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MSc. International Management

**The impact of entrepreneurship motivation on the well-being level of
entrepreneurs in the case of failure. Do gender and age modify the effect?**

Master Thesis U.S.E

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Abstract

The aim of this thesis is to examine the relationship between the motivation of entrepreneurship and the mental well-being of entrepreneurs in the instance of business failure. We hypothesize that opportunity entrepreneurs have a more severe negative emotional reaction to entrepreneurial failure than necessity entrepreneurs. We, also, decided to test the effect considering the parameters of gender and age. To test our hypothesis we used data from interviews that we conducted with 10 Dutch and Greek former entrepreneurs. We carried out a qualitative interpretive method based on phenomenology in order to reach our findings. After our data analysis, we proved our hypothesis and concluded that both categories of entrepreneurs experience emotions of Depression, Despair and Sadness, but necessity entrepreneurs have more intense emotions of Anger while opportunity entrepreneurs have more significant emotions of Grief and Stress. Moreover, we observed that opportunity entrepreneurs suffer from those emotions for a longer period of time than necessity entrepreneurs. Regarding gender and age, we deduced that the effect of motivation on MWB after failure is intensified if the entrepreneur is female and if the entrepreneur is of an older age.

Keywords: entrepreneurship, mental well-being, motivation, opportunity, necessity

JEL classifications: D01, Z13

1. Introduction

The psychological state of entrepreneurs before, during, and after their entrepreneurial ventures has been a subject of research and analysis in the academic community for several years. Various aspects of the topic have been the focus of published papers such as specific characteristics of entrepreneurship like independence and autonomy and how those have an impact on the well-being of the entrepreneur (Benz M. & Frey B.S., 2008), whether entrepreneurship can have spillover effects on the well-being of the entrepreneur's family members (Song Z. & Foo M.-D. & Uy M. A. & Sun S., 2011), entrepreneurship, physical health and mortality (Chida, Y. & Steptoe A., 2008) and many more. One of the most significant and vital research areas that are connected with the well-being of an entrepreneur is its relationship with the factors that steer employees to become entrepreneurs. The motivation of entrepreneurship can have a notable effect on the mental welfare of entrepreneurs and that is the area of investigation in our paper. More specifically, we will focus on the difference between opportunity and necessity entrepreneurs and the effect their motivation has on the individual's mental well-being. However, because the literature on this specific topic is rich and extensive (Block J. & Koellinger, P., 2009; Carree, M.A. & Verheul, I., 2012; Larsson J.P. & Thulin, P. 2019; Nikolaev, B. & Boudreaux, C. J. & Wood, M., 2019), we have decided to focus our research of the above effects in the specific cases where venture failure has occurred. We believe that entrepreneurial failure is very significant. For many years, entrepreneurial failure was frowned upon and considered a failure of the individual on a personal level. Yet, in recent years scientists have concluded that entrepreneurial failure can be viewed as an important tool for learning (Lattacher, W., & Wdowiak, M. A., 2020). Entrepreneurs that have previously experienced the termination of a business, have more knowledge and emerge as more dynamic and determined entrepreneurs in the future. So, knowing the importance of entrepreneurial failure motivated us to study its consequences on the individuals and determine how they differ for each category of entrepreneur. As a result, our research question relates to how the motivation of entrepreneurship affects the impact on the well-being of entrepreneurs in the case of failure. In addition to that, we concluded that examining gender and age to detect differences in the impact that we are studying would be an interesting inclusion to our hypothesis and research question. As

mental and psychological well-being, we have decided to signify hedonic well-being “*which refers to happiness in terms of pleasure attainment and pain avoidance*” based on Ryan R.M. & Deci E.L., 2001.

The spread of the global COVID-19 pandemic has resulted in various negative consequences, both at the individual level and country level, but it has also triggered an unprecedented rise in the degree of entrepreneurship (Casselman B., 2021; Altun Y. B., 2021). Sudden unemployment, increased free time and uncertainty about the future could all be viewed as factors that contributed to the growth of entrepreneurial activity. An increase in the number of entrepreneurs and new businesses can have various advantageous effects on a country, its economy and its populace. Entrepreneurial ventures can broaden international relationships through imports and exports, result in the growth of the Gross Domestic Product of the country, improve productivity and stimulate employment in the economy (Nițu-Antonie, R. & Feder E. S. & Munteanu, V., 2017; Al-Qershi, Enas., 2019). Consequently, it is a logical conclusion that an entrepreneurship level rise would be an important development for any society. A rise in entrepreneurial activity, nonetheless, will also signify a rise in the cases of entrepreneurial failure after the establishment of a new venture. Subsequently, more people will be affected by the possible failure of their new business endeavors in the future. Our research will be able to identify the consequences that these failures will have on the abovementioned category of the population and link it to the motivation and ideas these individuals had that led them to become entrepreneurs.

Besides its societal relevance, we expect that our research will have a contributing role in the scientific community, as well. As mentioned above, there are several research articles and studies related to different relationships between entrepreneurship and the mental health consequences that it can have on the founders (Shir, Nadav, 2015; Block J. et al., 2009; Carree, M.A. et al., I., 2012; Bradley D. E. & Roberts J. A., 2004; Nikolaev, B. & Boudreaux, C. J. & Wood, M., 2019; Benz M. & Frey B.S., 2008). In addition, there is a plethora of papers dedicated to the distinction of opportunity compared to necessity entrepreneurs and how their motivation alters their future well-being resulting from the creation of a new venture (Larsson J.P. et al., 2019; Arkalı Olcay, G. & Kunday, Z., 2017; Ryff, C. D., 2019; Atalay I. & Tanova C., 2021). Moreover, some analyses and testing have been performed on the topic of mental well-being after entrepreneurship failure (Zhang C. & Chen C. & Li J. & Zhou X., 2016; Jenkins A. S. & Wiklund J. & Brundin E., 2014).

Furthermore, we have observed a part of the literature that focuses on the distinction between the genders and the variability in their psychological state as a result of the formation of a new enterprise (Hmieleski K. M. & Sheppard L. D., 2019). And finally, we analyzed papers that are focused on the relationship between age and general well-being, but also satisfaction from the formation of new enterprises (Springer, K. W., Pudrovska, T., & Hauser, R. M., 2011; Ryff C.D., 2019). However, we detected a specific gap in the literature. We noticed that the motivation of entrepreneurship and its effect on the entrepreneur's well-being in the specific case of failure and moderated by the gender and age of the founder have not been sufficiently explored. In consequence, we decided to explore this topic and base our research on it since its societal relevance is considerable and the current analysis is not substantial enough in our opinion.

The rest of the thesis proposal is structured as follows: section 2 is the literature review, where we mention the existing literature with a focus on the well-being of the self-employed after the occurrence of corporate failure compared to their initial motivation, and if and how much the level of decrease in mental well-being is differentiated due to gender and age. In that section, we will, also, state our research question and develop our hypothesis. Next is section 3, which describes the methodology we intend to employ, details the data sample we are planning on using and describes our data gathering process. Following, in section 4 are the data analysis and findings, where we analyze our gathered data and try to interpret them into findings and conclusions. And finally, there is section 5, which includes the discussion and conclusions that we gather from our analysis and what are the implications of those results in the business and economic world as well as certain limitations we encountered and propositions for future research.

2. Literature Review

We, briefly, mentioned the literature related to our research area in the introduction part of this thesis proposal. In the literature review, we will further analyze it and explore the published paper associated with our thesis topic. Firstly, we will list the published papers related to the well-being of entrepreneurs. Then, we will mention research analyzing the relationship between the motivation of self-employed individuals and their levels of mental satisfaction. Afterward, we will

reference studies related to entrepreneurial failure and the impact it has on the mental health of the founder of the venture. Moreover, there will be an analysis of papers specializing in the difference between males and females and their well-being following entrepreneurial activities, followed by a brief mention of papers focused on age and the variation it causes. And concluding, we will cite literature that combines the topics of entrepreneurial motivation with unsuccessful ventures and its effects on mental well-being.

2.1 Entrepreneurship and Mental Well-Being

In our research, we found that the general topic of entrepreneurship and psychological well-being has quite an extensive literature testing and proving the relationship and the impact between the variables. Shir N., in his 2015 published thesis ‘Entrepreneurial Well-Being: The Payoff Structure of Business Creation’, used a sample of Swedish individuals, derived from the Global Entrepreneurship Monitor (GEM) database, to quantitatively test the impact the entrepreneurial activity they were engaged in had on their mental well-being. The conclusion was that there is a significant positive impact of entrepreneurship on the individual’s well-being. Proving the positive relationship of entrepreneurship and MWB is, also, Bradley D. E. et al.’s 2004 paper ‘Self-Employment and Job Satisfaction: Investigating the Role of Self-Efficacy, Depression, and Seniority’, where the author gathered data on adult American citizens from the National Survey of Families and Households and tested the hypothesis that self-employed people achieve higher job satisfaction and therefore have an elevated well-being level. Using an OLS analysis, he proved his hypothesis and the favorable impact of entrepreneurship on the psychological health of the entrepreneurs. Comparably, Nikolaev, B et al. in their 2019 paper ‘Entrepreneurship and Subjective Well-Being: The Mediating Role of Psychological Functioning’ found significant advantages in entrepreneurship regarding the psychological state of the entrepreneur. To arrive at this conclusion, the author employed a data set from people from 29 European countries derived from the European Social Survey (ESS). A final example of the associated literature that we would like to mention is by Benz M. et al. in their 2008 work ‘Being Independent is a Great Thing: Subjective Evaluations of Self-Employment and Hierarchy’. In this article quantitative analysis is used to explore data from three reputable databases, the German Socio-Economic Panel Survey (GSOEP), the British Household Panel Survey (BHPS) and the Swiss Household Panel Survey (SHP). After the empirical examination, it is proved that the self-employed have a significant

positive difference in their psychological state derived from job satisfaction than those employed in corporations. Taking into consideration the existing literature on the subject, we can deduce that the general consensus is united on the beneficial effects of entrepreneurship in regard to the psychological well-being of the individuals, which could be viewed as an expected conclusion as entrepreneurship can be characterized by certain features like flexibility, autonomy, independence and many other attributes that are not usually prominent in an employees working conditions.

2.2 The motivation of Entrepreneurship and Mental Well-Being (Opportunity vs Necessity Entrepreneurs)

A particular field of entrepreneurship and mental health that has been gaining attraction in the scientific community emphasizes the distinction of opportunity entrepreneurs from necessity entrepreneurs. The first introduction of the terms opportunity versus necessity entrepreneurs was in Global Entrepreneurship Monitor's (GEM) 2001 executive report. According to the document an opportunity entrepreneur's motivation is '*to take advantage of a unique market opportunity*', while a necessity entrepreneur's incentive is '*because it was the best option available*'.

We will now present some examples of published literature that have examined the topic. Block J. et al. in their 2009 work 'I Can't Get No Satisfaction—Necessity Entrepreneurship and Procedural Utility' used the answers from an online survey sent in 2008 to German citizens to perform a multivariate analysis and arrive at the conclusion that necessity driven entrepreneurs derive less satisfaction than their opportunity-drive counterparts. Similarly, Atalay, I. et al. produced the paper 'Opportunity Entrepreneurship and Subjective Wellbeing: The Role of Psychological Functioning. Does individualism change this relationship?' in 2021, where they focused their research on how entrepreneurship affects the well-being levels of opportunity entrepreneurs. They utilized GEM data from individuals originating from 37 countries and through a multilevel regression analysis proved their hypothesis that '*opportunity entrepreneurs have higher subjective well-being than necessity entrepreneurs*'. Additionally, Larsson J.P. et al. in their 2019 report 'Independent by necessity? The life satisfaction of necessity and opportunity entrepreneurs in 70 countries' gathered information from the GEM database and utilized it to test the variation in the Subjective Well-Being (SWB) of employees who became entrepreneurs due to the appearance of an opportunity versus the employees who became entrepreneurs after a long

period of unemployment and lack of employment opportunities. Finally, we will state Ryff D.C.'s 2019 article 'Entrepreneurship and Eudaimonic Well-Being: Five Venues for New Science' that offers a review of entrepreneurship and well-being papers and includes a specific section called '*Varieties of Entrepreneurs: Distinguishing Between Opportunity and Necessity*' that a number of important articles and their findings are referenced.

After a review of all the related papers, we can easily conclude that there has been extensive research committed to the subject at hand and all of the findings demonstrate that the motivation behind the shift from employment at an enterprise to self-employment has a significant result on the psychological satisfaction of the entrepreneur. However, we have to note that the categorization of entrepreneurs into opportunity and necessity entrepreneurs based on their answers, which is how most papers distinguish entrepreneurs into one of the two categories, could, potentially, be subjective as individuals may be hesitant to admit the true motivation behind their transition from employee to employer.

2.3 Entrepreneurial Failure and Mental Well-Being

We will, now, inspect the published writings that connect the instance of entrepreneurial failure to the well-being changes of the entrepreneur. We will begin with the paper 'Entrepreneurs' failure times and their well-being, moderated by entrepreneurial environment' by Zhang, Chuqing et al. published in 2016. The authors collected data from National Entrepreneurship Research Center (NERC) in Tsinghua and utilized it to contact confirmed entrepreneurs and forward a related questionnaire to them. After a STATA hierarchical regression, the writers encountered the following results, the well-being level of entrepreneurs that have experienced a failure in their entrepreneurial ventures was notably lower after the incident. Comparable were the results of Jenkins, A. S. et al.'s 2014 paper 'Individual responses to firm failure: Appraisals, grief, and the influence of prior failure experience'. A sample of 120 entrepreneurs from Sweden with a recent experience of a failed entrepreneurial attempt was assembled and after the study conducted by the authors, the conclusion was derived that an enterprise failure has a negative effect on the founder's well-being in various degrees depending on the heterogeneous characteristics of the individuals.

Although there is definite significance in the results of the above-mentioned papers, because of the nature of the concept of entrepreneurial failure and the well-being of the founders which is

based on emotional responses and reactions of sentiments, we believe that more qualitative paper are necessary to explore the research area in a more deep and interpretive manner.

2.4 Gender and the Mental Well-Being

As the 21st century is the time period when gender equality has been the most prevalent, it is logical that the entrepreneurial well-being literature would, also, explore the role of gender. Hmieleski K. M. et al. published 2019 their work titled ‘The Yin and Yang of entrepreneurship: Gender differences in the importance of communal and agentic characteristics for entrepreneurs' subjective well-being and performance’. A data set of 165 men and 138 women entrepreneurs was used and the ensuing hypothesis was proven. Firstly, women attain higher mental satisfaction than their male counterparts, if the entrepreneurial sector chosen is related to creativity, while the opposite is true when the entrepreneurial sector chosen is highly connected to collaboration and teamwork. Another paper worth mentioning is Drencheva, A.M.'s 2019 review book with the title ‘Women entrepreneurs and wellbeing: An identity perspective’. The writer focuses on various topics related to the well-being of entrepreneurial women, how entrepreneurship contributes to a woman’s psychological satisfaction if the industry of their respective enterprise has an effect on their well-being and many more.

Generally, we believe this particular topic is very relevant in the current era and we expect that the literature on this issue will expand in the future and gain even more attention. For instance, we would be very interested to learn the connection between the enterprise’s industry and the different mental satisfaction levels each sector offers to female entrepreneurs and why that is the case. Especially since both of the studies we mentioned previously detect a variation in gratification level among varying industries if the gender of entrepreneur is female.

2.5 Age and Mental Well-Being

Besides gender, we supposed that age will, also, have an influence on the mental well-being of the entrepreneurs. There has been some previous literature studying the relationship of age and mental well-being. Springer, K. W., Pudrovska, T., & Hauser, R. M. (2011) suggested that psychological well-being, generally, declines as age increases because the dimensions of personal growth and purpose in life were perceived to decrease as individuals age. Based on that

observation, Ryff C.D. (2019) proposed that the eudaimonic well-being of entrepreneurs would increase with age as several relevant life aspects would improve by begging a business venture, causing the individuals to become more satisfied and complacent. Ryff C.D.'s research agenda creates a possible avenue for exploration that needs to be, further, examined in the future.

2.6 The motivation of Entrepreneurship and Mental Well-Being in the case of Entrepreneurial Failure

As we described above, no literature based on the separate grouping of opportunity and necessity entrepreneurs and their different psychological responses to entrepreneurial failures could be discovered during our research for this paper. The literature appears to be lacking and that is why we believe it is a research gap that should be studied further. As a result, we developed a research question to base our study on.

RQ: *“How do the motives of entrepreneurship impact the well-being of entrepreneurs in the case of failure? Do gender, education and age modify the effect?”*

To examine and prove that there is an impact of the difference in motivation on the well-being level reduction of an entrepreneur we formulated our hypothesis as follows.

Hypothesis 1: *“The failure of an opportunity entrepreneur has a higher negative impact on his or her Mental Well-Being than the failure of a necessity entrepreneur.”*

To further study this particular topic we decided to examine more aspects of the entrepreneur and investigate if there will be a variation in our principal results. We chose gender and age as few of our characteristics to examine. The reason we wanted to investigate gender is that there has been a rise in female entrepreneurship in recent years and we would argue it is just the begging of the elevation of female entrepreneurs. The GEM 2017 Women's reported a rise in the entrepreneurial activity of women from 2016 to 2017 of 10%. Forbes in 2021 predicted that the percentage of women who become entrepreneurs will rise even more and become a historical trend after the 2008 recession. The growth of women in business is emerging and that is undeniable. Finally, since it has been, recently, reported that age and life satisfaction have a U-shaped relationship (López Ulloa & B. Moller V. & Sousa-Poza A., 2013), we felt that it would be important to inspect if that

can also be proven in the case of entrepreneurs. So based on those characteristics, we examined our hypothesis further.

3. Methodology

3.1 Data Collection and Sample

In this section will offer a description of the method we employed for gathering the data that was necessary for our research. Our plan was to contact any possible participants that match the necessary requirements to be part of our research through friends and family and their contacts. If the number of the participants gathered did not match the number of entrepreneurs required to make reasonable assumptions and analysis, which we discovered during our data collection period that it didn't, we planned on reaching out via email a number of entrepreneurs who have experienced past failure of a business venture. We would, then, invite all our willing former entrepreneurs to participate in an online interview that will include inquiries regarding the motivation for their failed business activity and their mental state after the event, among other information.

We have decided on the selection of the origin of the entrepreneurs as the Netherlands and Greece. We chose the Netherlands due to the entrepreneurship-friendly environment of the country, which entails high levels of entrepreneurship and thus high levels of failed entrepreneurship. NimbleFins, a financial research company, ranked the Netherlands as the 4th friendliest country for entrepreneurship and start-ups (Nehra W., 2020). The country's Global Entrepreneurship Index was calculated as 72.3 after several years of steady growth (Knoema, 2019), and based on the GEI, the Netherlands was classified as 5th among the European Union countries in the degree of its entrepreneurship (László Szerb & Zoltan J. Acs & Éva Komlósi & Gábor Márkus & Gábor Rappai & Zsófia Vörös & Balázs Páger., 2018). As for the choice of Greece, the first part of our motivation was that our points of contact were all from our origin country, which is Greece, but also because we supposed that a large number of Greek entrepreneurs would be considered necessity-driven as a result of the high percentage of unemployment that

characterizes the country, 17.1% in 2021 according to Moody's Analytics. Our assumption was proven to be true as the Global Entrepreneurship Monitor reported that in 2016, 41% of Greek entrepreneurs were considered necessity-driven compared to 36.1% that were considered opportunity-driven (GEM, 2017). We felt that including both the Netherlands and Greece as the place of origin of our participants would create a more diverse and varied sample for our research.

Another aspect of the dataset to consider was the number of participants. We have determined that the answers of 10 participants would be indicative enough for the purpose of this Master thesis. Although there has not been a definite answer to the question 'how many participants are enough' (Dworkin, S. L., 2012), we feel that the responses of 10 surveys will be adequate to derive the results and conclusions we are expecting.

We found those entrepreneurs using two different methods. Firstly, we communicated with individuals with whom we were already acquainted and were former entrepreneurs, all of whom were of Greek origin, and asked them to participate in a short interview. The second method we utilized was by contacting a multitude of current entrepreneurs. History has many examples of failed entrepreneurs who proceed to become successful in their later attempts (Evan Williams – Twitter, James Dyson – Dyson Vacuum, Jeff Bezos – Amazon). So, we concluded that it was highly probable that a percentage of the entrepreneurs we would contact would have experienced at least one or more failed business attempts in the past.

In order to gather the information needed to continue with our data analysis, we decided to conduct short interviews either in-person or online, with those unavailable to participate in an in-person session. We conducted 10 different interviews, 1 for each participant, that lasted an average of 30 minutes respectively. We created a sample set of basic questions so as to stir the conversation in a direction that would give us the most suitable and useful information from every session. If additional and more specific questions were needed, those were added during each individual session. The principal questions used are presented in Appendix A. They are a total of 26 questions that are divided into 4 different categories. The first category is related to the characteristics of the former entrepreneur and consists of 6 questions, the second category is in regards to the motivation of their failed business venture and includes 5 questions, the third category has questions describing the firm characteristics and contains 5 questions and, finally, the last category is

associated with the well-being of the entrepreneurs after the closure of their businesses and consists of 10 questions.

We decided on the narrative method of interviews instead of questionnaires or surveys because studies and articles have proposed that interviews are possibly the most effective technique to gather information for a qualitative research. Among its advantages, we would mention the flexibility that interviews provide to the interviewer, which allows him or her to gather the appropriate information even in a sensible subject area, such as the one that we are researching, even if the participant is not as comfortable as in other situations at first. Another advantage we would include would be the opportunity the interviewer has to observe and make note of non-verbal behaviors and signals of the interviewee. Those can be a very helpful indication of how the interviewer should proceed in his or her line of questioning and could provide useful guidelines throughout the process (Sociology Group, 2019). As a result, due to the delicate research area that we are studying and because of the superiority of interviews over other qualitative research methods, we decided to gather information in this particular manner.

3.2 Research Method and Theoretical Framework

Since our research focuses on the concepts of motivation, entrepreneurial failure and psychological well-being, we believe that a qualitative approach would be more appropriate than a quantitative approach. As those concepts are more associated with views, perspectives and emotions. We considered an online interview with a combination of linear rating questions and open-ended questions to be the most suitable option and a qualitative methodology to be a fitting decision.

In the specific scientific area where our research is focused, there appears to be a divide between articles utilizing a quantitative research method and those using a qualitative research method. Examples of papers relying on quantitative analysis while examining the well-being effects of entrepreneurial failure are Jenkins et al., 2014; Zhang C. et al., 2016 and more. Conversely, instances, where a qualitative approach is used, are Singh S., 2011; Omorede, A., 2020; Franco, M., & Haase, H., 2009; Singh, S., Corner, P., & Pavlovich, K., 2007 and others. To conclude, we can deduce that there does not appear to be a determined analysis method that has to be used, but

rather that the suitable method has to be decided by the author considering the research topic and the analysis data type that will be employed.

Fossey, E., Harvey, C., Mcdermott, F., and Davidson, L. in their 2002 academic paper “Understanding and Evaluating Qualitative Research” use the following definition to describe qualitative research, “*Qualitative research is a broad umbrella term for research methodologies that describe and explain persons’ experiences, behaviors, interactions and social contexts without the use of statistical procedures or quantification*”. In the realm of qualitative research, an important section, which will be used in this particular paper, is interpretive research and methodologies. This distinct qualitative technique is based on Max Weber’s interpretive sociology (ThoughtCo., 2021). According to Max Weber, the purpose of interpretive sociology is to make sense of specific social settings and phenomena based on the viewpoints of the individuals that are connected to those instances. Similarly, interpretive research methods focus on understanding and interpreting someone’s views and actions regarding ongoing events in a qualitative research setting (Fossey et al., 2002).

There is a variety of methods that are categorized as interpretive. The most notable include ethnography, phenomenology, hermeneutics, grounded theory, and numerous others (Goulding C., 1999). To analyze our data and create conclusions we will implement the phenomenology point of view. We will study each participant as an individual that we acknowledge has been influenced and formed by social and cultural powers but still retains personal characteristics and emotional responses. Phenomenology was first introduced by Edmund Husserl a German philosopher and mathematician in the early 20th century (Social Scientist, 2014; Turowetz, J., Hollander M.M. & Maynard, D.W., 2016) and has the main purpose of “*seeking to interpret social actions*” (Gallant M. J., & Kleinman S., 1983). Phenomenology is a qualitative research method that is often utilized in fields like health (or mental health in our case), education, anthropology, sociology and other similar areas of study (Paley J., 2016). That is the reason we believe that employing this qualitative research method is the most suitable choice for our study, as we plan on trying to interpret the social actions of our chosen individuals in a particular setting and the effect of those choices on the mental health of our participants.

In order to interpret our data, we will use the theoretical framework developed in Singh, S. et al.’s 2007 work “*Coping with entrepreneurial failure.*” where 5 emotions are mentioned as the

most common responses to entrepreneurial failure. We will investigate the presence of those emotions as well as their intensity in our data sample using answers to Likert scale questions, as well as language cues and quotes in answers to open-ended style questions. In the end, we will try to convert those findings into conclusions and findings regarding our Hypotheses.

4. Data Analysis and Results

This chapter will focus on analyzing and trying to convert the data that have been gathered into useful findings in line with our line of inquiry. However, there is not a predetermined method that is used. Michael Quinn Patton in his 2002 book titled “Qualitative Research and Evaluation Methods” mentions that “*Qualitative analysis transforms data into findings. No formula exists for that transformation. Guidance, yes. But no recipe. Direction can and will be offered, but the final destination remains unique for each inquirer, known only when—and if—arrived at*”. As a result, we have decided to compare opportunity versus necessity entrepreneurs based on their specific language and expression, their rating of the 5 basic emotions we have chosen based on the literature, the consequent time before their next professional attempt, their choice of creating a new business venture or becoming an employee and other aspects of their participant profile. Subsequently, we will examine our results and if those change if we consider the gender and age of the individual. Thereby the next chapter is structured as follows, firstly we will state some of the fundamental characteristics and statistics of our participant sample.

4.1 General Characteristics and Statistics

After studying the answers of the participants from the first category of questions “Characteristics of the former entrepreneur”, we will present the following statistics. Our sample is comprised of 10 participants, 6 (60%) of whom are male and 4 (40%) of whom are female. The number of Greek participants in the sample is 6 (60%) and the number of Dutch participants in the sample is 4 (40%). Out of the 10 individuals that took part in the interview process, 8 (80%) had obtained Bachelor’s degrees and 2 (20%) had obtained Master’s degrees. The average age of the sample is 50,2 years with the youngest person being 28 years old and the oldest being 70 years old. The

average age of the males in the group is 46.83 years old and the average age of the females in the group is 55.25 years old. In regards to the age of the former entrepreneurs when they began their business venture, the average was calculated as 29.1, with the youngest person starting a business at 17 and the oldest person starting a business at 51. The average age that male entrepreneurs created a new company is 24.71 and the average age that female entrepreneurs created a new company is 33.75. Additional information about the participants and their failed business enterprises can be found in Appendix B.

4.2 Opportunity versus Necessity Entrepreneurs

Now we will start comparing the former entrepreneurs based on their motivation of starting a business. First, we will categorize each participant as a necessity or opportunity entrepreneur based on their answer to the question “Did you become an entrepreneur in order to take advantage of a business opportunity?”. However, we will not only rely on that answer, because we believe that our participants may be biased or not realize their true motivation. In order to combat that effect, we will also take into consideration their answer to the questions “What would you consider as the motivation for starting your business”, “Did you have employment options besides starting a business at the time of becoming an entrepreneur?” and “Were you unemployed before becoming an entrepreneur?”.

Based on the previous reasoning, the answers from the interviews and the definitions of opportunity and necessity entrepreneurs that we discovered through our research and which we cited in our literature review, we concluded that our sample was comprised of 6 (60%) necessity-motivated entrepreneurs and 4 (40%) opportunity-motivated entrepreneurs. Some of the participants were easily recognized as opportunity or necessity entrepreneurs, while others were more difficult to categorize. For example, participant 1 stated that he wanted to take advantage of the opportunities based on the skillset he acquired from his studies in integrated product design and decided along with a friend of his to start a software platform for mental coaching. Furthermore, independence and freedom as additional motivations and mentioned that at the time of the foundation of his business, he had several other employment options and had not been unemployed. Participant 1 was an instance where determining that he was an opportunity entrepreneur was an easy decision. On the other hand, we felt that participant 5 was harder to

classify as opportunity or necessity entrepreneur. Although he mentioned more financial and economic reasoning for his choice to become an entrepreneur, the fact that he had another career the whole time his business venture was viable and that he was inspired by this specific sector to become an entrepreneur because of the success his wife was enjoying from a similar project drove us to describe him as an opportunity entrepreneur, as we think he wouldn't have become one if he hadn't recognized an opportunity gap he wanted to explore.

Following our separation of the participants into opportunity and necessity entrepreneurs, we will examine their emotional responses to the closure and failure of their business based on their responses to the questions from the last category "Well-being after closure". We will investigate if their answers match the 5 principal emotions that we were introduced to in Singh S. et al.'s 2007 article and if there were any additional sentiments and reactions that are relevant to our research.

Grief

We will begin by discussing how opportunity entrepreneurs and necessity entrepreneurs handled the grief emotion created by the closure of their companies. Regarding the Likert scale part of the question, where 0 meant that the individual was not at all in a grieving state and 5 meant that the individual was experiencing extreme grief, opportunity entrepreneurs indicated that they endured the emotion at an average score of 3 while necessity entrepreneurs only implied that they experienced the emotion at an average score of 1.

As for mentions of the sentiment of bereavement and sorrow from the loss and failure of their business during the interview and the description of their mental state, only participant 4 and 7, both characterized as opportunity entrepreneurs, clearly mentioned those concepts. Participant 4 stated that he "*grieved the business (he) lost and the ability to be in an industry and sector that gave (him) pleasure and made (his) everyday job enjoyable*". Comparably, participant 7 expressed that he felt grief "*because of the sentimental value the company had to his family*".

So after examining and revisiting the notes from each interview and trying to interpret them and transform them into findings, we would conclude that grief was a far more present emotion in the case of opportunity entrepreneurs rather than in the case of necessity entrepreneurs.

Depression

The next emotion we will focus on is Depression. If we study the Likert scale question regarding depression, we realize that the score is almost identical, with opportunity entrepreneurs averaging at a 2.83 and necessity entrepreneurs having an average of 3. On average, both opportunity and necessity entrepreneurs felt a moderate sense of depression for a significant amount of time.

Concerning the use of words like depression and its derivatives, 4 participants mentioned those cues, 3 of whom were opportunity entrepreneurs and 1 was a necessity entrepreneur. For instance, participant 2 indicated that she *“felt depressed because (she) believe that (she) squandered a possibly great and profitable opportunity, which would improve (her) life and career in the long run”*. On the other hand, participant 10, a necessity entrepreneur stated that she *“was very depressed and did not understand how (her) business got to the point of closure and that made (her) very sad”*

In conclusion, we would deduce that depression to a medium degree was present in almost all of the participants and that the experience was a universal phenomenon. As a result, we would conclude that there is not a significant difference in opportunity versus necessity entrepreneurs in the aspect of depression after business failure.

Despair

Similar to Depression, Despair has been an emotion that has affected both opportunity and necessity entrepreneurs. The answers to the close-ended question have delivered us with a 2.83 average score for opportunity entrepreneurs and a 3 average score for necessity entrepreneurs, identical average scores to those of the depression section. Consequently, we would understand that despair was a significant emotion both groups of entrepreneurs experienced in the time period after they had to terminate the operation of their business attempts.

When examining our notes and taking a closer and more detailed look at the participant's experiences as they recounted them, we believe that participant 1, 3 and 9 were the ones expressing the deepest sentiments of despair. Participant 1 and 9 were categorized as opportunity entrepreneurs and participant 3 was identified as a necessity entrepreneur. Characteristically, participant 1 mentioned that he *“had trouble envisioning how (his) professional and financial future would look and had trouble seeing ahead”*, participant 3 noted that *“because of (his) situation and the outcome of (his) attempt to start something of (his) own, (he) was feeling very*

pessimistic about (his) next move", and finally participant 9 felt *"helpless and that (she) would not be able to be successful in the future at (her) age"*.

Therefore, considering both the average score of the Likert scale about Despair and the allocation of opportunity and necessity entrepreneurs that described an emotion which we would classify as despair, we believe that both categories were introduced to this specific emotion as a result of the closure of their venture.

Anger

Thereupon, we will investigate the response of the participants regarding the sentiment of anger. In this case, there is a more clear distinction in the different groups of participants than there was in the cases of depression and despair. When asked to rate their experience concerning anger, opportunity entrepreneurs scored an average of 2.33, while necessity entrepreneurs an average of 3.75.

The most noticeable instances of anger in the time preceding the closure of their companies were from the descriptions of participants 8 and 10, both of whom were categorized as necessity entrepreneurs. The main source of anger was what both individuals considered as the reasons their businesses were no longer operational. Participant 8 mentioned that his *"business, ultimately, closed because of the combination of too much bureaucracy and the eventual beginning of the coronavirus, so (he) felt that it was almost doomed and could not be successful anyway, which inflamed a sense of unfairness in (him)"*. Likewise, participant 10 referenced the economic crisis and decreasing demand as the reasons she had become a former entrepreneur, and she believed that the circumstances were such that she could not have avoided the ultimate fate of her store's failure.

Thence, we would come to the conclusion that anger was, mostly, related to necessity entrepreneurs and possibly linked to the causes of their business endeavor failure and their belief that their efforts to prevent the closure of their companies were pointless.

Denial

Finally, we will study the responses the participants had regarding the last emotion from Singh S. et al.'s work, Denial. Generally, we noticed that none of the participants had a strong reaction

from the failure of their business that would be considered a sign of denial. The individuals scored their feeling towards denial, and had an average of 0.17 for opportunity entrepreneurs and 0.25 for necessity entrepreneurs. In fact, no real mention of denial was brought up by the interviewees during the interview session and when answering the open-ended questions and having a conversation. For that reason, we decided not to include denial as one of the emotional responses that our group of participants experienced even though it is included in the literature where we based our analysis

Other emotions

In this section, we will include some of the other emotional responses of our participants we observed and deemed important to mention and study in regards to opportunity versus necessity entrepreneurs. Firstly, there was a frequent mention of stress from various participants. More specifically, participants 1,7,9 and 10 all indicated to a feeling of stress or anxiety either financial or a more general attitude towards the future. As only participant 10 was categorized as a necessity entrepreneur, we would suppose that stress and anxiety were a response that was stronger for opportunity entrepreneurs.

In addition, a major share of the interviewees referred to a sense of sadness, which we would categorize as a complementary feeling of depression. Namely, participants 1, 3, 7 and 8 described their feelings in a similar manner that could be recounted as sadness. For example, participant 3 stated that he “*experienced a real sense of pessimism and not feeling as happy as (he) used to for a few months after the closure of (his) business*”. Since participants 3 and 8 were necessity entrepreneurs and 1 and 7 were opportunity entrepreneurs, we believe that sadness, like depression, was an emotion that was experienced by both categories rather equally.

Lastly, a sense of optimism was detected in the emotional responses of some of the interviewed people. More precisely, participants 2, 4 and 6 felt that better opportunities would be ahead as a result of the closure of their business. For instance, participant 2 mentioned that she “*knows (she) failed, but (she) learned a lot in the process and (she) believes that it will be an experience that will help (her) in the future*”. Participants 2 and 4 were considered as opportunity entrepreneurs, while participant 6 was described as a necessity entrepreneur. So, we feel that optimism was more common in opportunity entrepreneurs rather than necessity entrepreneurs.

After entrepreneurial failure

For the last parameter we are going to study, we decided to see how each entrepreneur moved on after their entrepreneurial failure. As a result, we will examine their answer to the questions “How long did you experience all of the mentioned these feelings”, “How long after the closure of your business did you start working again in any professional capacity” and “After the closure of your business did you become an employee again or an entrepreneur”.

We, first, calculated the average time period that the participants stated they had the emotional response following the closure of their business venture, separately for opportunity and necessity entrepreneurs. After the calculation, we observed that on average, opportunity entrepreneurs felt strong emotions, whichever those were, for an average of 17.17 months after their company failure in comparison to necessity entrepreneurs that only mentioned that their feelings lasted for 9.5 months, almost half the time of the opportunity entrepreneurs’ response. We believed that this is an important factor that illustrates that the emotional response of opportunity entrepreneurs was significantly more severe than that of necessity entrepreneurs.

Next, we figured out the average time period that elapsed since opportunity and necessity entrepreneurs resumed their professional roles, either as employers or as employees. Similarly to the emotional time of the participants, the time before beginning their career again was significantly larger for opportunity versus necessity entrepreneurs. More precisely, opportunity entrepreneurs waited for an average of 8.5 months, while necessity entrepreneurs started working again after 3.25 months. We believe that this is, also, an indicator of the emotional distress of the former entrepreneurs, but not as important as the abovementioned one because there could have been external forces that would force necessity entrepreneurs to begin their work again, such as financial and economic reasons.

Lastly, we wanted to investigate what percentage of opportunity entrepreneurs went on to become employers again compared to that of necessity entrepreneurs. In our participant group, 2 out of the 6 opportunity entrepreneurs continued being entrepreneurs in their next occupation (33.33%) and 1 out of the 4 necessity entrepreneurs continued being entrepreneurs in their next occupation (25%). So, even though more opportunity entrepreneurs became employers than necessity entrepreneurs, more than half became employees in both categories.

In conclusion, after gathering and analyzing the data collected from 10 interviews with former entrepreneurs, we deduced that opportunity entrepreneurs experienced the emotions of grief, stress but, also, optimism in a more intense manner and for a longer period of time, while necessity entrepreneurs felt a more acute sense of anger, and both categories suffered from the emotions of depression, despair and sadness. Thus, we are inclined to accept our Hypothesis 1 “*The failure of an opportunity entrepreneur has a higher negative impact on his or her Mental Well-Being than the failure of a necessity entrepreneur*”.

4.3 Gender

We will, now, move on to exploring if the effect of entrepreneurship failure is lowered if the gender of the former entrepreneur is female. We will perform that by comparing female opportunity vs necessity entrepreneurs to male opportunity vs necessity entrepreneurs and observing the difference. We have decided to focus on the questions that were answered with the Likert scale in the interviews and with the questions that involved time periods counted in months because we felt that this way we would get a clearer idea of the difference since we had already accepted Hypothesis 1 and knew that the variation of opportunity versus necessity entrepreneurs was already proven in our research. So, we proceeded by calculating the average responses of female opportunity entrepreneurs, female necessity entrepreneurs, male opportunity entrepreneurs and male necessity entrepreneurs in each of the 5 principal emotions we have chosen as well as the months that those emotions were present for female and male opportunity entrepreneurs. We calculated the average month before new employment and the type of employment for each category, as well.

Our findings suggest that on average female opportunity entrepreneurs had more intense emotional reactions compared to female necessity entrepreneurs than male opportunity entrepreneurs compared to male necessity entrepreneurs. One of the differences we would include as an example is the response we noticed in grief emotion, where female opportunity entrepreneurs scored an average of 3.5 out of 5 on the Likert scale compared to female necessity entrepreneurs that scored a 0.5 out of 5, so a difference of 3 points. On the other hand, male opportunity entrepreneurs scored an average of 2.75 emotional response to grief out of 5 compared to male necessity entrepreneurs that scored a 1.5 out of five. So, the difference for grief between the

genders was a 1.75 with the effect of variance of emotional response between opportunity and necessity entrepreneurs being higher in the case of females. The rest of the emotions gave us similar results, showing that the variation of the emotional response of opportunity versus necessity entrepreneurs was larger for female entrepreneurs.

Regarding the recovery months, once more the differentiation was larger in the case of females versus males. Female opportunity entrepreneurs experienced the emotions mentioned before for 24,5 months on average, while the female necessity entrepreneurs experienced the emotions mentioned above for 8.5 months on average. A difference that amounts to 16 months, while in the case of male entrepreneurs the difference was 3 months since male opportunity entrepreneurs had an emotional response to entrepreneurial failure for 13.5 months and male necessity entrepreneurs for 10.5 months. Comparably, after examining the responses from the question “How long after the closure of your business did you start working again in any professional capacity?”, we conclude that the difference between the genders indicated that the negative effect is larger for the case of women.

As a result, when investigating and analyzing our data, we have concluded that the negative effect of the failure of an opportunity entrepreneur compared to a necessity entrepreneurs is, actually, higher if the gender of the entrepreneur is female. Thus, when the gender of the entrepreneur is female the effect of motivation on the mental health of the entrepreneur in the case of failure is higher than when the gender of the entrepreneur is male. A possible explanation for this phenomenon would be that as we mentioned, Hmieleski K. M. et al. in their 2019 work discovered that women gather higher mental satisfaction than their male counterparts from entrepreneurial ventures, so we could hypothesize that their response to failure would also be higher and the difference between opportunity and necessity entrepreneurs would be more prevalent.

4.4 Age

Moreover, we will test the effect of motivation on the well-being of former entrepreneurs in regards to the age at which they ended the operation of their business. We decided to use the cut-off age of 42 years in order to characterize older entrepreneurs those above the age of 42 and younger those below the age of 42, because 42 years was the average age calculated from the ages our participants were when they decided to terminate the operation of their business and that would

suggest that using the age 42 as the cut-off would ensure that there are enough “older” entrepreneurs and enough “younger” entrepreneurs to examine. From our sample, 6 (60%) participants were older than 42 when they became former entrepreneurs and 4 (40%) were younger than 42. As with gender, we utilized the questions that were answered with the Likert scale in the interviews and with the questions that involved time periods counted in months so as to examine the severity of the effect of motivation when age was, also, considered. We calculated the emotional score of older opportunity entrepreneurs, older necessity entrepreneurs, younger opportunity entrepreneurs and younger necessity entrepreneurs and the average length of time each age group experienced those emotions.

Based on the answers of the participants and our computations, we concluded that older opportunity entrepreneurs encountered more intense emotional reactions than older necessity entrepreneurs if we compare the categories to those of a younger age. The effect that motivation had on the well-being of older entrepreneurs was higher for every emotion we investigated compared to the effect that motivation had on the well-being of younger entrepreneurs. The same was true in regards to the months that older entrepreneurs required in comparison to those below the age of 42. For instance, the difference for opportunity versus necessity entrepreneurs was 6.8 months for the older generation, while it was only 0.3 months for the younger generation.

In conclusion, from our inspection of the data we would state that the higher negative effect of the failure of an opportunity entrepreneur compared to a necessity entrepreneur is lower if the age of the entrepreneur is younger than 42. Upon studying other papers regarding age and entrepreneurs we found Wyrwich, M., Stuetzer, M., & Sternberg, R. (2015)’s work that suggests that older people are more prevalent to risk aversion and fear of failure. That leads us to hypothesize that in the case of entrepreneurial failure, persons of older generations will be more affected by the psychological results of the termination of their venture than the younger generation and that this is the reason why the data from our sample proved that older business people had a higher variation in regards to well-being after failure and the motivation effect.

5. Conclusions and Discussion

As we, previously, discussed the motivation of an entrepreneur to create a new business venture is an important factor in the later consequences that becoming an entrepreneur has on the person's mental state. There have been many papers that examine the relationship between entrepreneurship motivation and mental well-being (Block J. & Koellinger, P., 2009; Carree, M.A. & Verheul, I., 2012; Larsson J.P. & Thulin, P. 2019; Nikolaev, B.& Boudreaux, C. J. & Wood, M., 2019) that have proven that employers derive an increased mental satisfaction level compared to employees and that within entrepreneurs, opportunity-driven entrepreneurs tend to be in a better mental state in comparison to necessity-driven entrepreneurs.

However, there is a significant lack of research regarding the mental state variation of opportunity versus necessity entrepreneurs in the case of venture failure. Our thesis and our findings try to create a start for the attempt to cover the absence of literature. We use a qualitative research method on a data sample of 10 Dutch and Greek participants and arrive at the conclusion that opportunity entrepreneurs have more severe mental reactions and for a more significant time period than necessity entrepreneurs. We, also, demonstrate that the reaction is worse if the entrepreneur is female as well as if the entrepreneur is of an older age group. Thus, we suggest that gender and age modify the examined effect.

Besides the scientific contribution of our research, in an academic area that has not been sufficiently studied, we believe that our results will help current entrepreneurs, failed entrepreneurs, and their family and friend circles. By understanding that there is a variance in the mental responses to entrepreneurial failure because of differences in motivation, specific methods and practices can be developed to help each category of former entrepreneur minimize the negative consequences and mental reactions following a venture failure. We feel that our results provide a small insight into the psychological functioning of entrepreneurs. Understanding former entrepreneurs better and recognizing their emotional response to failure, will assist in overcoming the emotional residue of failure and using entrepreneurial failure as an educational opportunity and a tool for a more productive and developed future entrepreneurship possibility.

However, as with most academic and scientific articles, our paper has certain limitations. We understand that a limited dataset of 10 participants can, only, produce results that are suggestive and not undeniably proven. That is why we believe further examination is crucial in the future. Moreover, although 10 participants can produce indicative findings, in order for that to be true, those participants have to be characterized by a variety of features so that examination is possible. That can create, and indeed created for us, a difficulty in the data collection process and special attention has to be paid during that period of time to make sure that diverse participants are chosen. Finally, we would induce that the participants' scores on the Likert scale do not, always, mirror their answers to the open-ended questions. For this paper we have decided to use the exact given answers intact for the analysis, but for a future article we would attempt to create a new set of scores for the Likert scale questions that are based on the scores the participants gave themselves, but also their narrative answers and our conclusions from the interviews, so that the data are more synced and true to the individual's genuine emotions.

Considering our paper's limitations and the scientific gap in the literature, there are some suggestions we have for future examination. Firstly, we believe that the specific topic of our study can be, additionally, tested using new data sets with participants of varying ethnicities, ages, educational levels, and, also, with data sets comprised of a larger set of interviewees. Education was a variable we planned on examining in this research but failed to do so as our sample was not varied enough. Hence, another data set could be more suitable for this subject and a chance for future examination is present in this specific research area. Having a larger number of studies focused on the subject will generate more solid findings and results.

To sum up, we have chosen a topic for our thesis that we believe has both a scientific and social relevance in today's world, as the number of entrepreneurs is increasing constantly and female, as well as senior entrepreneurs, are more present than ever. Thus, we feel that our discoveries about the variation of reactions to venture failure based on the difference in initial motivation are important discoveries that contribute to a significant research area and give incentive for further investigation.

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APPENDICES

APPENDIX A: Principal Interview Questions

Characteristics of former entrepreneurs:

1. What is your gender?
2. What is your age?
3. What was your age when you started your business?
4. What is your educational level?
5. What was the focus of your studies?
6. What is your nationality?

Motivation of business venture:

1. What would you consider as the motivation for starting your business?
2. Did you become an entrepreneur in order to take advantage of a business opportunity?
3. Did you have employment options besides starting a business at the time of becoming an entrepreneur?
4. Were you unemployed before becoming an entrepreneur?
5. If so, for how long.

Firm characteristics:

1. What was the sector in which your business operated?
2. How many employees were employed in your business?
3. How long was your business operational?
4. Was the income you gained from being an entrepreneur higher than the income you gained as an employee?
5. What would you consider as the reason your business stopped?

Well-being after closure?

1. How would you describe your mental well-being after the closure of your business?

2. Indicate if you experienced any of the following feelings after the closure of your business and if so which ones: Grief, Depression, Despair, Anger, Denial.
3. Please rate from 0 to 5 the degree to which you felt the above-mentioned feelings. With 0 being not at all and 5 being extremely.
4. Besides the above-mentioned feeling, are there any more feelings that you experienced?
5. How long did you experience all of the mentioned these feelings?
6. What was your method of trying to resolve those feelings?
7. Were other members of your family and/or friends affected by those feelings?
8. Were there any other consequences that you experienced after the closure of your business?
9. How long after the closure of your business did you start working again in any professional capacity?
10. After the closure of your business did you become an employee again or an entrepreneur?

APPENDIX B: Additional Information about the Participants and their Ventures

Participant	Motivation	Nature of Business	Reasons of Failure	Occupation after Venture Failure
1	Interest in independence, freedom and self-employment (opportunity entrepreneur)	Software platform for mental coaching	Financial hardship and a better employment opportunity	Employee
2	Desire to set own rules and help other businesses (opportunity entrepreneur)	Marketing	Lack of outreach, difficulty reaching new clients	Employer

3	Financial reasons (necessity entrepreneur)	Graphic Design	Economic crisis and lack of experience	Employee
4	Wanting success and a fulfilling occupation (opportunity entrepreneur)	Music and Entertainment	Economic crisis	Employer
5	Interest in investing in new ideas (opportunity entrepreneur)	Retail	Not as successful as anticipated	Employee
6	Difficulty looking for employment (necessity entrepreneur)	Education	Better employment opportunity	Employee
7	Desire to reopen family business (opportunity entrepreneur)	Retail	Economic crisis and high competition	Employee
8	Economic reasons (necessity entrepreneur)	Bar- Restaurant	Too much bureaucracy and start of Covid-19	Employee
9	Desire for creating something unique, self- satisfaction (opportunity entrepreneur)	Furniture	Economic crisis	Employee
10	Desire for something permanent and stable (necessity entrepreneur)	Videos and DVDs	Economic crisis and steady decrease of demand in this specific sector	Employer