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**ENTREPRENEURIAL RESILIENCE: THE CASE OF THE
ENTREPRENEURIAL TEAM OF CATERING AND
HOSPITALITY INDUSTRY**

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I hereby declare that I have compiled the thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading.

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ABSTRACT

Organizational resilience refers to an organization's ability to adapt and thrive in the face of unexpected challenges and disruptions. The topic has been researched in broader scale since the financial crisis. The factors behind organizational resilience in real-life context have been unclear. This paper aims to understand how the capabilities of the entrepreneurial team of a catering and hospitality startup were employed to build resilience.

In this study, qualitative explanatory case study method is utilized to provide deep understanding of the capabilities enabling development of resilience. The study relies on a single case of a British catering and hospitality startup, which was able to survive and recover from Covid-19 crisis. The main source of data is based on interview with two co-founders of the company.

The results of this research show that by utilizing combination of different capabilities, the organization was able to survive and recover from Covid-19 crisis. The utilization of capabilities concerning knowledge, financial, human, social and responsibility, together form a basis for a company to build up resilience.

Keywords: Organizational resilience, Entrepreneurial resilience, Capabilities

INTRODUCTION

This paper explores the capabilities behind organizational resilience in a case of a hospitality startup during Covid-19 crisis. Organizational resilience as a concept is generally referred to mean the ability of firms to bounce back from specific shocks like financial crises and recessions. The concept has been taken under wider research after the financial crisis 2008/2009 especially among larger companies (Saad et al., 2021). Resilience is found to be important before, during, and after an unexpected adverse event (Duchek, 2020). To build up resilience, different capabilities are needed to response to different stages and areas of a crisis (Manfield & Newey, 2017).

In the UK, 98% of the registered companies are small and micro size businesses with less than 50 employees (Office for National Statistics, 2022). Typical for small companies, and especially entrepreneur-driven businesses is that owners have the managerial position in the company (Mikušová & Čopíková, 2016). Crises are happening all the time, usually in small scale on company level, but time to time on global scale (Valackiene, 2011). During different crises, entrepreneurs face unexpected events and circumstances which may threaten the future of the business (Duchek, 2018). SMEs usually don't have internal comprehensive theoretical knowledge or practical experience in crisis management, which leads making strategic decisions intuitively (Mikušová & Čopíková, 2016).

The covid-19 pandemic spread across the world in March 2020, forcing governments make decisions to stop the spread of the virus. The widely used approaches in pursue of stopping the spread were lockdowns and heavy restrictions on people's movement (Castro M & Zermeño M, 2020). The consumer spending decreased heavily as the peoples' movement was restricted and unemployment was rising (Spatt, 2020). These lockdowns had brutal impact on hospitality industry as sales dropped overnight (Baum & Hai, 2020). Companies in the industry faced increased operating costs and decreased profits, which led to difficulties in paying off loans and employee salaries (Nicola et al., 2020). Poor monitoring and decision making from governments prolonged the uncertainty during lockdowns, while financial assistance was available only for some businesses and was insufficient (Thorgren & Williams, 2020).

The research problem in this study is that the research of resilience has focused on the outcomes of recovery from a crisis (Lengnick-Hall & Beck, 2011), while the development of entrepreneurial resilience in real life context is still in early stage (Duit, 2016), and while the research of entrepreneurial resilience has grown, the factors behind resilience have been unclear (Duchek, 2018). This paper explores the capabilities implemented on resilience building during crisis time. Focusing on entrepreneurial resilience, a topic which has been emerging during recent years. The aim of this paper is to understand how the capabilities of the entrepreneurial team of a catering and hospitality startup were employed to build resilience.

The research questions of this paper are linked to organizational resilience:

1. What capabilities of organizational resilience the company adopted during Covid-19 crisis?
2. How the adopted capabilities are in align with Duchek's (2020) framework of organizational resilience capabilities?

To answer these questions, explanatory case study method is used which allows to analyse and find the causal factors behind the organizational resilience (Yin, 1994). The data is analysed by utilizing manual thematic analysis. After that, the findings are compared against Duchek's (2020) framework of organizational resilience capabilities.

This paper is organized in three main chapters as follows. First, the theoretical framework gives an overview of essential literature. The terms are defined at the beginning, then the chapter continues focusing on organizational resilience capabilities, Covid-19 on the industry, and lastly on crisis management. This chapter brings together relevant existing literature from different authors. Second, the methods of the study are explained. This chapter describes the research process. Third, the empirical analysis, is the chapter where findings are presented and analysed to understand the role of capabilities behind resilience. This chapter is divided into two sub-chapters, Findings and Discussion. After the main chapters, the conclusions provide a brief overview of the paper and identifies the limitations. The references cover the last part.

1. THEORETICAL FRAMEWORK

The theoretical framework of this paper outlines the main theories that are relevant to the research problem. The framework defines key concepts and presents a synthesis of existing literature on the relevant topics. This section offers an in-depth overview of the current state of knowledge on organizational resilience, the Covid-19 crisis, and crisis management. By situating the research within the broader context of existing literature and research studies, this chapter establishes the significance and validity of the research. The chapter is structured as follows: a discussion on organizational resilience, an analysis of the Covid-19 crisis, and an exploration of crisis management strategies.

1.1. Organizational resilience

The concept “resilience” originates from concept of ecosystem’s ability to respond to the changes of environment and to revert (Hoiling, 1973). The concept is nowadays used multidisciplinary and multi-faceted (Saad et al., 2021). Lee et al., (2017) found that despite of high variation of definitions of resilience, the definitions have commonalities: adapting to change, overcoming adversity, and rebounding and continuously making a progress. Castro M et al., (2020) found that the concept of resilience varies by different authors from regional economic resilience on macro level to entrepreneur’s resilience on micro level. After the financial crisis in 2008-2009, the number of published articles related to resilience has grown significantly (Saad et al., 2021). (Manfield & Newey, 2017) defined resilience as “portfolio of capabilities”.

The definition of resilience varies by different author. Duchek, (2020) found that organizational resilience is understood in three main perspectives by different authors: “*resistance and recovery, adaptation, and anticipation*”. The group of authors understanding the resilience as “resistance and recovery” see the resilience as ability to preserve the functionality and ability to recover from adverse disturbance. The adaptation group sees the resilience more farsighted than the previous group and focuses more on organization’s capabilities. The third groups understands resilience as

organization's ability to anticipate and adjust to its environment, preventing problems from escalating and thriving in the face of adversity.

According to Duchek (2020), The initial aspect of organizational resilience is anticipation, which refers to the capacity of a company to identify crucial changes taking place either internally or externally and take proactive measures to adjust accordingly. The anticipation stage consists of three specific abilities: to monitor internal and external developments, recognize crucial developments and possible threats, and make preparations for unexpected events to the extent possible. Observation and identification capabilities enable organizations to recognize early warning signs of potential crises and take timely action to prevent them from escalating (Ortiz-de-Mandojan & Bansal Pratima, 2016). These capabilities are described using different concepts, such as threat detection, acquisition of weak signals, and environmental scanning (Duchek, 2020). While the specific methods used by resilient organizations to acquire external information are not well-understood (Burnard & Bhamra, 2011), the literature on absorptive capacity offers valuable insights into effective practices for gaining external knowledge. Apart from identifying and monitoring current changes, it is crucial for organizations to pay attention to future developments, and practices like scenario planning can aid in this regard for building resilience (Hillmann et al., 2018). The concept of preparation is crucial for both high-reliability organizations (HROs) and resilient organizations (Kendra & Wachtendorf, 2003). It involves being equipped to deal with unforeseen adversity and ready to take advantage of unexpected opportunities (Lengnick-Hall & Beck, 2009). Preparation capabilities can help organizations develop the necessary resources to deal with crises, such as suitable recovery plans and effective relationships, while effective relationships and mutual understanding among those involved in the preparation process are also crucial (Crichton et al., 2019). Ultimately, preparation means being ready for unexpected events without knowing when or where they will occur (Wildavsky, 1991).

Resilience involves not only preparing for critical events but also coping with unexpected dangers after they occur, which requires the ability to accept problems and develop and implement solutions (Duchek, 2020). The ability to respond promptly to unexpected events, which is closely linked to crisis management, entails taking immediate or short-term action (Madni & Jackson, 2009). Resilience involves accepting the problem and facing critical situations. Denial is a common defense mechanism used by organizations, making it difficult for them to react quickly to critical events (Hamel & Valikangas, 2003). To develop the ability to

accept a problem, organizations need to understand their environment, define a reference state for the system, and be aware of and accept system failures. The promotion of anticipation capabilities may also have positive effects on the ability to accept a problem. However, there is limited knowledge on how organizations can develop this ability (Catalan & Robert, 2011). Developing solutions is crucial for coordinated collective responses to adverse events, but implementation is necessary for actual change (Dayton, 2004). Continuous feedback between understanding and action is essential for effective sensemaking (Weick et al., 2005). However, research suggests that developed solutions do not always lead to changes (Feldman, 2003).

The third stage of resilience, adaptation, consist of the ability to adapt to crises and use change to advance an organization. Adaptation involves reflection and learning, which create meaning from past events and guide future behavior (Edmondson, 2002). Organizations can learn from their own crises (Roberts et al., 2005) and from the experiences of other firms in their industry or even from other industries (J.-Y. J. Kim & Miner, 2007). Organizations tend to overlook underlying issues and just focus on visible errors, which often generate new knowledge but fail to implement the lessons learned effectively (Haunschild & Sullivan, 2002). Organizational change requires higher-level learning and a cultural readjustment to adapt to the new norms, values, and practices (Turner, 1976). Change management capabilities are needed to exploit newly developed solutions and overcome resistance to change (Ates et al., 2011).

The three stages of resilience - anticipation, coping, and adaptation - are interdependent and build upon each other, with anticipation influencing coping and coping influencing adaptation, and successful coping leading to learning and enhancing an organization's spectrum of actions (Duchek, 2020). To achieve high levels of organizational resilience, it is essential to develop capabilities for all three resilience stages (Somers, 2009). This interaction of potential and realized resilience is crucial in determining an organization's success in managing crises (Madni & Jackson, 2009).

The three resilience stages require a combination of cognitive and behavioral abilities and actions for successful completion, involving the capacity to comprehend environmental changes, make appropriate judgments, and carry out essential actions (Lengnick-Hall & Beck, 2011). Cognitive capabilities are necessary to understand environmental developments and make appropriate decisions (Hamel & Valikangas, 2003), while behavioral capabilities ensure the effective use of resources and actions taken (Lengnick-Hall & Beck, 2005).

Saad et al., (2021) states that resilience in entrepreneurship can be classified into operational and dynamic capabilities. The operational capability centers on achieving financial growth, while the dynamic capability encompasses the ability to adapt, respond, and seizing business opportunities in challenging environments. Resilience is often defined as the ability of SMEs to return to a stable state after a disruption (Tognazzo et al., 2016), but this passive understanding fails to take into account the dynamic capability required to withstand multiple disruptions and to proactively adapt and create opportunities (Ates et al., 2011). The core capabilities capture both operational and dynamic aspects of the concept and require SMEs to develop these capabilities to a higher level in complex business environments (Saad et al., 2021).

According to Barasa et al., (2018), organizational resilience is key to overcoming disruption. They suggested that organizational resilience is affected by nine different factors. Resources, both material and financial, are essential in mobilizing other resources during a crisis (Pal et al., 2014). Preparedness and planning for acute shocks, through scenario exercises and continuity plans, contribute to the resilience of organizations (Achour & Price, 2010). Effective information management enhances the situation awareness of organizations and enables timely and adequate adaptation to challenges (Lapao et al., 2015). Collateral pathways, redundancy, and effective governance practices also contribute to an organization's resilience. Redundancy involves the inclusion of extra components or resources (Sheffi & Rice, 2005), while collateral pathways refer to alternative routes to achieve a goal (Marion, 1999). Effective governance practices can help organizations in overcoming acute and everyday challenges in health and other sectors (Booher & Innes J, 2010). Leadership practices, organizational culture, and human capital are all key factors in determining the resilience of organizations to both acute and everyday challenges. Strong leadership is essential for organizations to weather crises, with leaders creating a clear and shared vision and practicing inclusive decision making (McManus et al., 2007). Organizational culture is also critical, with resilient organizations seeing challenges as learning opportunities and encouraging creativity and innovation (Mafabi et al., 2013). Finally, the human resources of an organization are vital, with staff commitment and motivation often being more important than numbers or skills. Ensuring staff wellbeing and creating a positive social environment can help to build staff commitment and enhance an organization's resilience (Walker B et al., 2014).

Small and mid-size businesses usually have a small managerial level, and the owners of SMEs tend to hold high managerial positions in SMEs, the decisions tend to be made by a small group of people (Mikušová & Čopíková, 2016). Attitudes such as diversifying, learning, maintaining

customer loyalty, and being proactive and optimistic are necessary for companies to be responsive during crises (Sawalha, 2020). Small businesses should have an organizational environment that stimulates innovation, adaptability, and flexibility to confront challenges and adapt their business models to the new reality (Kuckertz et al., 2020). Resilient entrepreneurs possess personal characteristics such as flexibility, motivation, perseverance, self-efficacy, and integrity, which are strengthened by previous experiences (Weinhardt & Bartosch, 2020). Institutions such as universities and research centers can support entrepreneurship by connecting entrepreneurs with different actors in the ecosystem and promoting the search for community solutions (Bacq et al., 2020). Social and human capital, such as the training of innovative, flexible, and adaptable staff, and having support networks to continue company operations, are resources that allow crises to be overcome (Ratten, 2021). The development of new models incorporating a vision for the future, considering new solutions, activities, and community involvement, and seeking opportunities in unprovided services, in addition to adopting a global vision of collaboration between industries and the government to support production chains and proactively deal with risk and uncertainty factors, is recommended for strategic management in times of crisis (Liu et al., 2020).

1.2. Covid-19 impact on the industry

The Covid-19 pandemic has globally caused an acute shock, highlighting the inherent vulnerability in the tourism and hospitality industries (Baum & Hai, 2020). The hospitality industry has experienced substantial effects due to the COVID-19 pandemic, resulting in closures of hotels, restaurants, and other businesses. This has resulted in a sharp sell-off in equity markets globally, affecting cash, working capital, and profitability (Deloitte, 2020).

Sardar et al., (2022) suggested that impacts of Covid-19 pandemic on the restaurant industry can be divided into four key factors – economic, social, technological, and political. Each factor had to be taken into account by restaurant owners. The economic factors of COVID-19 pandemic were the main factors that affected the economic condition of the restaurant business. The pandemic resulted in business closures, job losses, and decreased demand for services. Owners faced increased operating costs and decreased profits, which led to difficulties in paying off loans and employee salaries (Nicola et al., 2020). Firm size and cash flows have a positive effect on the relationship between COVID-19 and stock returns, indicating that companies with more cash and

larger size are better equipped to handle the crisis and are valued more positively by investors (Ramelli & Wagner, 2020). Leverage and ROA have contrasting moderating effects on the relationship between COVID-19 and stock returns for restaurant firms (Ding et al., 2020). Higher leverage was found to alleviate stock declines during the pandemic (Jang & Tang, 2009). Internationalization in restaurant firms can moderate the relationship between COVID-19 and stock returns, resulting in a mitigation of stock declines in response to the pandemic. This suggests that investors and shareholders may view internationalization as a way to spread out risks during a critical external crisis such as COVID-19 (Song et al., 2021).

The social factors of COVID-19 pandemic affected consumer behavior and attitudes, with increased focus on hygiene and social distancing. Restaurants were adapting to meet these new demands and were focused on maintaining quality and hygiene standards, which led to a need to reskill employees (Hall et al., 2020). Trust among consumers is essential and it can be achieved through interpersonal care and concern, effective compliance with health and safety measures, and the use of technology to enhance customer experience (K. Kim et al., 2021). New workplace policies during the pandemic have highlighted the importance of fulfilling employee needs, especially in terms of mental health and socialization (Giousmpasoglou et al., 2021).

Technological factors allowed restaurants to operate during the pandemic. Online orders and app-based food delivery services gained more popularity during the pandemic, putting pressure on restaurant owners to develop innovative strategies. Building a network with online service providers and banks has become essential, as they are a new supportive entity (Sharma et al., 2021). The adoption of digital and social media channels allows businesses to remain visible, target desirable markets, generate demand, and inform prospective customers of their offers (Davari et al., 2022).

To manage the adverse effects of the pandemic, governments enforced restrictions such as lockdowns, social distancing measures, and mobility restrictions, which had a significant impact on the demand for hospitality and tourism, resulting in temporary closures of many businesses in these sectors (Bartik & Lachowska, 2013). The lack of proper monitoring and decision-making led to the improper implementation of lockdowns, causing a longer period of shutdowns and destroying businesses. The owners also felt neglected by the government's focus on industrialists and the lack of financial assistance (Thorgren & Williams, 2020). In the England, the government implemented several lockdowns and measures from March 2020 to December 2021 to combat the

spread of COVID-19. The first lockdown was introduced on March 23, 2020, second in November 2020, and third in January 2021. Restrictions were lifted in stages, where the hospitality industry was among the last ones. There were subsequent local lockdowns and restrictions introduced in response to increasing case numbers, with the last significant restrictions in December 2021 (Institute for Government analysis, n.d.).

1.3. Crisis management

Unlike resilience, which refers to ability to respond and revert (Hoiling, 1973), crisis management refers to the systematic actions that organizations undertake to reduce the likelihood of a crisis, mitigate its impact, and reestablish order afterward (Bundy et al., 2017). Pusceddu et al. (2022) stated that a crisis can be divided into three phases: prevention, response, and recovery. The strategies are selected to respond to the specific issues of the phase. During the prevention phase, the company's strategies focus on reducing risks and planning to the future. The response phase's focus is on minimalizing damages, while during the recovery phase the focus is on the re-establishment of operations. These are comparable to Duchek's (2020) stages of organizational resilience, however, differencing in nature.

Preparing for crises is essential for positive outcomes, and the effectiveness of an organization's crisis response depends on the amount of preparation. The crisis prevention phase includes four strategies that could increase businesses' capacity to mitigate and prevent unwanted crisis outcomes, including fostering ongoing planning activities, equipping financial resources, proactive actions, and collaboration. These strategies enhance businesses' flexibility and adaptability to shape destructive crisis effects, mitigate risks involved in a crisis, promote, and anticipate changes in demand, and foster collaboration (Pusceddu G et al., 2022).

Responding to a crisis requires strong action to fight against the ongoing situation with a negative impact. However, Leta & Chan, (2021) found that crisis doesn't always lead to negative impacts. During unpredictable events, financial risks increase, and profit margins tend to decrease. Especially SMEs must clarify their business priorities and identify which types of spending to pause or cut back to protect cash flow, cover potential absences, and generate liquidity (Battisti et al., 2013). To navigate through a crisis, businesses must prioritize spending,

such as reducing or cutting employee wages (Mayr & Lixl, 2019), optimizing their workforce (Thorgren & Williams, 2020), reducing risky investments and allocating financial resources to profitable assets (Parker & Ameen, 2018). Having reasonable cash reserves and accessing government grants are better options than external debt in times of economic volatility and financial constraints (Morrish & Jones, 2020). Flexibility is a key factor during uncertain times, and pivoting towards a new direction can create a unique offer and generate revenue (Tsilika et al., 2020). Understanding the nuances of the market and investing in customers can help build loyalty and trust (Macpherson *et al.*, 2015). During a crisis, it is essential to allocate funds towards external marketing communication channels to effectively reach target audiences and convey the values of the organization (Bamiatzi & Kirchmaier, 2014). In times of crisis, it's essential to build and maintain relationships with their stakeholders, including suppliers, clients, community members, organizational members, and other businesses (Morrish & Jones, 2020). Communication plays a critical role in this process, and leaders must be transparent and honest when sharing difficult news with their employees and stakeholders (Ha et al., 2020). By maintaining stakeholder relations, businesses can establish an innovative business culture that values communication and collaboration. Cooperation can also lead to more favorable terms for suppliers and vendors, reducing losses for the company (Thorgren & Williams, 2020). Dynamic and reactive behavior is essential during periods of uncertainty and turbulence. Learning orientation and ambidextrous strategies have been identified as successful elements to sustain performance and ensure minimal overall disruption (Altinay et al., 2019). To stay competitive, it is important for businesses to focus on both causal and effectual decision-making approaches (Laskovaia et al., 2019). While effectual logic allows businesses to make incremental investments to adapt to changing circumstances, causal decision-making reinforces prediction and strategic planning (Laskovaia et al., 2019)

During the recovery phase, developing an innovation mindset in order to identify new opportunities and take risks becomes vital particularly during times of crisis. This requires a willingness to experiment, diversify, and adapt to changing circumstances (Morrish & Jones, 2020). Businesses should review their business models, distribution channels, and product offerings to better reach their target customers and create value (Morrish & Jones, 2020). Being strategically agile is critical for developing innovative ideas in changing environments. Leveraging technology and adopting new approaches to customer engagement can help to rebuild and grow their businesses during and after a crisis (Shafi et al., 2020). It's essential to focus on re-establishing relationships with stakeholders and employees to adapt to changing

situations and develop new business models (Doern, 2016). Collaboration is key in supplementing deficiencies and fostering new ideas. However, difficult times may lead to a loss of control and challenges in retaining employees (Ha et al., 2020).

2. RESEARCH METHOD

This study uses qualitative explanatory case study method to understand the phenomenon on its real-life context. The method also allows to answer question “why” and “how” (Yin, 2014). The main goal of an explanatory case study is to provide a detailed understanding of the causal mechanisms that underlie the observed phenomenon. This involves identifying the key factors that contribute to the phenomenon, how they interact with each other, and how they produce the observed outcomes (Yin, 2014). The causal factors on this study are capabilities, which allowed the company to survive through a crisis. Yin (2014) argues that a single case cannot be used to make statistical generalizations, but case studies can be used for analytic generalizations by comparing the empirical findings of the case under study with a pre-existing theory.

One of the advantages of the explanatory case study method is that it allows for a deep understanding of a particular phenomenon, which can be difficult to achieve with other research methods. Additionally, the method is flexible and can be adapted to different research questions and settings. However, the explanatory case study method also has some limitations. The findings from a single case study may not be generalizable to other settings, and the data collection process can be time-consuming and resource intensive. Additionally, the method relies heavily on the subjective interpretation of the researcher, which can introduce bias into the analysis (Priya, 2021).

The study relies on single case of catering and hospitality startup located in the midlands of UK. The company has been negatively impacted by Covid-19 but was able to recover and continue growing. The company was founded in 2017 by two co-founders and employed 30 people before Covid-19 crisis. The main source of data is a semi-structured interview with the two co-founders of the company. The length of the interview is about one hour. The interview covers the company’s circumstances before, during, and after Covid-19 crisis from founders’ perspective. Additional data is gathered from openly accessible online news and company’s website. The additional data triangulates the data to improve the credibility and it strengthens the validity (Lincoln & Guba, 1985).

The data was analyzed by using manual thematic analysis where the capabilities were analyzed. Nowell et al., (2017) describes thematic analysis to “*identify, analyze, organize, describe, and report found themes*”. Thematic analysis enables to find the key elements from large data set (King, 2002). The process of thematic analysis begins with familiarizing with the data. This involves reading and re-reading the data to gain a broad understanding of the content. The next step is to generate initial codes, which involves identifying and labeling meaningful sections of text that relate to a particular topic or concept. These codes are used to categorize data into smaller segments and to identify patterns that may be related to broader themes. Once initial codes have been generated, themes are searched, which are overarching patterns or concepts that emerge from the data. This involves grouping similar codes together to identify larger patterns or themes. Then themes are reviewed and refined, ensuring that they are coherent and representative of the data. Finally, the findings are presented which summarizes the themes and provides examples from the data to support their findings (Nowell et al., 2017). As the themes had many similarities to the Duchek’s (2020) framework, the found themes were suited into the Duchek’s (2020) 4 types of capabilities: Knowledge base, Resource availability, Social resources, and Power and Responsibility. The analyzed data is compared against Duchek’s (2020) framework for organizational resilience capabilities. The Duchek’s (2020) framework provides a broad set of capabilities which together, during different stages of a crisis, enable the development of organizational resilience.

3. EMPIRICAL ANALYSIS

This part presents the findings and analysis of them. The goal of empirical analysis is to present reliable and valid findings that are based on objective and verifiable evidence which improves the understanding of the phenomena being studied. In the first sub-chapter, the findings are presented as themes which have been generated by conducting manual thematic coding. The second sub-chapter, discussion, focuses on analysing the findings. The findings are analysed against Duchek's (2020) framework of organizational resilience capabilities.

3.1. Findings

The studied company is a catering business that specializes in weddings and events in the Midlands, England. In 2017, the co-founders were studying executive MBA and were planning to start a hospitality business. During the time, Founder A was planning his own weddings with bespoke menu. No caterer was able to create a bespoke menu which made the Founder A to do it by himself. The market gap for bespoke wedding caterer was found and the first wedding to cater was the Founder A's own wedding. As a proof of concept to test the viability and appeal of their bespoke, high-end catering services, they catered 6 weddings during their first year. The first weddings were important for confirming the viability of the concept and gaining feedback to improve. The company's purpose from the beginning has been to create unforgettable moments and memories. During their third year, they grew to service 60 weddings a year, allowing them to plan ahead and efficiently allocate resources based on future bookings. For the year 2020, they had 120 weddings booked, which required them to hire more staff in addition to the existing five. In March 2020, they opened a pub, inspired by customers who loved their food. A week after the grand opening of the pub, the nation-wide lockdown was set to prevent the spread of Covid-19 virus. They had to close the pub and to find out how to deal with the planned weddings. The findings of the case are analysed against Duchek's (2020) framework to understand the capabilities utilized by the studied company. The findings are organized into Knowledge base,

Resource availability, Social resources, and Power and responsibility, according to Duchek's (2020) framework

The knowledge base of an organization plays a vital role in its resilience process. A broad and diverse knowledge base enables organizations to anticipate both internal and external changes, develop multiple ideas for crisis reaction, and learn from experiences (Cohen & Levinthal, 1990). The knowledge base plays a crucial role in linking the anticipation and adaptation phases of resilience. Learning is an integral part of each phase of resilience, whether it is learning for crisis during anticipation, learning as a result of crisis during coping, or learning from crisis during adaptation (Duchek, 2020). An organization's knowledge base is an important antecedent of organizational resilience, and it can be enhanced through the accomplishment of the three resilience stages (Christianson et al., 2009).

The prior knowledge of the company originates from the founders' experience and education. They have long history of working in the industry and in business development roles, over 30 years combined. Before starting up their company, the founders studied MBAs in university, which expanded their knowledge especially on operating and developing business. While the wedding operations had taken off, employing five people, they decided to start operating a pub. Operating a pub was familiar to founder A who had previously ran bars, pubs, and restaurants. Founder B describes his co-founder A as "Amazing operator". The lockdown forced them to shut down the pub and reschedule the upcoming weddings. They tested takeaways and pop-up open days. They had to find ways to cut costs in order to keep the business operational. After the lockdown, the company was able to continue growing. The company created a central team to share responsibilities and knowledge with each other.

The availability of a diverse and readily available set of resources is crucial to enable a prompt and effective response in challenging situations. The availability of financial and human resources is vital for effective anticipation of adverse events, such as identifying critical developments through environmental scanning (Duchek, 2020). In addition, resources are necessary for coping and adaptation during crises. Financial resources can serve as a buffer, containing the negative consequences of a crisis, while human resources can be used to recover from a crisis (Gittell et al., 2006). Organizations require both slack resources, which provide a cushion of spare resources that can be flexibly used, and redundancy, such as unused capacity,

multiple sourcing, or parallel processes, to ensure adequate functioning even if certain components of the organization experience failure (Linnenluecke & Griffiths, 2010).

The company had a successful first year and continued to grow in the second and third years, with a pipeline of 120 weddings in April 2020. However, the lockdown forced the company to almost cease its operations when weddings were not allowed to be held and pubs were not allowed to be open. Financially the situation was difficult as the costs were running but incomes were not. The company had approximately 30 employees when the lockdown hit. Like other companies in the industry, they couldn't offer jobs for all of their employees. They emphasized the importance of their company values in guiding decision-making and maintaining a positive, collaborative approach to navigating the crisis. Testing new ways to operate, such as takeaways and pop-up open days, made it possible to employ some of the staff with basic paycheck. The company was not eligible for grants, which forced them to take debt to keep the business operational and look after their teams. The founders looked forward to expanding the operations in future and focused on creating a core team to share responsibilities to help them to grow. They started hiring employees with flexibility to maximize the existing operations and to help with the expanding. After the lockdown, the company expanded their operations to a Golf Club to operate its food and drink service. Operations at the golf club did not require expensive investments and was relatively easy to start operating with existing staff. It turned out to be a successful business during the first weeks. The payments for upcoming weddings were made before the actual event: a deposit after menu tasting and the rest a month before the actual wedding date. They also had credit with their suppliers. This way helped them to pay the expenses of a wedding in cash. They made a personal investment in a new venue, where they are tenants. Later on, they rented another venue, which required higher investments, and the investment was partially covered by a loan.

The company adapted by finding ways to support their clients, such as allowing them to postpone weddings, and engaging with the community. Financially, they had to navigate grants, furloughs, and loans, and adjust their business model to account for restrictions. They expanded and opened more sites, but this required more staff and resources. The challenge was to have a team that can deliver the current business while also being bigger, and the reality is that this will cost money. Financing for the expansion came from personal investment, bank loans, and cash generated by the business.

The development of resilient solutions in times of crisis requires the use of social resources as a source of organizational resilience. Social resources such as deep social capital, shared goals, shared knowledge, and mutual respect lead to high levels of coordination and positive performance effects (Gittell, 2001). Research has linked relational reserves, relational coordination, and social capital resources to organizational resilience, which can be achieved through supportive mental processes such as situated cognition, distributed cognition, or joint cognitive systems (Duchek, 2020). Social resources positively influence the resilience of organizations by fostering the development of coping capabilities. It is important for organizations to have an open, trustful, and learning-oriented organizational culture to achieve social resources (Pal et al., 2014).

When the lockdown hit, the owners defined the company's priority to be purpose and values led. With values-led business culture, the owners relied on their values of being client-led, collaborative, positive, and creative during the difficult crisis. When the pubs had to be shut down and weddings cancelled, first thing the founders did, was to have an online video meeting with their staff to discuss about the situation, concerns, and how they can help each other. The upcoming weddings had to be either postponed or cancelled. Together with their clients, they were able to postpone almost all weddings rather than cancelling them. As the lockdown eased and the company started new projects to expand, more employees were needed. To address this challenge, they started hiring people with flexible roles to accommodate different parts of the business as needed. While expanding the operations, the company had built up a central team that has ability to do different tasks, which allowed the owners to focus more on new projects and expansion.

While crises can create opportunities for adaptation, organizations may not necessarily learn and change as a result, with power and responsibility being crucial factors in the translation of new knowledge into behavior (Duchek, 2020). Organizational learning and change processes are associated with power relationships, which can foster or hinder the use of new knowledge and solutions, with expertise and experience being more important than hierarchical position in fostering organizational resilience (Lengnick-Hall & Beck, 2011). Resilient organizations rely on decentralization, self-organization, and shared decision-making, with power based on expertise and shared responsibilities positively influencing their resilience. Employee involvement and empowerment at lower levels of the organization are becoming increasingly important in improving organizational resilience (Lengnick-Hall & Beck, 2011).

Since the beginning, the company has been values-led and they were able to rely on their values to guide their decision-making during the pandemic. They focused on being client-led and collaborative, helping their clients navigate the uncertainty caused by the pandemic. The online meeting with their employees when the lockdown hit, helped them to understand the situation of the employees and to think ways to help them. Employees were free to share their worries, but also free to express new ideas. As the company was expanding with new projects, they needed to share responsibilities with their employees. To solve the need of responsibility sharing, they built up a central team which allowed the founders to share responsibilities of different tasks to their employees while they were focusing more on new projects.

3.2. Discussion

The data consisting of interviews and additional sources provided relevant data about organizational resilience capabilities. The findings are compared to Duchek's (2022) framework for organizational resilience capabilities: Knowledge base, Resource availability, Social resources, and power and responsibility. The analysis shows that these four types of capabilities were used and combined by founders of the company. Also, the findings are compared to the impacts of Covid-19 on the industry generally. These findings were in align to the industry general.

The knowledge base of the company is diverse: the founders have knowledge from hospitality industry and business development, +30 years combined, while the central team of the company has knowledge and experience from different jobs and tasks. The diverse knowledge base (Sutcliffe & Vogus, 2003) helped the company to find ways to cut costs while focusing their values. Their knowledge base also helped them to gather new knowledge (Haunschild & Sullivan, 2002) from the central team and online meetings, while also avoiding focusing just on surface of the problems (Catino, 2008). The diverse skills and personalities (Pregenzer, 2014) improved the ability to innovate and find solutions while prioritizing their values, which helped them to expand to new projects and finding new approach to existing operations.

Having a comprehensive and easily accessible set of resources is significant for quickly and effectively responding to challenging situations (Hamel & Valikangas, 2003). The financial and human resources are especially important for organizational resilience (Duchek, 2020). The

company was able to offer jobs for some of their employees with basic paycheck and working flexible hours, which helped them to cut costs while keeping the staff employed during the lockdown. By having employees during the lockdown, the company was able to catch up the needed staff fast. By scanning the environment (Duchek, 2020), the company was able to detect external factors which helped them utilizing their existing labour force between their wedding operations and pubs. Their financial resources acted as a buffer to absorb shocks (Pal et al., 2014) at the beginning. However, they had to get debt to keep the business up. This helped them to having human resources during recovery (Gittell et al., 2006), which gave them opportunities to expand faster.

The social resources had a significant role for the company to improve organizational resilience (Gittell et al., 2006). The social capital helped (Leana & van Buren, 1999) them to finding and taking the needed actions. Shared goals, knowledge and mutual respect improved the coordination and performance (Gittell, 2001) as the knowledge and values of the company were shared among the employees and the central team was trusted. By utilizing their networks and fostering positive relationships (Sutcliffe & Vogus, 2003), they were able to negotiate with their suppliers about the payments and with customers about the rescheduling of weddings. By doing so, they were able to stabilize the financial situation and keeping the customer base by offering take away food and pop-up outdoor spots.

Organizational resilience is positively impacted by power based on expertise and shared responsibilities, as they encourage the development of adaptation capabilities (Duchek, 2020). The founders' expertise of usage of power and responsibility sharing facilitated the organizational learning and change to adapt (Todorova, 2007). The company's management relied on decentralized, self-organizing, and shared decision-making processes (Denhardt & Denhardt, 2010), which enabled effective knowledge utilization and action taking. As their employees were free to share their knowledge and ideas, the new solutions and approaches were found (Cheese, 2016). The involvement and empowerment of all employees (McManus et al., 2008) had also important role.

The negative impact of unexpected adverse effects of global Covid-19 pandemic was strong on the hospitality industry (Sardar et al., 2022). Like other businesses in the industry, the examined company faced same the lockdown and restrictions. Economically they suffered especially from business shutdowns and paying wages (Nicola et al., 2020), decreased demand (Song et al., 2021),

and difficulties to finance the operations (Ramelli & Wagner, 2020). The social factors forced them to keep up the new hygiene standards (Hall et al., 2020) while keeping up the achieved trust from customers (K. Kim et al., 2021) and employees. Technological factors allowed them to offer take away food (Sharma et al., 2021), while also reaching their old and new customers through social media (Davari et al., 2022). The political factors forced them to temporally close their operations (Bartik & Lachowska, 2013) and uncertainty caused by improper policymaking (Thorgren & Williams, 2020), made the coping even more difficult. The impacts of Covid-19 on the examined company are in align with the existing literature.

CONCLUSION

The aim of this paper was to understand how the capabilities of the entrepreneurial team of a catering and hospitality startup were employed to build resilience. As businesses of all sizes and industries face unpredictable and challenging operating environments, the ability to quickly adapt and recover from unexpected events has become a critical factor for long-term success and sustainability. The concept of organizational resilience refers to an organization's ability to effectively respond to and recover from disruptive events, such as natural disasters, economic downturns, cyber-attacks, pandemics, or other crises that could impact its operations. A resilient organization can minimize the impact of these events and continue delivering its products or services to its customers. The research highlights the importance of capabilities in building resilience across different areas of a company's operations. Combination of different capabilities enable to develop resilience. The entrepreneurial team's capabilities play a crucial role in developing and implementing strategies to build organizational resilience. The study underscores the importance of building organizational resilience in today's rapidly changing and unpredictable business environment. By leveraging the capabilities, an entrepreneurial business can enhance its resilience, improve its ability to adapt to changing circumstances, and increase its chances of long-term success and sustainability.

The research questions concerned the capabilities adopted by the company as well as comparison against Duchek's (2020) framework. The main findings of this study were: 1) The company had adopted combination of various capabilities: knowledge, financial and human resources, social, and responsibility. 2) The company's adopted capabilities are in align with Duchek's (2020) framework of organizational resilience capabilities.

The results of this study suggest that certain capabilities are essential in building organizational resilience in entrepreneurial organizations. Specifically, the capabilities related to knowledge base, financial and human resources, social resources, and power and responsibility were found to be particularly important in developing resilience. Having a strong knowledge base enables

organizations to identify potential threats and opportunities, as well as to develop effective responses to unexpected events. In addition, adequate financial and human resources are crucial for organizations to respond effectively to crises, as they provide the necessary resources to adapt to changing circumstances. Social resources play a significant role in building resilience by strengthening the common goal and gaining support from external stakeholders. Finally, power and responsibility are important capabilities that enable organizations to effectively manage risks and make informed decisions in the face of uncertainty. This includes empowering employees to take initiative and make decisions when necessary, as well as establishing clear lines of responsibility and accountability throughout the organization. By possessing these capabilities, entrepreneurial organizations are able to develop resilience at an extensive scale, which provides benefits across all three stages of a crisis. During the anticipation stage, the organization can observe and identify both internal and external developments and start preparing to adverse effects. In the coping stage, the organization can take necessary actions to resist unexpected threats. Finally, in the adaptation stage, the organization can learn and change to adjust to the new normal.

When building organizational resilience, entrepreneurs should not rely on a single type of capability. Instead, they should utilize a combination of different capabilities that complement each other and address different aspects of the organization's operations. The four types of capabilities - knowledge base, financial and human resources, social resources, and power and responsibility - form the basis of organizational resilience. Therefore, entrepreneurs should prioritize developing these capabilities to ensure that they are well-prepared to face unexpected events that could disrupt their business operations. In addition to focusing on building their capabilities, entrepreneurs should also aim to enhance their knowledge base in general. This includes staying up to date with current trends, changes in the market, and emerging technologies, among other things. By having a strong knowledge base, entrepreneurs can make informed decisions that are based on accurate and relevant information, which is crucial for building resilience. Moreover, the COVID-19 pandemic has highlighted the need for policymakers to make decisions that are based on factual and justified grounds, rather than imposing unfair restrictions on certain industries. For instance, restrictions on restaurants, pubs, and bars that were not supported by scientific evidence and factual data have significantly disrupted the hospitality industry. Policymakers must therefore take a balanced and evidence-based approach when making decisions that could impact different industries, to avoid any unintended and disproportionate consequences.

The findings provide additional perspective to resilience concept on the entrepreneurial level in real-life context which has suffered from lack of research. By conducting an empirical study, we extend Duchek's conceptual model of organizational resilience, which refers to a fundamental capacity of companies to endure unfavorable situations, to the context of entrepreneurial businesses. The study shows that by combining various capabilities, entrepreneurial organizations are able to recover and strengthen their business, even in the face of significant challenges. These capabilities include a knowledge base, financial and human resources, social resources, and power and responsibility. By possessing these capabilities, entrepreneurs can effectively navigate crises and move towards long-term growth and success. The study's focus on capability building for resilience, rather than simply the outcomes of a crisis, provides valuable insights for entrepreneurial organizations looking to develop and enhance their resilience. By prioritizing the development of these capabilities, entrepreneurs can better prepare themselves to face unexpected events and emerge stronger on the other side.

Although this paper provides valuable insights into the capabilities necessary for entrepreneurial organizations to build resilience in the face of crises, it is important to acknowledge its limitations. Firstly, the findings are based on a single company that was able to successfully recover from the Covid-19 crisis. It is worth noting that not all companies in the industry have been able to recover, and many have filed for bankruptcy. Therefore, future studies could examine the capabilities behind resilience on a larger scale and focus on companies that have experienced more difficulties in recovering. Second limitation of this study is that the interview is the primary source of data, which may limit the generalizability of the findings. Future studies could address this limitation by collecting data on a larger scale, perhaps through the use of surveys or other quantitative research methods. This would enable researchers to analyze the capabilities necessary for building resilience in a broader range of companies and industries. Third, the examined company is located in the UK, where lockdowns were implemented as a response to the pandemic. However, the characteristics of these lockdowns and other restrictions varied in different countries or regions. Future studies could examine the topic in different countries or during different types of crises, such as natural disasters or economic downturns.

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APPENDICES

Appendix 1. Interview transcripts

https://livettu-my.sharepoint.com/:f:/g/personal/karjar_ttu_ee/Ep7gEwK3ZotNliP-nN8Nh9EB8E06GDpsmCPDkvbFUq-ZLw?e=F2S18b

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