Adaptive Leadership and Organizational Agility: Managing Change and Fostering Entrepreneurship in Uncertain Times

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Abstract

In an increasingly volatile global landscape, entrepreneurial ventures must overcome complex challenges to stay innovative, resilient, and strategically responsive. This study examines how leadership strategies for managing change influence entrepreneurial behavior, focusing on organizational culture, structure, and external uncertainty. Grounded in transformational leadership, dynamic capabilities, and organizational learning theories, the research explores how adaptive leadership drives venture success amid disruption. Findings emphasize the role of emotionally intelligent leaders, decentralized systems, and psychologically safe environments in fostering innovation and change readiness. Leaders who combine traditional frameworks like Kotter and Lewin with agile, participatory methods enhance team engagement and opportunity recognition. The study offers a framework that reinterprets change management in entrepreneurial ecosystems, with both theoretical and practical implications.

Keywords

adaptive leadership; change readiness; entrepreneurial resilience; organizational agility; innovation strategy

INTRODUCTION

The global entrepreneurial landscape is undergoing a profound transformation shaped by rapid technological advancements, shifting economic paradigms, and unprecedented levels of uncertainty. Startups and new ventures, particularly in developing economies, are often at the frontline of these changes, experiencing intensified pressure to adapt quickly, innovate continuously, and remain resilient amidst disruption (Kuratko & Audretsch, 2022).

As entrepreneurial ecosystems become more volatile, leading and managing change within these contexts becomes not only a strategic imperative but also a core capability that determines long-term viability (Schermerhorn, 2020, p. 88). The COVID-19 pandemic and subsequent geopolitical shifts have accelerated the urgency for dynamic leadership approaches that can foster entrepreneurial spirit during uncertain times (World Bank, 2022).

The role of leadership in navigating change and uncertainty is increasingly critical in shaping venture outcomes. Contemporary leadership theories emphasize adaptability, emotional intelligence, and transformational behavior as essential traits for managing uncertainty and motivating teams (Bass & Riggio, 2018). Meanwhile, change management frameworks such as Kotter's eight-step process and Lewin's change model provide structural approaches for implementing change effectively. However, integrating these frameworks with entrepreneurial realities—such as resource scarcity, iterative learning, and market dynamism—remains an underexplored intersection in current literature (Hayter et al., 2018; Schermerhorn et al., 2017, p. 292).

Despite the growing academic discourse on entrepreneurship and change, a gap persists in understanding how these dimensions interact within the context of new venture creation under uncertainty. Much of the existing research remains fragmented, focusing either on internal change mechanisms within established firms or on entrepreneurial motivation without adequately connecting the two (Burns, 2020, p. 109). Furthermore, most change management literature remains oriented toward corporate contexts, with limited transferability to agile, entrepreneurial settings (Hughes, 2021). This disconnection necessitates a holistic exploration that incorporates entrepreneurial orientation, strategic leadership, and contextual adaptability.

This research addresses this gap by examining how leadership strategies for managing change can foster entrepreneurial behavior and sustainability in new ventures during uncertain periods. Drawing from multidisciplinary perspectives—including organizational behavior, innovation studies, and entrepreneurship theory—the study aims to develop a conceptual integration that bridges theory and practice. Building on

Schermerhorn's (2020) insights into organizational agility and Burns' (2020) reflections on entrepreneurial leadership, this article explores how leaders can create enabling environments for change readiness and innovation in emerging business contexts (Schermerhorn et al., 2017, p. 240; Ireland et al., 2021).

Accordingly, the study is guided by the following research questions: (1) How do leadership strategies for managing change influence entrepreneurial behavior in new ventures during times of uncertainty? (2) What role does organizational culture and structure play in shaping change readiness among entrepreneurial teams? (3) How can adaptive leadership models be employed to sustain innovation and venture resilience amid external disruptions?

By addressing these questions, the research aims to contribute to both theoretical refinement and practical application in the fields of entrepreneurship, leadership, and change management. The findings are expected to inform future frameworks for entrepreneurial training, venture development programs, and public policy design, especially in contexts marked by instability and limited institutional support.

LITERATURE REVIEW

The dynamic interplay between leadership and entrepreneurial success has long attracted scholarly attention, particularly in the context of managing change. Leadership in entrepreneurial settings is not only about strategic decision-making but also about shaping an adaptive organizational culture that embraces change and fosters innovation (Schermerhorn, 2020, p. 211).

As early as Burns (1978), transformational leadership was seen as instrumental in energizing change processes, a view now reinforced by contemporary studies highlighting the role of vision, inspiration, and individualized consideration in driving entrepreneurial ventures (Bass & Riggio, 2018). These theoretical underpinnings converge in the notion of *entrepreneurial leadership*, a hybrid model that blends opportunity-seeking behavior with the capacity to influence and mobilize stakeholders in uncertain environments (Gupta et al., 2022).

The literature also emphasizes that change management frameworks such as Lewin's unfreeze-change-refreeze model and Kotter's eight-step change model, though originally developed for corporate environments, offer valuable insights when adapted to startup contexts (Cameron & Green, 2020, p. 74). However, the flat structures, rapid iteration cycles, and resource constraints of new ventures often demand a more agile and decentralized approach (Hayter et al., 2018). This has led to the rise of change agility frameworks and dynamic capabilities theory, which posit that entrepreneurial

success hinges on sensing, seizing, and reconfiguring capabilities in real-time (Teece et al., 2016).

Scholars have also explored the psychological and social mechanisms underpinning entrepreneurial resilience and change acceptance. Theories on organizational learning, particularly double-loop learning and adaptive learning, have been crucial in explaining how ventures internalize and respond to external disruptions (Argyris, 1993; Marsick & Watkins, 2017).

In parallel, research in emerging markets points to the importance of institutional voids and informal networks in shaping the adaptive behavior of entrepreneurial firms (Khanna & Palepu, 2010). These contextual insights deepen the understanding of how change is both interpreted and enacted within volatile economic and political environments.

Despite the growth of literature in these areas, studies often examine leadership, change, and entrepreneurship in silos. Few have integrated them into a comprehensive framework that reflects the lived realities of new ventures navigating uncertainty. While some empirical studies suggest strong correlations between adaptive leadership and entrepreneurial resilience (Ireland et al., 2021), a coherent model that bridges structural change processes with entrepreneurial dynamics is still lacking. This research aims to contribute to filling this conceptual gap by synthesizing interdisciplinary insights into a unified theoretical perspective.

Theoretical Framework

The core of this study draws upon the theory of entrepreneurial leadership, a hybrid conceptual model combining opportunity-seeking behavior with leadership competencies tailored to uncertain environments. Entrepreneurial leaders are characterized by their ability to influence others, develop strategic visions, and create enabling cultures for innovation (Gupta et al., 2022). As articulated by Schermerhorn (2020, p. 198), such leaders are pivotal in fostering high levels of engagement and adaptability within startup teams.

This style of leadership is especially effective in navigating change because it aligns personal initiative with collective organizational learning, creating a fertile ground for resilient business behavior. Through this lens, leadership is not just about strategic direction but also about facilitating iterative experimentation and learning under constrained conditions.

Building on this, change management theory serves as the structural pillar for understanding how transformation is initiated and sustained in new ventures. The classic model by Lewin—unfreeze, change, and refreeze—remains relevant in outlining the psychological stages of organizational change (Cameron & Green, 2020, p. 69). However, in rapidly evolving entrepreneurial contexts, Kotter's (1996) eight-step process offers more actionable insight, emphasizing urgency creation, vision formulation, and empowerment for short-term wins.

According to Schermerhorn et al. (2017, p. 212), effective change leaders must bridge the strategic gap between macro-level vision and micro-level execution by adapting these models to non-hierarchical, fast-paced settings typical of startups. The integration of these frameworks helps identify where resistance to change may emerge and how adaptive leadership can mitigate such frictions.

A third theoretical construct central to this study is organizational agility, derived from the dynamic capabilities theory. Teece et al. (2016) argue that in volatile environments, competitive advantage stems from the ability to sense and seize opportunities and reconfigure internal resources rapidly. In entrepreneurial ventures, this translates into flat structures, cross-functional teams, and iterative decision-making processes.

Agility becomes not just a structural condition but a cultural orientation shaped by leadership (Hayter et al., 2018). According to Schermerhorn (2020, p. 121), agility is enhanced when organizations cultivate open communication, decentralize authority, and build psychological safety, allowing for quick pivots and informed risk-taking.

Additionally, learning organization theory provides a cognitive and behavioral foundation for adapting to uncertainty. Argyris (1993) proposed the concept of double-loop learning—where individuals not only adjust actions based on outcomes but also question underlying norms.

In entrepreneurial settings, this capacity for reflective learning is crucial, as strategies must evolve rapidly in response to unpredictable market signals. Marsick and Watkins (2017) highlight that when entrepreneurial leaders foster a culture of inquiry and reflection, ventures are more likely to thrive through continuous innovation and improvement.

Finally, this study incorporates institutional theory to address the contextual factors influencing how change is managed in entrepreneurial ecosystems. Institutional environments—especially in emerging markets—are often characterized by regulatory instability, informal norms, and limited support infrastructures (Khanna & Palepu, 2010).

These external uncertainties amplify the need for internal flexibility and leadership foresight. When viewed through the lens of institutional theory, leadership becomes a mediating force that aligns internal dynamics with shifting external demands, helping ventures remain legitimate, responsive, and sustainable.

Together, these theoretical foundations provide a robust analytical framework for exploring how leadership and change management practices interact to foster entrepreneurial behavior in uncertain contexts. They offer both structure and interpretive depth for examining the research questions in the forthcoming sections.

Previous Research

Early foundational research by Bass (1990) laid the groundwork for understanding transformational leadership by emphasizing the role of charisma, intellectual stimulation, and individualized consideration in driving follower performance. This framework was especially influential in contexts requiring significant change and innovation. Though primarily tested in corporate environments, the model inspired later studies to explore its relevance in entrepreneurial ventures where leadership must foster trust and autonomy.

A study by Teece et al. (2016) introduced the dynamic capabilities framework, arguing that organizational survival in turbulent environments depends on the capacity to sense, seize, and reconfigure resources. Their research employed conceptual modeling and case examples across various industries to highlight how firms respond strategically to environmental volatility. While highly relevant, their focus remained on established firms, offering limited insight into early-stage ventures and leadership dynamics within them.

Hayter et al. (2018) explored the unique leadership challenges faced by university-based startups, identifying how knowledge spillovers, institutional barriers, and resource constraints shaped venture trajectories. Using qualitative interviews with spin-off founders, the authors concluded that flexible leadership and institutional navigation were key drivers of startup success. Their findings pointed to the need for context-specific leadership strategies in resource-limited environments—an insight highly relevant to this study.

Ireland et al. (2021) conducted empirical research on entrepreneurial orientation, strategic leadership, and firm performance using survey data from small and medium-sized enterprises (SMEs) in emerging markets. Their regression analysis demonstrated strong correlations between adaptive leadership behavior and innovation output. However, their work did not explore how change management structures mediated

these relationships, leaving an open question about the processes that connect leadership style and venture resilience.

A 2022 comparative study by Gupta et al. investigated entrepreneurial leadership across technology startups in Asia and Europe. Using a mixed-method approach, they identified emotional intelligence, vision-setting, and learning orientation as the most critical leadership traits under uncertain conditions. Although their study offered rich cross-regional insight, it lacked a theoretical framework integrating change management processes with entrepreneurial strategies.

Most recently, Kuratko and Audretsch (2022) addressed the post-pandemic entrepreneurial ecosystem. They argued that entrepreneurs must now operate in "permanent whitewater"—a metaphor for ongoing instability—and called for more research on how ventures adapt to rapid shifts. They highlighted leadership agility and learning cultures as vital, yet did not empirically test the mechanisms through which these capacities are built within early-stage firms.

In sum, these studies contribute valuable insights into leadership, entrepreneurial orientation, and change dynamics. However, a gap remains in synthesizing these domains through a unified theoretical and empirical lens. Most previous works isolate leadership traits or strategic frameworks without fully integrating the structural processes of change management—especially in the context of new ventures operating under extreme uncertainty. Moreover, few studies draw on integrated models combining dynamic capabilities, learning organization theory, and institutional contexts. This study addresses these gaps by developing a comprehensive framework to explore how change-oriented leadership influences entrepreneurial sustainability and adaptability.

RESEARCH METHODS

This research employs qualitative, textual data as its primary unit of analysis. The focus on qualitative information aligns with the study's objective to explore leadership practices and change management processes in complex entrepreneurial environments rather than quantify variables or predict outcomes. Qualitative data offers rich, interpretive insight into the subjective experiences of leaders, the cultural and organizational dynamics of new ventures, and the underlying mechanisms of change under uncertainty (Creswell & Poth, 2018).

This approach is particularly suited to unpacking how leadership strategies manifest within fluid and context-sensitive situations—traits inherent in entrepreneurial ecosystems (Flick, 2020, p. 117).

The data sources consist primarily of peer-reviewed journal articles, international books, institutional reports (such as World Bank, UNIDO, and OECD), and academic dissertations published by recognized universities. These sources provide comprehensive insights into both theory and practice across disciplines including leadership, change management, entrepreneurship, and organizational behavior.

Books by Schermerhorn (2020, p. 56), Burns (2020, p. 103), and Cameron and Green (2020, p. 72) serve as foundational theoretical references, while journal articles from *Journal of Business Venturing*, *Leadership Quarterly*, and *Entrepreneurship Theory and Practice* enrich the study with empirical findings. Institutional reports contribute macroeconomic and policy-level context that situates entrepreneurial behavior within broader socio-political frameworks (World Bank, 2022).

The data collection technique used in this study is document-based qualitative analysis. This method involves systematically identifying, selecting, and reviewing scholarly documents relevant to the study's central themes. The process began with keyword-based searches in academic databases like Scopus, ScienceDirect, and JSTOR using terms such as "entrepreneurial leadership," "change management," and "uncertainty in startups."

Criteria for selection included publication year (no later than 2025), peer-review status, relevance to the research questions, and citation frequency. Documents were further screened for conceptual clarity, methodological rigor, and contextual relevance to ensure a representative and robust knowledge base (Bowen, 2009).

The data analysis technique applied is thematic analysis, an approach well-suited to identifying recurring patterns, concepts, and relationships within qualitative data. Using Braun and Clarke's (2019) six-phase process—familiarization, coding, theme generation, theme review, theme naming, and final write-up—the research distilled themes such as adaptive leadership, learning culture, change resistance, and venture agility.

These themes were then aligned with the theoretical framework and organized according to the study's research questions. Thematic analysis allows for both inductive discovery and deductive validation of patterns, making it an effective tool for integrating insights across varied literature types and disciplines (Nowell et al., 2017).

Conclusion drawing in this study was carried out using an interpretive synthesis method. This involved cross-referencing themes identified in the analysis with the theoretical constructs discussed in the framework section. Interpretation was guided by a constructivist paradigm, which recognizes the contextual and socially constructed nature of knowledge, particularly in entrepreneurial settings (Guba & Lincoln, 1994).

The synthesized insights were then triangulated across data types to ensure consistency and conceptual robustness. This approach enhances validity by avoiding reliance on single-source interpretations and fosters theoretical integration that is both novel and practically useful (Thomas & Harden, 2008).

RESULTS AND DISCUSSION

The analysis of leadership practices and change management strategies in new ventures reveals a nuanced interaction between entrepreneurial intent, organizational agility, and contextual uncertainty. Drawing upon the theoretical underpinnings of Schermerhorn (2020, p. 212) and Teece et al. (2016), the study affirms that adaptive leadership functions as a central mechanism in navigating volatility.

Unlike traditional leadership models that focus on control and stability, entrepreneurial leadership embraces risk, ambiguity, and rapid iteration—qualities essential for sustaining venture momentum in unpredictable environments (Gupta et al., 2022). This reinforces findings from previous research but adds empirical specificity by linking these behaviors to structured change management processes such as Kotter's change model and dynamic capabilities frameworks.

New expert perspectives, including those from post-pandemic entrepreneurial scholars, underscore the importance of fostering resilience through cultural transformation and emotional intelligence (Kuratko & Audretsch, 2022). Emotional intelligence, while historically underemphasized in change theory, emerged in this study as a crucial lever for trust-building, conflict resolution, and team cohesion in high-stress entrepreneurial settings. This supports the assertion by Bass and Riggio (2018) that transformational leadership is not merely about vision but about human connection—particularly vital when rapid changes disrupt operational normalcy.

Furthermore, the study introduces a deeper understanding of organizational learning as an embedded process within change strategy. Prior research has acknowledged the role of learning cultures (Marsick & Watkins, 2017), but this study extends the concept by showing how double-loop learning creates feedback systems that recalibrate leadership assumptions and entrepreneurial direction. In contrast to single-loop adaptations, which only adjust tactics, double-loop learning encourages fundamental shifts in strategic logic—an essential function in environments where linear planning is ineffective (Argyris, 1993).

This article also offers a critical refinement of change management literature by applying traditional corporate-centric models within entrepreneurial ecosystems. Frameworks like Lewin's and Kotter's remain structurally relevant but require

contextual recalibration for flat hierarchies and decentralized control common in startups (Cameron & Green, 2020, p. 87).

The findings suggest that when these models are combined with agile methods and leadership adaptability, they become more responsive to the needs of emerging ventures. This integrative perspective contributes to closing the conceptual gap identified in earlier studies, such as those by Ireland et al. (2021), which recognized the correlation between leadership and innovation but lacked processual clarity.

Lastly, this study amplifies the influence of institutional environments on change execution. In volatile emerging markets, institutional voids and informal networks heavily influence entrepreneurial strategy (Khanna & Palepu, 2010). Leaders who understand these external dynamics and integrate them into internal change planning can more effectively align their ventures with opportunity structures. This intersection between institutional theory and entrepreneurial agility offers a novel contribution, particularly for ventures operating outside developed regulatory ecosystems.

Through this integrated perspective, the study not only reaffirms established theories but also expands them by embedding entrepreneurial realities into the fabric of change management discourse. The following thematic subsections will analyze the findings in direct response to the three research questions, using this enriched theoretical lens.

1. Adaptive Leadership as a Catalyst for Entrepreneurial Behavior

The ability of leaders to manage change proactively and adaptively is a decisive factor in cultivating entrepreneurial behavior, particularly in environments characterized by turbulence and unpredictability. Entrepreneurial ventures require leaders who can set a compelling vision while simultaneously responding flexibly to rapidly evolving contexts (Schermerhorn, 2020, p. 198).

This aligns with the findings of Gupta et al. (2022), who observed that adaptive leadership correlates positively with opportunity recognition and venture scaling in resource-scarce environments. The present study reinforces this view, revealing that when leaders model openness to change and calculated risk-taking, they activate similar behaviors in their teams—resulting in more experimentation, faster iteration, and stronger entrepreneurial momentum.

The transformational leadership model, particularly the dimension of inspirational motivation, plays a central role in this process. Leaders who articulate purpose and direction under uncertainty tend to anchor

organizational focus, reducing ambiguity while empowering teams to innovate within defined guardrails (Bass & Riggio, 2018). This motivational influence encourages teams to approach challenges as opportunities, increasing psychological ownership and initiative.

Schermerhorn et al. (2017, p. 220) emphasize that such leadership promotes alignment between organizational objectives and individual drive, creating what they term "entrepreneurial coherence." Findings in this study extend this notion by showing how coherence translates into micro-level entrepreneurial behaviors such as lean experimentation, user-driven iteration, and decentralized decision-making.

Agile leadership further enhances entrepreneurial capability by institutionalizing adaptability as an operational norm. Rather than perceiving change as a discrete event, agile leaders cultivate a continuous change mindset that enables proactive opportunity seizing (Teece et al., 2016).

In the ventures examined through document analysis, leaders embedded agility into structural processes—e.g., through short feedback cycles, adaptive planning, and flattened hierarchies. These findings validate Schermerhorn's (2020, p. 232) assertion that leadership agility is not only behavioral but also strategic, influencing how resources are allocated and how teams prioritize under pressure.

Additionally, emotional intelligence emerged as a critical enabler of adaptive leadership. Leaders with high emotional awareness created psychologically safe spaces where team members could express dissent, raise concerns, and propose innovations without fear (Kuratko & Audretsch, 2022).

This aligns with the argument by Goleman (2013) that emotionally intelligent leaders are more likely to manage conflict constructively and sustain morale during high-stress periods. Empirical data from the reviewed studies further suggest that such environments enhance individual creativity and reduce resistance to change—both essential for entrepreneurial dynamism.

The integration of change management principles—particularly Kotter's model—into entrepreneurial practice was another prominent finding. Leaders who adopted Kotter's steps in an agile, informal manner (rather than sequentially or rigidly) were more successful in embedding change without disrupting entrepreneurial flow (Cameron & Green, 2020, p. 79).

For instance, short-term wins were reframed as MVP releases or prototype validations, while stakeholder coalitions often included users or informal

advisors. This recontextualization allowed change efforts to become entrepreneurial in form and spirit, reaffirming the compatibility between structured change frameworks and entrepreneurial improvisation.

Finally, the findings indicate that entrepreneurial behavior under uncertainty is not solely individualistic but is shaped by systemic leadership influence. The leaders studied acted as architects of entrepreneurial ecosystems within their ventures—designing feedback systems, nurturing talent, and decentralizing power to accelerate responsiveness.

This comprehensive role aligns with Schermerhorn's (2020, p. 203) emphasis on leaders as both facilitators and system designers. In sum, adaptive leadership— when practiced holistically—functions as a catalyst that transforms organizational change into an engine for entrepreneurial expression and resilience.

2. Cultural and Structural Foundations of Change Readiness

Organizational culture acts as the psychological infrastructure upon which change readiness is built. In entrepreneurial ventures, where formal processes are often minimal, culture becomes the dominant mechanism for guiding behavior and decision-making (Schein, 2017).

This study found that ventures with open, learning-oriented cultures were significantly more receptive to change initiatives. Leaders who normalized experimentation, celebrated failure as feedback, and fostered curiosity created environments where team members embraced rather than resisted change (Marsick & Watkins, 2017). Schermerhorn (2020, p. 276) supports this, stating that high-performing entrepreneurial cultures are those that value adaptation, inquiry, and continuous learning.

An important feature of change-ready cultures is psychological safety—the belief that one can take risks without facing ridicule or retribution. The analysis revealed that leaders who prioritized psychological safety catalyzed higher levels of team participation in change processes.

This aligns with Edmondson's (1999) findings that psychological safety enhances engagement, collaboration, and innovation. Entrepreneurial ventures that established such safety nets experienced smoother transitions during pivots or strategic realignments. The study reaffirms that psychological safety is not merely a cultural value but a strategic asset in dynamic settings.

From a structural perspective, organizational flatness was found to be a key enabler of change readiness. Flat structures reduce bureaucratic drag and empower team members to act on insights without waiting for hierarchical approvals (Hayter et al., 2018).

Such agility is especially critical in early-stage ventures, where rapid feedback loops and timely responses to market signals can determine survival. The reviewed cases indicated that when decision-making authority was distributed, teams responded more quickly and effectively to external changes—be it a supply chain disruption or a shift in customer preferences.

Decentralization also fostered a sense of ownership and accountability across the organization. Teams that were trusted with decision-making responsibility exhibited higher commitment to change initiatives. Schermerhorn et al. (2017, p. 245) note that decentralized systems align well with entrepreneurial environments because they support innovation, responsiveness, and initiative-taking.

Moreover, decentralization was often complemented by flexible role definitions, allowing individuals to operate across functions—thereby increasing adaptive capacity and organizational learning. However, the study also identified challenges in balancing autonomy with coherence. Some ventures, in granting too much freedom, experienced strategic drift and misalignment.

To mitigate this, successful leaders established "adaptive guardrails"—minimal but clear structures that aligned decentralized efforts with overall strategic intent. These guardrails took the form of shared values, key performance indicators, or innovation themes. Cameron and Green (2020, p. 93) describe this balance as "controlled empowerment," which ensures agility without sacrificing focus.

Lastly, culture and structure were found to be deeply interdependent. Cultural norms often determined how structural features were used or interpreted. For example, a flat structure in a low-trust culture did not yield the same change readiness as in a high-trust, psychologically safe environment.

This finding suggests that leaders must simultaneously cultivate cultural conditions and architect structural designs that reinforce one another. As Schermerhorn (2020, p. 289) explains, the interplay of culture and structure creates the "architecture of adaptability," which is essential for entrepreneurial ventures facing continuous disruption.

3. Sustaining Innovation and Resilience Through Adaptive Leadership

Adaptive leadership emerged from this study as a core competency for sustaining innovation in new ventures facing prolonged disruption. Unlike reactive crisis management, adaptive leadership anticipates and prepares for uncertainty by promoting continuous learning, experimentation, and strategic flexibility (Heifetz et al., 2009).

In the reviewed ventures, leaders demonstrated adaptiveness by frequently revisiting strategic assumptions, decentralizing control, and encouraging low-risk experimentation. These behaviors not only preserved operational continuity but also generated new innovation cycles, confirming Schermerhorn's (2020, p. 203) view that adaptability is both a leadership trait and an organizational capability.

Innovation sustainability, as observed in the cases studied, was closely linked to the creation of "safe-to-fail" spaces. These are contexts in which failure is seen as a necessary step toward learning rather than a setback. Leaders who framed failure constructively were able to sustain team morale, creativity, and engagement during extended periods of instability (Kuratko & Audretsch, 2022).

This aligns with the learning organization theory, particularly double-loop learning, which enables ventures to not only adjust tactics but also reassess underlying norms and strategies (Argyris, 1993). The interplay between adaptive leadership and learning culture created a reinforcing loop that advanced both innovation and resilience.

Another critical finding was the importance of dynamic sense-making. Adaptive leaders were observed to engage in real-time interpretation of ambiguous signals—such as regulatory changes, customer behavior shifts, or supply chain volatility—and translate them into actionable strategies. This practice, known as environmental scanning, allowed ventures to pivot early and effectively (Teece et al., 2016).

Moreover, leaders included teams in the sense-making process, thereby fostering collective ownership over strategy adjustments. Schermerhorn et al. (2017, p. 241) identify this participatory sense-making as essential for building responsive and agile teams capable of weathering disruption.

Cross-functional collaboration also played a significant role in innovation sustainability. Adaptive leaders deliberately broke down silos and encouraged lateral knowledge sharing between product development, marketing, and

operations teams. These interactions enhanced responsiveness and promoted hybrid solutions, especially when navigating constraints such as budget cuts or shifting customer needs.

Hayter et al. (2018) observed similar benefits in knowledge-intensive startups, where internal integration accelerated problem-solving and minimized resource waste. This study extends those findings by emphasizing the leadership behaviors that facilitate such integration, including role modeling, system design, and cultural reinforcement. Importantly, the study found that adaptive leadership was most effective when paired with long-term visioning.

While short-term responsiveness was necessary for survival, it was the articulation of a compelling long-term vision that maintained team cohesion and direction. Leaders who balanced immediate adaptation with future orientation kept their teams aligned and motivated even when external conditions remained unstable. Bass and Riggio (2018) suggest that transformational leadership provides this dual capability, allowing leaders to inspire while also responding tactically. The ventures examined in this study demonstrated that this combination fosters not only resilience but also a sustained trajectory of innovation.

Finally, external disruptions—whether market-driven, technological, or political—served as accelerators rather than inhibitors of innovation when adaptive leadership was in place. The presence of leadership agility enabled ventures to reframe crises as strategic inflection points. This reorientation was particularly evident in post-pandemic pivots, where ventures launched new product lines, digitalized operations, or re-entered markets with revised value propositions.

These actions validate Schermerhorn's (2020, p. 289) assertion that leadership is the fulcrum upon which strategic renewal rests. In conclusion, adaptive leadership empowers ventures not merely to endure disruption but to evolve through it—turning uncertainty into a catalyst for innovation and strategic transformation.

The findings of this study illuminate the critical role of leadership in managing change and fostering entrepreneurship in uncertain environments. In response to the first research question, the study demonstrated that adaptive and transformational leadership strategies significantly shape entrepreneurial behavior in new ventures. Leaders who modeled agility, emotional intelligence, and visionary thinking fostered a culture of experimentation and proactive engagement.

Drawing from Schermerhorn's (2020, p. 203) insights and supported by the dynamic capabilities framework, the analysis revealed that leadership behaviors are not only reactive tools but foundational elements for constructing entrepreneurial momentum and team initiative during times of disruption.

Addressing the second research question, the study identified organizational culture and structure as foundational components of change readiness. Cultures characterized by learning, psychological safety, and openness enabled entrepreneurial teams to absorb and act on new information quickly.

Flat, decentralized structures empowered teams to respond autonomously while maintaining alignment with shared values. This interconnectedness of culture and structure directly contributed to a heightened organizational capacity for change— what Schermerhorn (2020, p. 289) terms the "architecture of adaptability." The research thereby expanded existing models by integrating cultural dynamics with strategic change processes in entrepreneurial contexts.

In exploring the third research question, the study found that adaptive leadership not only enables ventures to cope with external shocks but also sustains innovation as a continuous process. Leaders who engaged in environmental scanning, sense-making, and cross-functional collaboration turned crisis moments into innovation inflection points.

Importantly, these leaders balanced short-term flexibility with long-term strategic vision, reinforcing team cohesion and resilience. By integrating transformational leadership theory, learning organization theory, and institutional insights, this study advanced a more holistic understanding of innovation sustainability under uncertainty.

Theoretically, the study contributes a novel integrative framework that connects entrepreneurial leadership, structured change management, and organizational agility. It refines existing change models by demonstrating how they can be reinterpreted for entrepreneurial ecosystems rather than traditional corporate settings.

The research also extends the dynamic capabilities perspective by emphasizing the leadership behaviors that operationalize agility in practice. These contributions not only fill a conceptual gap identified in earlier literature but also offer a new lens through which to view leadership as a systemic enabler of entrepreneurial resilience.

Practically, the study offers actionable strategies for venture leaders and ecosystem builders. It suggests that fostering psychological safety, decentralizing authority, and embedding adaptive feedback systems are key interventions for enhancing change readiness. For policymakers and educators, the findings underscore the need to design leadership development programs that emphasize emotional intelligence, strategic

visioning, and contextual agility. These insights are particularly relevant for emerging markets, where institutional volatility requires both structural responsiveness and human-centered leadership approaches.

CONCLUSION

The study has underscored the pivotal role of adaptive leadership in driving entrepreneurial behavior, sustaining innovation, and navigating change in environments marked by uncertainty. Through a comprehensive examination of leadership strategies, organizational culture, and structural adaptability, the research has provided a deeper understanding of how new ventures can remain resilient and responsive.

It has shown that entrepreneurial leaders who embrace agility, foster learning, and create psychological safety are far more effective in mobilizing their teams during disruption. These leaders not only drive internal transformation but also position their ventures to seize external opportunities, even in volatile conditions.

Crucially, the study confirms strong theoretical alignment with transformational leadership, change management models, and dynamic capabilities theory. By integrating these perspectives into a unified conceptual framework, the research offers a significant contribution to both leadership and entrepreneurship scholarship. It expands traditional models by contextualizing them for the realities of flat, fast-moving, and uncertain entrepreneurial environments.

Based on these insights, several practical recommendations emerge. Venture leaders are encouraged to prioritize emotional intelligence and participatory leadership styles that empower teams and decentralize decision-making. Startups should intentionally cultivate adaptive cultures and structures that promote feedback, experimentation, and iterative learning. Policymakers and educators should design capacity-building programs that prepare future leaders to operate with agility in institutional and economic uncertainty.

For future research, longitudinal studies could explore how adaptive leadership behaviors evolve over the venture lifecycle. Additionally, comparative analyses across different cultural or regional ecosystems would provide valuable insight into how institutional factors mediate leadership effectiveness. Overall, this study lays a strong foundation for continued inquiry into the intersection of change leadership and entrepreneurial growth in an increasingly complex world.

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