



## State of the Art Report – Entre-MWB Project

**Title: The Current Status of Entrepreneurship and Mental Well Being – a report compiled by the Entre-MWB Partnership**

### Executive Summary



With the support of the Erasmus+ Programme of the European Union

## **Executive Summary**

### **What is in the SOTA report?**

The project partnership is a collaboration of enterprises and HEIs that provide business education, support for new start-ups and spin-off companies, and deliver programmes on Business, Health & Social Care, Psychology, and related courses. They are joined by SMEs and social enterprises that have had practical experience of the topic that is the focus of this project. The project targets entrepreneurs and particularly young start-ups across the EU/EEA and the project has as its unique focus, the qualitative experience rather than the quantitative financial and practical aspects of new start enterprises. The European commission via the Erasmus+ Key Action 2 programme has funded the project.

### **Why was the project initiated?**

Recent research and publications have highlighted the relationship between entrepreneurship and mental illness in a range of forms (Binde & Coad, 2016, Petrescu, 2016, cited by Stephan, 2018). This was brought to wider international attention by a range of presentations to the World Economic Forum (WEF) in Davos in 2019. Entrepreneurs provide economic benefit to any society in which they operate yet little consideration has been given to their mental well-being in an increasingly challenging business environment. According to Dell (2019), there are 582 million people, almost 8% of the global population, who have devoted their lives to entrepreneurship, and it is therefore surprising that so little consideration has been given to their qualitative experience.

These are real concerns as the nature of employment across Europe and globally is changing towards an emphasis on microbusinesses and enterprise, relying on more and more young people setting up start-up companies. According to a study presented at Davos 2019, approximately one half (49%) of entrepreneurs suffer from at least one form of mental health condition during their lifetimes. These include ADHD, bipolar disorder, and a host of addictive disorder. Hokemeyer (2019) considers that the percentages are more likely to be in the range of 80% of entrepreneurs who struggle with a host of personality disorders. Entrepreneurs are subject to stresses and challenges from a wide range of sources (Stephan, 2018) and new start-ups are particularly susceptible to stress-related mental health issues. The success rates of microbusinesses and new start-ups vary from sector to sector and the Creative (De Maeyer, Parent & Bonne, 2015) and Social Enterprise (Shearman & Goldsmith, 2019) sectors seem to be particularly challenging.

### **How was the research carried out?**

The project partnership has undertaken an online survey that received over 300 respondents from European enterprises and online focus groups were held that included 30 participants from different forms of enterprise. Results confirm the need for (1) supportive and informal professional networks; (2) training and awareness raising materials that deal with time management and (3) financial management; (4) detecting mental health issues and diagnostics. Deliverables produced by the project team considered the value of mentorship, the use of case studies, self-assessment,

and reflection. Our challenge as a project team is to truly understand the challenges of entrepreneurs and the drives and values of entrepreneurs that differentiate them from other members of the workforce.

### **Who has taken part?**

Different partners have contributed to the State of The Art (SOTA) report in different and distinctive ways. The co-ordinator, Projects Beyond Borders Ltd (PBB), an SME based in the North of England considered the support and information currently available for SMEs and social enterprises. The university partners have focused on the academic research relevant to the topic of entrepreneurship and mental well-being and in some cases, have projects at their universities on this specific topic, which are introduced within the report. The Portuguese partner, Instituto de Empreendedorismo Social (IES), Lisbon/ IES is a school for social business and contributed from a social enterprise perspective. Likewise, the Nord Ed Tech Forum brings to the report relevant case studies and discussions directly from their network of entrepreneurs based within Northern Europe, the Baltics and Scandinavia. The Lithuanian partner, Association Minties Bites, Siauliai / LT are a social business delivering psychosocial support services and contribute a distinctive and unique perspective. The State of the Art report provides a 'snapshot' of the current situation regarding entrepreneurs and mental well-being, that snapshot is presented from a range of different national, regional, and institutional perspectives.

### **What are the main findings?**

Throughout this research and interviews, it was possible to identify the following drivers of mental health issues among impact entrepreneurs. They include: (1) lack of access to funding; (2) uncertainty regarding business sustainability and insecurity regarding financial management; (3) uncertainty and inability to focus on long term planning; (4) inability to retain talent; (5) working long hours and mostly alone; (6) inability to grant decent work conditions to empower and invest in staff; (7) frustration regarding slow-paced transformation; (8) inability to reach work life balance and (9) inability to prioritise efficiently and effectively.

Mental health includes the elements of emotional, mental, and social well-being. It affects the way that we think, feel and act when dealing with life. It also helps determine how individuals handle stress, relate with other people, and make decisions. Mental health is important at all stages of life, from childhood and adolescence to adulthood. It is important to find a balance in life, both over time and under different circumstances. Sometimes it is natural to feel unbalanced: sad, worried, fearful, or suspicious, but these feelings become a problem when they begin to hamper everyday life for an extended period of time.

With reference to a successful entrepreneur, the popular image is a happy and confident person driving a luxury car, enjoying the attention, and drinking champagne. When starting an individual business, similar images are formed in the vision of the future. Unfortunately, very often reality is frustrating. To enjoy commercial success a lot of hard work is needed, it is necessary to create goals and pursue them purposefully, but constant efforts and the active struggle for status may lead to the opposite result - the young business founder is overworked and

exhausted. Entrepreneurs who are unable to distribute work can suffer from a severe form of depression.

Despite strong empirical evidence about the poor mental health status of entrepreneurs, most entrepreneurial interventions focus on 'activity-based interventions', i.e. interventions that help increase the direct operation of companies. While starting a business will always be a 'wild walk', full of ups and downs, there are actions entrepreneurs can do to protect their lives from spinning out of control. The most important thing is to spend time with loved ones. When it comes to fighting depression, relationships with friends and family can be a powerful weapon. It is important not to be afraid to ask for help if experiencing symptoms of severe anxiety, post-traumatic stress, and it is important to consult a mental health professional in good time to deal with a disorder or depression.

The most important thing is that a person is not left alone when (s)he finds themselves in a difficult situation as it is then that isolation and loneliness is challenging. If there is no one who can support him/ her, (s)he must seek help, to ensure survival in a more effective manner. Therefore, one should not be afraid to seek help from specialists, and not see them as a potential threat. Stress is becoming a global problem and is relevant to both developed and developing countries, workers in all professions and categories, whether workers, administrators, or the business founders themselves. Therefore, stress and stress management tools are key instruments in research and organisational management practices. After analysing the existing academic and professional sources, it can be concluded that today, too little attention is paid to research that would conceptually analyse the mental health of entrepreneurs. It is, therefore, crucial to carry out a detailed needs analysis to specifically analyse the mental health of entrepreneurs and make appropriate recommendations.

A lot has happened since 2019 when the topic was first discussed in an open and global forum. In the UK, it is apparent there is a growing amount of supportive information appearing on a range of internet-based platforms on the topic of entrepreneurship and mental well-being. Social Enterprise networks and associations have provided advice and support related to the new post-Covid environment. Clearly Covid-19 has given a sharp focus to the issue of MWB, which includes PWB (psychological well-being) but the World Economic Forum at Davos 2019 highlighted the problem prior to Covid-19 and the pandemic has made the conversation and the support more apposite. It is possible now to go on-line and discover the causes of entrepreneurial stress, the symptoms, and a wide range of proposed solutions. To ensure future resilience is to know and understand the issues and have the essential self-knowledge to make changes and adapt.

Many inspirational activities focused on supporting the mental health wellbeing of entrepreneurs are being carried out in the Baltic and Nordic countries. The various areas of entrepreneurial support range from government-supported activities in Estonia and Latvia, awareness-raising activities in all the Baltic and Nordic countries and scientific results sharing in Norway, to the importance of venture capitals in the mental health support of entrepreneurs.

In the Baltics and Nordics, the interviewed founders were not aware of any of these activities and it was felt there is a need for raising more awareness about the topic of mental health wellbeing amongst the founders. It is visible that all the mentioned activities are heading in the same direction, but it is important to mention that collaboration between the countries or even on an international level is necessary. This could help with tackling the extensive number of solutions and provide easy access to specific solutions based on the needs of each individual entrepreneur.

Notwithstanding the detrimental impact of financial and professional problems on entrepreneurs' well-being, such problems are usually part of their field of expertise. The same, however, cannot be said of psychological problems. Instead, most entrepreneurs have little or no knowledge of issues regarding psychology and mental or social well-being. Such a limited level of understanding of the psychological side of business and entrepreneurship may cause them to miss advance warning signs of stress but also restricts their awareness of useful support or coping mechanisms (Volery & Pullich, 2010).

Considering the aforementioned factors threatening entrepreneurs' mental well-being, it seems different steps may be taken to alleviate the situation. First of all, entrepreneurs or potential entrepreneurs should be adequately informed about psychological and mental processes, both in a general sense and as they relate to entrepreneurial activities. This includes cultivating a higher level of self-awareness that allows entrepreneurs to better assess, analyse and protect their state of mental well-being but also providing them with helpful coping mechanisms or tools (Fernet, Torrès, Austin & St-Pierre, 2016; Volery & Pullich, 2010).

A significant second step forward would be to increase entrepreneurs' opportunities to connect to their peers and to learn from their experiences, for example through coaching or mentoring. Strengthening and expanding their network can help entrepreneurs put things in perspective and cope with stressful situations, while at the same time combatting the feeling of isolation and loneliness (Fernet, Torrès, Austin & St-Pierre, 2016; Volery & Pullich, 2010).

Considering the conclusions from existing research and research that has taken place at Avans University of Applied Sciences, Breda/ NL, the following information needs to be integrated in developing future tools and meetings. One of the major key factors for entrepreneurs is financial stress. This could also prevent them for asking for help. Asking for help is already an issue – not just for entrepreneurs but also within the wider population. The prevention of stress and taking signals of stress seriously is something worth investigating further. Based on the theories on psychological well-being by Deci and Ryan (2001) and Seligman (2011) it is known that the following six aspects are of great influence: (1) a sense of control and meaning of choices made; (2) experiencing autonomy in their learning; (3) experiencing learning as a pleasant experience; (4) experiencing strength of belief in their unique competencies; (5) social relationships and a sense of belonging and (6) being emotionally, behaviourally and cognitively engaged in their learning - the more resilient an entrepreneur is, the better (s)he can self-regulate.

All entrepreneurs are different, hence, in order to help them, it is necessary to offer a variety of tools to meet the different needs of the entrepreneur. When tools are developed, it is necessary to take into consideration that elements such as flexibility timewise and autonomy are also relevant (Stephan, 2018). With all kinds of entrepreneurs, with individual needs at different times, the tools that we will develop

would not be a 'one size fits all' solution. We would need to aim for tools that help entrepreneurs at a time convenient for them. The tools should contain (1) Self-help options, such as the Positive Mind Monitor tool for wellbeing for students as developed by Avans University of Applied Science and (2) increasing self-knowledge, a tool for self-diagnosis.

Entrepreneurs often work by themselves. They have a need to talk to others about their problems. They often lack a support system, a network to fall back on, or a coach to help them. Developing a platform to go to and having aid available could be elements worth developing. It could be interesting to explore the idea of developing a self-diagnostic tool, that implies a diagnosis not solely executed by the individual entrepreneur, alone behind his or her desk, but in which the surrounding keypersons play a role to identify problems and signs at the level of mental wellbeing. By integrating the network into evaluating and monitoring the entrepreneurs state of mental health, this can not only lead to a more accurate and early diagnosis, but also reinforce the supportive and encouraging role of the persons close to the individual entrepreneur.

In conclusion, this report identified most causes that put the mental well-being of social entrepreneurs at risk. As discussed above, all entrepreneurs share most issues, facing the same obstacles and struggles. There is a lot of intricate and challenging factors in the life and work of entrepreneurs, including social entrepreneurs. This report aims to shed light about entrepreneurs and MWB to build knowledge and lead to the development of tools to help entrepreneurs to build a healthier work-life balance.

### **What happens now?**

Wiklund, Nikolaev, Shir et al (2019) have stated that entrepreneurial well-being is a function of personal and professional experiences of satisfaction and positivity that are greater than any negative effects (which are hopefully infrequent), in addition to effective psychological functioning. The outputs of this project consider all the above to develop tools that include Mental Well-being and Psychological Well-being diagnostics, teaching cases based on real entrepreneurial experiences and the facilitation of networking and mentoring – all available materials will be demand-led, non-linear and open access and defined through extensive consultation with entrepreneurs.

(2,503 words)

## Author Biographies.

**INDRĖ ALEKNIENĖ** is a Project Manager for Association MINTIES BITES. In 2011, she achieved a Masters degree from Mykolo Romerio University in Public Administration and in 2009, a Bachelors degree from Šiaulių University in Educology. With 5 years of experience in public administration, within Association MINTIES BITES, she is responsible for project coordination and performs assessment of the needs of the project participants and prepares project reports.

**Wouter Broekaert** holds a PhD in Business Economics and has been conducting research on family businesses, SMEs, and innovation since 2007. In the field of family businesses and SMEs, he has explored topics such as competitive strategy, strategic change, business performance, psychological ownership and mental well-being. His research on innovation mainly focuses on organizational flexibility and open innovation. Wouter is affiliated with the Center for Sustainable Entrepreneurship (CenSE) and is a lecturer at the Odisee University of Applied Sciences.

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**Dr Allan Lawrence** is a Director of Projects Beyond Borders Ltd based in Huddersfield and The Enterprise Centre, a social enterprise based in Bury, Greater Manchester. Allan has also operated as a consultant in the field of education and training and has worked in further and higher education for over 30 years. Most recently, he has lectured on diverse subjects such as social enterprise and entrepreneurship and health and social policy.

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