RESPONDING TO ADVERSITY: A METACOGNITIVE APPROACH TO RESILIENCE (SUMMARY)

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Recommended Citation
Holland, Daniel V. (2006) "RESPONDING TO ADVERSITY: A METACOGNITIVE APPROACH TO RESILIENCE (SUMMARY)," Frontiers of Entrepreneurship Research: Vol. 26: Iss. 8, Article 4.
Available at: http://digitalknowledge.babson.edu/fer/vol26/iss8/4

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SUMMARY

RESPONDING TO ADVERSITY: A METACOGNITIVE APPROACH TO RESILIENCE

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Principal Topic

Entrepreneurs are not strangers to adversity. Making effective decisions in the face of adversity can be particularly challenging for entrepreneurs due to the inherent complexity and uncertainty of the entrepreneurial environment. Metaphorically speaking, when an entrepreneur is driving down a selected path and realizes that s/he is going the wrong direction, there are three basic decisions that can be made, other than quitting altogether. First, the entrepreneur can persist in the original direction and may even speed up. Second, s/he can slow down or stop, hoping to minimize the damage. Third, the entrepreneur may watch for signs, scan the landscape, or consult a map and then change direction. The first two options are portrayals of the oft-studied biases: escalation of commitment (Staw, 1976) and threat rigidity (Staw, Sandelands, & Dutton, 1981). The third option characterizes resilience. Resilience is “the capacity for adaptability, positive functioning, or competence following chronic stress or prolonged trauma” (Sutcliffe & Vogus, 2003). Though successful entrepreneurs are often depicted as resilient there has been little research about the cognitive processes that enable resilience in the face of adversity.

Method

We use metacognitive theory to propose a model that offers insight into how entrepreneurs respond to adversity with resilience. Haynie (2005) showed that individuals who are “metacognitively aware” are more likely to: 1) recognize multiple cognitive alternatives for any given situation, 2) engage in the conscious process of considering those alternatives, and 3) incorporate environmental feedback into subsequent decision processes. In the context of adversity, an entrepreneur who is metacognitively aware is more likely to cognitively adapt to the situation. Hence, we propose that entrepreneurs with greater metacognitive awareness will be less likely to experience threat rigidity or escalation of commitment and will be more likely to exhibit resilience than those with less metacognitive awareness.

Results and Implications

This paper will make several contributions. First, while previous research submits a static model of entrepreneurial response to adversity, we offer an interactive and dynamic process model. Second, we offer insight into how entrepreneurs can effectively manage adversity. Third, we acknowledge that there is a fine line between destructive persistence (i.e. escalation of commitment) and productive persistence (i.e. resilience) and argue for the importance of self regulation.

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