

An Extension of Mental Health Issues and Offerings to the Field of Entrepreneurship

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Abstract

This study discusses the mental health issues and offerings in the context of entrepreneurship where the nature of work is uniquely demanding and fraught with difficulties, risks, and uncertainties. We examined the mental health issues experienced by different types of entrepreneurs, including full-time versus hybrid entrepreneurs, necessity-driven versus opportunity-driven entrepreneurs, family business entrepreneurs versus non-family business entrepreneurs, and social versus profit-driven entrepreneurs. We also discuss a set of targeted mental health offerings which can help different types of entrepreneurs to address the negative effect of the stress associated with establishing and managing an enterprise. Our study offers a series of important recommendations to policy makers and providers of consulting and coaching services regarding how to cultivate a munificent venture creation environment wherein the mental health issues experienced by entrepreneurs are alleviated.

Keywords: mental health, stress, entrepreneurship.

Cite paper as: Qian, S., Debicki, B. J., Miao, C., (2025). An Extension of Mental Health Issues and Offerings to the Field of Entrepreneurship - Letter from Academia, *Journal of Innovation Management*, 13(2), I-IX.; DOI: https://doi.org/10.24840/2183-0606_013.002_L001

1 Introduction

Entrepreneurs contribute to job creation and economic development. Nevertheless, their mental health can be at stake during the process of creating and managing their businesses due to the demanding nature of entrepreneurship. They are confronted with a series of taxing stressors, such as financial constraints, high job demands, environmental uncertainty, work-life balance difficulties, and so forth. Thus, maintaining mental health is considered to be critical because mental health can impact firm performance and entrepreneurs' persistence (Stephan, 2018). Recent studies reviewed a list of major types of mental health offerings provided by employers in general organizational settings (e.g., health insurance coverage, workplace accommodations, employee assistance programs [EAPs], stress management programs and interventions, E-counseling and AI therapy, and others) (e.g., Thomas, Follmer, & Meglich, 2024). As a result of research showing the impact of disregarding mental health issues on the organizational outcomes, the importance of promoting and managing mental health has seen increasing support from policy-making agencies world-wide (with notable examples including the *Americans with Disabilities Act* and the *Mental Health Parity and Addiction Equity Act* in the U.S., the *Equity Act* in the U.K., and the *National*

Standard for Psychological Health and Safety in the Workplace in Canada) (Dobson, Szeto, & Knaak, 2019). However, considering the idiosyncratic nature of work in entrepreneurial ecosystems, it would be beneficial to extend this discussion to the context of entrepreneurship – specifically, what options are available to entrepreneurs themselves to take care of their mental health and personal wellness needs. According to a recent report from the U.S. Small Business Administration, 99.9% of the American firms are small businesses, and there is a great degree of heterogeneity among the types of entrepreneurs involved in these businesses (based on employment status, nature of the work, family involvement, etc.) (Gish et al., 2022). In this study, we discuss and compare the most salient mental health issues corresponding with specific types of entrepreneurs and propose recommendations of targeted mental health offerings to address their unique needs.

2 Full-Time Entrepreneurs versus Hybrid Entrepreneurs

Full-time self-employed entrepreneurs have high quantitative job demands which can lead to mental exhaustion (Kiefl, Fischer, & Schmitt, 2024). Among different approaches that can be implemented to address this strain on an entrepreneur's mental health, positive reinterpretation has been shown to help reduce the negative impact of job demands on mental exhaustion, which suggests that offering mindfulness-based interventions, E-counseling, and AI therapy, may be suitable mental health offerings for full-time entrepreneurs. These offerings can foster “curiosity, openness, and acceptance” (Bishop et al., 2004, p. 231) experiences to entrepreneurs, which are known to effectively mitigate mental strain symptoms.

Hybrid entrepreneurs are those that balance self-employment and paid work (Folta et al., 2010) and are thus subject to distinct job transition demands – more so than full-time entrepreneurs (Ardianti, Obschonka, & Davidsson, 2022). These job demands cause hybrid entrepreneurs to experience lower job and life satisfaction as a result of switching from paid employment to hybrid entrepreneurship (Stephan, Rauch, & Hatak, 2023). According to a report from the Mayo Clinic, hybrid entrepreneurs may benefit from stress management techniques (e.g., time management and task prioritization) to better cope with job transition demands (“Stress Management”, 2023). Further recommendations might include employers providing EAPs to hybrid entrepreneurs to help them improve their job satisfaction and performance. Employers would thus benefit from higher performance even in situations where the employee has to split their time between their paid employment tasks and their entrepreneurial activities. For institutional support in enhancing the managerial practices and organizational outcomes, employers in general can turn to policies that have been revised to account for provisions regarding equitable group health plans (such as the 2008 revision of the *Mental Health Parity Act* in the U.S.) (Centers for Medicare and Medicaid Services, 2024) that include mental health benefits as favorable as those regarding medical or surgical benefits. However, these acts typically do not make stipulations about entrepreneurs or self-employed individuals. Consequently, such policies would benefit from further revisions and more specific consideration of mental health support programs for particular use in entrepreneurial settings, and more specifically to include provisions regarding various types of entrepreneurs as described herein.

3 Necessity-Driven Entrepreneurs versus Opportunity-Driven Entrepreneurs

Entrepreneurs can also be classified based on differences in entrepreneurial motivation. Necessity-driven entrepreneurs are forced to pursue entrepreneurship in order to avoid unemployment, while opportunity-driven entrepreneurs proactively pursue achievement, autonomy, and financial success.

Hessels and colleagues (2008) suggest that the motivational differences between these two types of entrepreneurs may influence important entrepreneurial outcomes, such as entrepreneurs' own subjective well-being and firm performance. In comparison to opportunity-driven entrepreneurs, necessity-driven entrepreneurs are usually located in poorer and developing regions. Low- and middle-income countries (LMICs) have 80% of the population that experience mental health disease issues (Javed et al., 2021), and these mental health issues are associated with variables, such as financial stress, employment, and income (Lund et al., 2010). In general, necessity-driven entrepreneurs experience more mental health issues, partly because they typically struggle with challenges related to both operating their businesses and the personal strains caused by threats to their livelihood. For example, they are more likely to form unfavorable perceptions of financial support (Van der Zwan et al., 2016) and are more prone to struggle with capital constraints, profit-generation challenges, and lower economic impact (O'Donnell et al., 2024).

Consequently, it is crucial that both large-scale policymakers and individual consultants and business coaches should consider targeted mental health offerings to primarily address the needs of necessity-driven entrepreneurs. Governments, especially those in LMICs, may consider providing more specific mental health services and adjusting health insurance coverage (Rathod et al., 2017). Some data indicated that it is more costly to receive mental health care than physiological health care (Kaiser Family Foundation, 2021). The Global Mental Health called for procedures to scale up mental health services, which requires "an additional cost of US\$2 per person per year in low-income countries and US\$3 to US\$4 in lower middle-income countries." (Rathod et al., 2017, p. 6). Furthermore, the previously mentioned EAPs can greatly assist necessity-driven entrepreneurs in overcoming the challenges related to career management and financial sustainability.

4 Family Business Entrepreneurs versus Non-Family Business Entrepreneurs

In the context of family businesses, because of the interplay between the family and firm systems, an entrepreneur may be exposed to an increased level of stress and resulting mental health and well-being issues, as compared to non-family firms. This work-family interface (WFI) (Miller, Wiklund, & Yu, 2020) describes how work and family systems interrelate with each other and how they might impact one another. WFI has been studied in a variety of contexts, including family firms (Danes et al., 2016; Werbel & Danes, 2010). Boles (1996) found that entrepreneurs that employ their family members in their firms experience significantly higher levels of work-family conflict, which impacts their life and job satisfaction. In short, increased stress factors faced by family entrepreneurs are related to the necessity to simultaneously meet work and family expectations (Miller et al., 2020).

Some of the known stressors idiosyncratic to family firms include firm long-term sustainability/survival, succession of ownership and management from one generation of family members to the next (Khaleelee, 2008), intra-firm conflict between family members or family conflict that permeates to the firm (Eddleston & Kellermanns, 2007), family versus non-family member conflict within the firm, fairness versus altruism towards family members within the firm, role ambiguity within the integration of work and family systems of family members in a firm and resulting conflict that may lead to deviant behavior (Cooper et al., 2013), as well as the overall concept of socioemotional wealth (affective benefits to entrepreneurs and their families of owning and operating a business enterprise above and beyond the financial benefits) (Debicki et al., 2016).

This increased threat to family firm entrepreneurs' well-being can be mitigated by resources available in family firms that are inimitable for non-family entrepreneurs. For example, spousal emotional support in family-owned new ventures has been found to yield better work-life balance,

thus reducing the hazards of mental health-related issues (Gudmunson et al., 2009). Studies have also found that entrepreneurs who allowed their children of adolescent age to work in their family firms have thereby fostered an environment characterized by greater perceived parental support, higher levels of psychological well-being, and lower drug and alcohol use, which indicates stress reduction within the family unit associated with parenting (Hansen & Jarvis, 2000; Houshmand et al., 2017). Miller and colleagues (2020) describe a double ABCX model to cope with family firm mental issues. The process associated with this coping model is such that the family adaptation outcome (X) depends on the severity of the stress factors and accumulation of demands (A), the coping efforts that integrate adaptive resources (B), and the subjective orientation to the stressor (C).

Literature provides further examples of family firm-specific resources and mechanisms to cope with mental health issues. Jaffe (2006) advocates for multi-day (at least 2-day-long) family retreats, which may have a healing and bonding effect on family firms if they are structured and supervised by a family business consultant. Lane and Shams (2018) discuss the FIRO model (Family Fundamental Interpersonal Relations Orientation theory) to develop four coaching techniques for family firms to be applied in practice. Cole and Johnson (2012) encourage family therapists to pay more attention to family business practice. On the other hand, Distelberg and Castanos (2012) advocate for the separation of therapist roles, wherein family therapists should refrain from being therapists and consultants within the same family business system.

In summary, family firm entrepreneurs can be exposed to intensified factors causing mental health issues, but can also draw on family firm-specific resources, typically unavailable in non-family enterprises, to more easily cope with the stress. For instance, family members might be more supportive to their relative experiencing emotional or mental health issues because the stigma associated with mental health may be reduced within a family. Such support may not be available for non-family entrepreneurs and the stigma of mental health issues may be increased. Policy-makers should, therefore, consider initiatives aimed at reducing the stigma and thus aiding the support for rectifying mental health issues (such as the *Opening Minds* initiative of the *Mental Health Commission of Canada*) (Dobson et al., 2019).

5 Social Entrepreneurs versus Profit-Driven Entrepreneurs

Social entrepreneurs are defined as change agents motivated by the need to meet social objectives rather than profit generation through establishing enterprises (Renko, 2013). Because of this unique driving force, social entrepreneurs may struggle with the challenges of simultaneously generating social impact and coping with financial pressures. Moreover, they often primarily work with people and communities who are facing social and financial issues themselves within a complex and uncertain environment. Thus, the stressors generated from emotional investments and empathetic connections may lead to emotional exhaustion, burnout, and further, more advanced mental health issues (Bahuguna, Garima, & Srivastava, 2023).

Based on Thomas et al. (2024), we identify a series of targeted offerings which may better assist social entrepreneurs in resolving their mental health issues. First, in order to promote entrepreneurial activity and alleviate related mental health concerns (i.e., make the business environment more munificent, which typically leads to increased venture creation), governments should design and implement effective and relevant stress management programs to help reduce the sources of stress, such as stress management education and incorporating stress management into venture creation. Social entrepreneurs may work closely with governments to emphasize the necessity of resolving social issues. This collaboration-based model as supported by resources

and mental health offerings can enable governments and social entrepreneurs to work together to generate social impact. Incubators and accelerator programs can assist and support social entrepreneurs to initiate their non-profit organizations by making the venture-creation experience less stressful and reducing emotional exhaustion – which would otherwise escalate and hinder success in situations where such support is not available.

Based on the aforementioned discussions, a summary of recommendations for different types of entrepreneurs is provided in Table 1.

Table 1. A Summary of Recommendations

Types of entrepreneurs	Recommendations
<i>Full-Time Entrepreneurs versus Hybrid Entrepreneurs</i>	<ul style="list-style-type: none"> - Recommendations for full-time entrepreneurs: positive reinterpretation, such as mindfulness-based interventions, E-counseling, and AI therapy. - Recommendations for hybrid entrepreneurs: stress management techniques and EAPs.
<i>Necessity-Driven Entrepreneurs versus Opportunity-Driven Entrepreneurs</i>	<ul style="list-style-type: none"> - Necessity-driven entrepreneurs experience more mental health issues. - Recommendations for necessity-driven entrepreneurs: governments consider specific mental health services and adjust health insurance coverage. Procedures to scale up mental health services and EAPs.
<i>Family Business Entrepreneurs versus Non-Family Business Entrepreneurs</i>	<ul style="list-style-type: none"> - Family business entrepreneurs experience work-family interface stressors. - Recommendations for family business entrepreneurs: family firm-specific resources, such as spousal emotional support and the adolescent work in their family firms; ABCX model; multi-day family retreats; FIRO model.
<i>Social Entrepreneurs versus Profit-Driven Entrepreneurs</i>	<ul style="list-style-type: none"> - Social entrepreneurs struggle with social impact and financial pressures. - Recommendations for social entrepreneurs: governments design stress management programs; collaboration-based model; incubators and accelerator programs.

6 Conclusion

The present study addresses the mental health issues experienced by entrepreneurs and discusses offerings to help alleviate the negative impact of the stress associated with creating and developing an enterprise. We examine the unique mental health issues experienced by different types of entrepreneurs and provide specific recommendations for mental health offerings. Future research might consider in more detail the specific offerings already in existence and how they could be

expanded to include mental health components, with consideration of the benefits that mental health awareness and remediation may bring to both personal and organizational outcomes, such as efficiency, productivity, as well as job satisfaction and work-life balance. In addition, management practices and government policies would benefit from a thorough and detailed investigation of issues related to gender and inclusivity-based disparities in terms of idiosyncratic mental health needs, leading to customized offerings aimed at reducing such differences. We encourage policy makers and providers of consulting and coaching services to consider solutions to foster an environment wherein the mental health issues experienced by entrepreneurs are addressed and thus a more munificent venture-creation ecosystem is established.

Acknowledgement

The authors received no financial support for the research, authorship, and/or publication of this article.

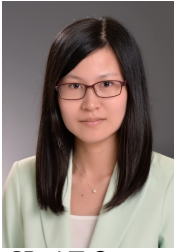
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