

Entrepreneurship Boosts Well-Being By Meeting Key Psychological Needs - Study

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Entrepreneurs



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It's no secret that launching a business can generate stress. A new study suggests, however, that entrepreneurship also enhances well-being by meeting vital psychological needs.

Entrepreneurship appears to meet these needs and boost well-being better than other kinds of work largely because of the autonomy involved in running a startup, according to the study published recently in the *Journal of Business Venturing*.

“Our results suggest that the well-being gains from entrepreneurial activities stem, to a great extent, from the freedom and opportunity they grant to organize and exercise agency, which in turn enhances individuals’ learning and competence, and helps them cultivate more meaningful relationships with others,” the researchers concluded.

The study, which compared about 250 early-stage Swedish entrepreneurs with nearly 1,600 non-entrepreneurial workers, found that entrepreneurial work leads to greater satisfaction and involves processes – such as activities involved in starting up new ventures – that reflect positive psychological functioning.

Led by Nadav Shir of Sweden’s Stockholm School of Economics and Finland’s Hanken School of Economics, the team drew on the so-called self-determination theory, a concept focusing on the role of the key human needs for autonomy, competence and relationships in shaping motivation and personality.

Because entrepreneurship is an emotionally demanding and uncertain process, earlier studies found that it can lead to greater stress, fear and even grief, the researchers noted.

“At the same time, an emerging evidence suggests that people who are actively starting and running new business ventures report significantly higher levels of job and life satisfaction despite, more often than not, earning lower incomes and working longer hours,” they wrote.

The team aimed to systematically analyze the direct and indirect psychological mechanisms that allow entrepreneurship to boost well-being.

In comparison with traditional employment, entrepreneurial engagement allows individuals to organize their own approach to setting and reaching for goals, learning and developing, and forming meaningful relationships, the researchers wrote.

Among other results, they found differences in well-being between those engaged in job-related versus independent entrepreneurial activity. While both types can lead to better well-being, they wrote, job-related entrepreneurship appears to promote only a sense of life satisfaction, while running a business boosts psychological autonomy, which can develop competence and connection to others.

“What this suggests is that intrapreneurs are likely limited by organizational routines and procedures that restrict their ability to self-organize their own behaviors at work,” the researchers wrote. While intrapreneurs may be free to pursue their own projects, their work may be subject to higher management’s review and involvement, they said.

This may explain why independent entrepreneurs experience greater vitality, according to the researchers, who also include Boris N. Nikolaev of Baylor University’s Hankamer School of Business and Joakim Wincent, who is associated with schools in Finland, Sweden and Switzerland.