**Resilience and perseverance under uncertainty in entrepreneurial environments: Leadership issues faced when scaling new ventures or reconfiguring in the face of disruption**

**Abstract:** This research proposal investigates the degree to which underlying founding values contribute to resilience when navigating the life cycle of any enterprise. As organizations develop, external challenges or exogenous shocks may create tension within the leadership structure, predisposing individuals to take action without fully analyzing or appreciating the effects of this action on the long-term health of the enterprise. So what should organizational leaders, especially founders of new ventures or those charged with reconfiguring organizations in the face of disruption, consider as they try to make sense of the options available for dealing with uncertainty as the enterprise grows and adapts to systemic conditions? If an appreciation of resilience is important to future sustainability and success, how can foundational and sustainable ideas or beliefs be instilled early on within the life cycle of an enterprise? How can a mindset of resilience be maintained over time as adjustments become necessary?

**Theoretical Background:** The theoretical framework proposed as useful for investigating these issues includes contributions from the following:

*Resilience thinking* in social systems, including how to adapt to unexpected challenges, i.e. Walker et al (2004) who defined resilience as “the capacity of a system to absorb disturbance and reorganize while undergoing change so as to still retain essentially the same function, structure, identity, and feedbacks.”  In addition, there are considerations of how to build adaptive capacity for dealing with change, i.e. Holling (1973, 2001) who pointed out the need to identify the system’s capacity for adaptive capability, plus develop flexible self-correcting mechanisms to maintain its health and resilience.

*Sensemaking* in organizations, where collaborative activity is assumed to create or maintain a shared identity or sense of meaning that allows the organization to sustain its successful practices i.e. Weick’s (1977, 1988, 2005) belief that improvisation may be necessary, and actions taken (enacted) can generate unexpected opportunities if they are seen as a potential for making sense of disruption.

*Organizational life cycles* assume an organic developmental cycle that proceeds from birth through growth to maturity and eventually decline and death, i.e. Hanks (1990), Quinn & Cameron (1983) note that an organizational “rebirth” is possible, a reversion to an earlier stage of development, so the process can begin again, hopefully having integrated what’s been learned. However one stage of development may require different criteria than that used at another stage, and the transitions from one stage to the next may encounter resistance, requiring intervention, or, as Galbraith (1982) points out, the organization’s current success may lead to the founder’s failure to see the need for reconfiguration, even as the organization grows in size and complexity.

*Organizational culture* and leadership are intimately intertwined, and cannot be underestimated as important to long-term organizational success, i.e. Schein’s (1996) description of culture as shared norms, values, and assumptions, and the impact of these phenomena on organizational learning and subsequent adaptation to the environment. Schein (1983) has also long warned about the difficulty of successfully transitioning a strong founder-generated culture to subsequent generations: maintaining cohesion of internal integration while managing external adaptation.

Entrepreneurial leadership and *effectuation*, an approach to leadership that focuses on building the new venture by acknowledging the inherent unpredictability of the environment, while seeing that uncertainty as a resource, i.e. Sarasvathy’s (2001, 2006) effectual logic: “begin with who you are, what you know, and whom you know and begin doing the doable with as few resources invested as possible,” making the explicit assumption that the environment is dynamic, nonlinear and therefore complex, and that decisions are by necessity made on the basis of the leader’s/founder’s ability to discover and creatively use resources from that environment to sustain the enterprise.

**Research Design:** The research design is proposed to use case studies of entrepreneurs, organizational founders at various stages of venture development, to investigate their navigation of the “entrepreneurial arc”, a life-cycle model of new venture scaling. One possible proposition is that founders who retain control of their ventures by practicing an effectual mindset during transitions will have better performance, be more likely to exhibit resilience, than those who dilute ownership.

**Application/Implications:** Of note is the developmental work of Sutcliffe and Vogus (2003) who pointed out that an organization is most likely to exhibit a resilient response when it has had an opportunity to solve problems successfully in the past, thereby developing more mindful cognitive, relational and emotional capabilities. This improves leadership’s ability to recognize and develop responses that activate both group and individual beliefs in collective self-efficacy and therefore successful responses to potentially threatening situations.

The implication is that as an organization faces growth challenges, its successful transition of life cycle stages may be dependent on the ability of the founder/leader to engage in active sensemaking, building an awareness of the overall system within which the organization operates, articulating an enduring set of beliefs and values that can inspire organizational members or other key stakeholders to act entrepreneurially, willing to take small losses in order to achieve by involving others in imagining new possibilities for action. Then the leader/founder and his or her co-opted stakeholders (those “who they know”) are capable of successfully navigating the growth stages and weathering disruption, maintaining resilience even in the face of uncertainty.

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