that improve people’s lives; rather than worry about how entrepreneurial action can facilitate firm growth, future research in adverse contexts can focus on how firms can be vehicles for inclusive growth (benefits beyond the firm level); and rather than worry about resource slack for innovation, future research in adverse contexts can explore how necessity motivates invention.

Future research can also examine the relationship between ground-up institutional disruption by institutional entrepreneurship and established institutions. Some may argue that institutional change is best managed by government authorities, yet in many countries, governments and other institutional actors are broken and otherwise incapable of providing institutional stability. For example, Haiti is home to thousands of non-government organizations (NGOs) that provide nearly 80% of the country’s basic healthcare and other needs, yet they do so in an uncoordinated way. Future research should explore the nexus of ground-up institutional entrepreneurs and top-down institutional actors to identify how macro-economic policy and micro-community activities can be coordinated to make long-term changes.

Furthermore, in this paper, we took a rather traditional entrepreneurship perspective by theorizing on those who have created and run businesses, particularly small businesses. However, entrepreneurial action can take other forms, such as multinational corporations, NGOs, and governments, and perhaps these larger players’ entrepreneurial action is less about perforating the structure of persistent adversity and more about making substantial changes to governing systems. However, we note that such substantial changes typically reflect entrepreneurial action by powerful outsiders rather than the resilience of actors immersed in adversity generating entrepreneurial action to improve their well-being and the well-being of those around them.

Although hybrid firms are important in helping people facing adversity, our emphasis in this paper (and our inductive studies) has primarily been on the actors facing adversity (persistently or as an event) because we found that such actors appreciate the agency of helping themselves and local community members rather than seeing themselves as victims receiving others’ charity. It is this agency for entrepreneurial action in which the essence of resilience lies. We do not deny the potential benefits of governments, NGOs, and other hybrid organizations in helping people, but we need to explore the consequences of their “help” and whether it builds resilience or dependence.

Entrepreneurial action and recovery from adverse events. We focused our theorizing on how resilient entrepreneurial actors help others recover from adverse events and on how actors help themselves recover from adverse events through their own entrepreneurial action. While useful, these theorized relationships can be problematized to extend knowledge on this important topic. Importantly, can those whose functioning is substantially disrupted by an adverse event engage in entrepreneurial action that helps others recover in a way that also helps them—the entrepreneurs—recover? While we recognize that it is more difficult for individuals to act entrepreneurially when their functioning is disrupted, it seems possible that if they can muster sufficient personal resources to invest in such prosocial entrepreneurial action, then their own recovery of well-being can be enhanced—a true win-win. It is important for future research to explore how an entrepreneurial actor’s prosocial motivation drives entrepreneurial action after an adverse event and how it impacts the recovery of all victims of the adverse event, including the entrepreneurial actor.

Entrepreneurial action can also facilitate resilience to adverse events by building self-efficacy. Research on self-efficacy has found that coping with one natural disaster builds the
belief that one can successfully deal with a subsequent disaster and that individuals who hold this belief do indeed cope better in the aftermath of a subsequent natural disaster (Benight & Harper, 2002; Benight, Swift, Sanger, Smith, & Zeppelin, 1999). This evidence suggests that experience with adverse events enhances the speed of recovery from subsequent adverse events and perhaps enhances resilience. Thus, it is important to move beyond coping self-efficacy to explore other resources, capabilities, and beliefs individuals build while recovering from one adverse event that facilitate recovery from or resilience to subsequent adverse events. We wonder how similar a subsequent adverse event needs to be to the one recovered from for newly developed resources, capabilities, and beliefs to foster resilience (or recovery).

The 300-pound gorilla in the room: Covid-19

There is little question that the Covid-19 virus has disrupted a valued status quo. Less clear is what a new status quo will look like, when it will be achieved, and how entrepreneurial action can equilibrate this adverse event. While documenting the entrepreneurial action (and those who perform this action) in response to Covid-19 is a first step in developing an understanding of the topic, it is also important to theorize on (and empirically test) personal resilience to explain why some individuals engage in entrepreneurial action in response to Covid-19 and others do not; what roles ability, knowledge, and experience play in explaining the nature of this entrepreneurial action; how different types of entrepreneurial action are executed (e.g., the identification of specific opportunities to alleviate suffering, the nature of ventures created, the emergence of these ventures, and so on); and why some entrepreneurial efforts are more effective at promoting others’ recovery from Covid-19 as an adverse event than other entrepreneurial efforts.

Second, how is entrepreneurial action in response to the current pandemic impacting individuals’ (as well as organizations’ and communities’) ability to engage in entrepreneurial action to equilibrate the next large-scale adverse event? That is, we need research on how entrepreneurial action in response to the current adverse event helps actors build resilience and on how the enhanced resilience of entrepreneurial actors increases the resilience of organizations, local communities, and nations to maintain positive functioning in the face of the next pandemic or other widespread, highly adverse event. Indeed, there are many opportunities to build on the recommendations for cross-level research and apply them to the current context.

Finally, based on the above model of entrepreneurship’s equilibrating and disequilibrating roles, does this adverse event (i.e., the Covid-19 pandemic) provide an entrepreneurial opportunity for those who have long faced persistent adversity in changing their status quo? It will be interesting to theorize whether entrepreneurial action during the pandemic was able to successfully change the structure of some problems that previously allowed adversity to persist for some people (i.e., eventually solve some wicked problems). We also recognize that although we do not know the full implications of the current adversity, we should be aware of situations or conditions that represent the creation of a new but persistent form of adversity for specific groups of people.

In many ways, it is easy to think of many potential research questions for organization theorists during the current pandemic. The hard work is entering the field, collecting data, and building new theories or extending old ones. We know that many of you have already made substantial progress along this research journey. Thank you for your efforts.

Conclusion

In this paper, we used a hybrid of inductive top-down theorizing and abstracting from phenomena-based papers to theorize more generally about the roles of entrepreneurship in responding to adversity. We theorized that entrepreneurship equilibrates adverse events and disequilibrates persistent adversity and that both these roles can be enacted by individuals who are differently positioned in the situational context. We used these frameworks as a way of organizing past
research into a somewhat cohesive whole to highlight overarching patterns and to reveal future research opportunities. Indeed, the Covid-19 pandemic underscores the need for organization theorists to focus even more attention on adversity (as events and persistent states), and we hope that some of these efforts involve the roles of entrepreneurial action.

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Notes
1. Although entrepreneurial action facilitates recovery from an adverse event, entrepreneurial action can also generate an adverse event for an actor (e.g., the failure of an entrepreneurial business; Shepherd, 2003) and/or for others (e.g., through the exploitation of potential opportunities that cause harm to nature or communities; Shepherd, Patzelt, & Baron, 2013) and thus be a source of disequilibrium. However, because this entrepreneurial action is the cause of an adverse event rather than a response to adversity, it is beyond the scope of the current essay.

2. For those who cognitively deconstruct, it appears that the adverse event generates the personal conditions for a persistent state of adversity.

3. As an alternative, it could be argued that “sustainable competitive advantage” is not really possible when based on the exploitation of an underclass. That is, if organizations are sustained by forced labor, unethical practices, and so forth, it would seem that those behaviors would eventually disrupt business.

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