EXECUTIVE SUMMARY

The purpose of this research was three-fold. First was to test the Metacognitive Model of Cognitive Adaptability (Haynie & Shepherd, 2009) which we termed as Model 1. Second was to test a modified model of metacognition, which we termed as Model 2, in which we made changes to the original model by adding and deleting relationships to reflect what we think is a more realistic way in which entrepreneurs think. Third was to expand the model of metacognition, which we termed as Model 3. In this expanded model, we introduced business strategies as a mediating variable making the case that performance outcomes are not so much the result of metacognitive abilities alone but depend on actions actually undertaken. In this case, an entrepreneur’s metacognitive abilities are translated into strategic action that in turn impacts a firm’s performance. Using path analysis, a sample of 150 entrepreneurial firms is used to test the three models. The results indicate that the modified model of metacognition (Model 2) has better fit indices than the Metacognitive Model of Cognitive Adaptability (Model 1). However, the expanded metacognition model (Model 3) provides the best results by way of significant increases in explained variances for different constructs. In the case of performance, for Model 1, the explained variance is 16.3%. It increases to 24.1% for Model 2 and to 35.9% for Model 3. Between Model 1 and Model 2, the increase in explained variance is 7.8%, and between Model 2 and Model 3 it 11.8%. The difference in the explained variance of performance between Model 1 and Model 3 is 19.6%. A brief discussion section concludes the paper.

Keywords: Entrepreneurship, Metacognition, Business strategies, Firm performance