

Founder Well-Being and Venture Decision Quality Under Uncertainty

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Abstract

Venture founders routinely make consequential decisions in environments characterized by incomplete information, uncertain demand, resource scarcity, technological ambiguity, competitive instability, and limited time for analysis. Although entrepreneurship research has extensively examined opportunity evaluation, effectuation, entrepreneurial cognition, and uncertainty, the founder's own well-being is less frequently incorporated into models of venture decision quality. This study develops a framework connecting founder well-being stability with cognitive clarity, uncertainty tolerance, opportunity evaluation, adaptive judgment, and venture decision quality. Well-being is treated not as continuous positive emotion or freedom from stress but as a sufficiently stable psychological condition that allows founders to process information, regulate affective responses, recover from demanding work, and remain behaviorally flexible when outcomes cannot be predicted reliably.

Entrepreneurship research indicates that well-being encompasses satisfaction, affective experience, and psychological functioning in relation to developing and operating a venture, while research on entrepreneurial stress demonstrates that the relationship between demanding entrepreneurial conditions and well-being is complex rather than uniformly negative. Because no primary founder dataset was supplied, the study uses a transparent simulation-based explanatory design. Five conditions of founder well-being stability ranging from 20 to 100 on a standardized index were examined across simulated stress load, cognitive clarity, adaptive uncertainty tolerance, opportunity-evaluation quality, and venture decision quality.

Decision quality rises from 52 under the lowest well-being condition to 89 under the highest, while simulated stress load declines from 78 to 31. The findings are illustrative rather than empirical estimates. The paper argues that well-being should be understood as part of the cognitive and strategic infrastructure of entrepreneurship: founders who preserve sufficient psychological functioning may be better positioned to distinguish risk from uncertainty, revise assumptions, evaluate opportunities, combine causal and effectual reasoning, and avoid reactive commitment escalation. The framework provides a basis for future longitudinal research linking founder health and well-being with decision episodes and venture outcomes.

Keywords: founder well-being, entrepreneurial decision making, uncertainty, entrepreneurial stress, effectuation, cognitive clarity, opportunity evaluation, venture adaptability



1. Introduction

Entrepreneurial ventures are built through sequences of decisions whose consequences are rarely known with certainty when those decisions are made. Founders must choose markets, products, technologies, partners, employees, investors, pricing arrangements, resource commitments, and growth priorities while operating with incomplete knowledge about future states. Sarasvathy's distinction between causation and effectuation demonstrated that entrepreneurial decision making cannot always be understood through predictive planning because founders frequently operate in circumstances where prediction itself is unreliable. Effectual reasoning instead emphasizes control over available means, affordable loss, stakeholder commitments, and adaptation to contingencies. Townsend, Hunt, McMullen, and Sarasvathy later reinforced the importance of distinguishing different forms of uncertainty and the knowledge problems associated with entrepreneurial action.

The quality of founder decisions under such conditions depends partly on the information available and partly on how that information is processed. Venture environments expose founders to workload, financial insecurity, ambiguous feedback, time pressure, interpersonal responsibility, and repeated situations in which mistakes can have personal as well as organizational consequences. Baron, Franklin, and Hmieleski found that founders are not uniformly characterized by extreme stress and showed that psychological capital—including hope, optimism, self-efficacy, and resilience—was associated with lower perceived stress among entrepreneurs in their study. This evidence cautions against depicting entrepreneurial well-being solely through a deficit perspective while simultaneously showing why psychological resources deserve serious consideration in models of entrepreneurial functioning.

Well-being has increasingly become an explicit entrepreneurship research concern. Wiklund, Nikolaev, Shir, Foo, and Bradley define entrepreneurial well-being through dimensions involving satisfaction, affective experience, and psychological functioning in relation to starting, developing, and running a venture. Shir, Nikolaev, and Wincent further connect entrepreneurship and well-being with psychological autonomy, competence, and relatedness, emphasizing that entrepreneurial work can generate psychological benefits as well as demanding conditions. Entrepreneurial well-being should therefore not be reduced to the absence of workload or difficulty. A founder can encounter substantial challenge while maintaining high functioning, just as apparent enthusiasm may coexist with exhaustion or impaired judgment.

The decision-quality implications of this distinction become especially important because affect and stress can alter attention, persistence, interpretation, and self-regulation. Entrepreneurial stressors have been linked with work–home interference and insomnia, indicating that demanding entrepreneurial conditions can interfere with recovery processes. At the same time, positive affect is not uniformly advantageous: Baron, Hmieleski, and Henry argue that moderately positive affect may produce benefits while very high levels may also carry cognitive and motivational costs. Consequently, founder well-being should not be interpreted as permanent optimism. Decision-supportive well-being is better understood as a condition of psychological stability in which founders can remain engaged without becoming chronically depleted, excessively reactive, or unrealistically confident.

The present study examines Founder Well-Being and Venture Decision Quality Under Uncertainty through a simulation-based framework. It proposes that founder well-being contributes to



venture decision quality through cognitive clarity, adaptive uncertainty tolerance, opportunity-evaluation capability, and reduced affective overload. Because no actual founder observations were supplied, the quantitative analysis is synthetic and explicitly illustrative. The study does not claim that well-being mechanically causes superior venture performance; instead, it develops a theoretically testable model explaining why founder functioning may be an important antecedent of decision processes in uncertain entrepreneurial environments.

2. Objectives of the Study

2.1 To Conceptualize Founder Well-Being as a Decision-Relevant Entrepreneurial Resource

The first objective is to conceptualize founder well-being as more than a personal outcome of entrepreneurship. Existing scholarship appropriately treats entrepreneurial well-being as intrinsically important because venture creation affects the lives of the individuals undertaking it. Wiklund and colleagues explicitly place well-being alongside conventional venture-centered outcomes and argue for broader attention to the human consequences of entrepreneurship. The present study extends this perspective by examining whether well-being may also influence how entrepreneurial decisions are made.

Founder well-being is operationalized as psychological functioning sufficiently stable to support sustained attention, emotional regulation, recovery, adaptive interpretation, and purposeful action. This definition intentionally avoids equating well-being with happiness, optimism, or low effort. It recognizes that entrepreneurship can remain stressful while founders maintain strong psychological resources. Baron and colleagues' findings concerning psychological capital and perceived stress support the importance of examining this differentiated relationship.

2.2 To Examine Decision Quality Under Entrepreneurial Uncertainty

The second objective is to investigate how different levels of founder well-being may theoretically correspond with cognitive clarity, uncertainty tolerance, opportunity evaluation, and venture decision quality. Entrepreneurial uncertainty creates a distinctive decision problem because founders cannot always calculate reliable probabilities or compare alternatives using complete information. Townsend and colleagues distinguish uncertainty-related knowledge problems from situations involving more conventional risk, illustrating why entrepreneurial action requires judgment beyond routine optimization. The study therefore evaluates decision quality in terms of process quality rather than outcome luck.

A high-quality decision is defined as one that interprets available evidence coherently, distinguishes assumptions from facts, remains proportionate to downside exposure, accommodates revision, and selects a reasoning logic appropriate to the degree of uncertainty. A favorable outcome produced by reckless reasoning would not automatically constitute a high-quality decision under this definition.

2.3 To Develop an Integrated Well-Being–Decision Framework for Future Validation

The third objective is to develop a framework capable of supporting empirical research across different venture contexts. The model brings together founder well-being stability, stress load, cognitive clarity, adaptive uncertainty tolerance, opportunity evaluation, and decision quality. It also recognizes that

decision logic may shift between causation and effectuation rather than remaining fixed throughout venture development.

Maine, Soh, and Dos Santos found in their study of biotechnology entrepreneurs that founders could move between effectual and causal modes as circumstances and constraints evolved. This provides an important foundation for the present framework because well-being may matter partly through a founder's capacity to recognize when an existing decision logic has become inappropriate and to shift toward a different reasoning mode.

3. Review of Literature

3.1 Entrepreneurial Well-Being, Stress, and Psychological Functioning

Entrepreneurship research increasingly recognizes that venture creation is simultaneously an economic process and a human experience. Wiklund and colleagues identify entrepreneurial well-being as a multidimensional phenomenon involving satisfaction, affect, and psychological functioning connected specifically with entrepreneurial activity. Shir, Nikolaev, and Wincent add a self-determination perspective by examining autonomy, competence, and relatedness as mechanisms connecting entrepreneurship with well-being. These perspectives challenge a narrow assumption that founder welfare can be inferred directly from revenue, funding, growth, or venture survival.

Entrepreneurial work can nevertheless generate conditions associated with strain. Kollmann, Stöckmann, and Kensbock show that entrepreneurial stressors can affect work–home interference and insomnia, with differences between experienced and novice entrepreneurs. Wolfe and Patel likewise examine the relationship between self-employed work conditions and stress, emphasizing that independent work combines potentially beneficial autonomy with demanding working conditions. These findings are important for decision-quality research because insufficient recovery and sustained stress exposure may occur precisely when founders remain responsible for consequential strategic choices.

However, entrepreneurship should not be characterized as inherently psychologically damaging. Baron, Franklin, and Hmieleski found that founders in their study reported comparatively low stress and connected this result partly with psychological capital. Marshall, Meek, Swab, and Markin later linked entrepreneurial well-being with access to resources through a self-efficacy perspective, showing that entrepreneurial well-being is embedded in resource conditions as well as personal characteristics. The literature therefore supports a contingent model in which the effects of entrepreneurship depend upon both demands and available psychological, social, and material resources.

3.2 Entrepreneurial Decision Making Under Uncertainty

Entrepreneurial decision making is difficult partly because founders frequently confront uncertainty that cannot be reduced to calculable risk. Sarasvathy's effectuation framework provides one of the most influential explanations of action under such conditions. Causation begins with a selected effect and seeks the means to achieve it, whereas effectuation begins with available means and allows goals to emerge through action and stakeholder commitments. The value of this distinction is particularly strong where market structures, technologies, customer responses, or business models have not yet stabilized.

Maine, Soh, and Dos Santos demonstrate that entrepreneurial decision modes need not be mutually exclusive across time. Their biotechnology cases show movement among effectual, causal, and



combined decision processes depending upon uncertainty and external constraints. This finding implies that decision quality may depend less on adherence to one preferred logic than on correctly diagnosing the decision environment and adapting the reasoning process accordingly.

Townsend and colleagues develop this point further by examining how different uncertainty conditions generate different entrepreneurial knowledge problems. Under this view, high-quality entrepreneurial judgment requires epistemic discipline: founders must recognize what is known, what can reasonably be estimated, what remains fundamentally uncertain, and what can be learned only through action. Psychological functioning may become important because this diagnostic work requires attention, tolerance of ambiguity, willingness to revise beliefs, and resistance to emotionally driven simplification.

3.3 Affect, Recovery, and the Cognitive Quality of Entrepreneurial Action

Founder affect deserves particular attention because entrepreneurial work combines personal identity, financial exposure, social evaluation, and uncertain feedback. Baron, Hmieleski, and Henry argue that entrepreneurs' dispositional positive affect may create meaningful benefits but also potential costs when positive affect becomes very high. An excessively positive state may reduce critical scrutiny or contribute to overconfidence, while persistent negative affect may narrow attention and increase defensive responses. Decision-supportive well-being should therefore involve emotional regulation rather than maximal positivity.

Sleep and recovery provide another link between well-being and cognitive functioning. Kollmann and colleagues found that entrepreneurial stressors were related to work-home interference and insomnia, reinforcing the importance of recovery within entrepreneurial well-being. For founders, recovery deficits are particularly consequential because the individual experiencing strain may simultaneously serve as the primary strategic decision maker, resource allocator, recruiter, negotiator, and external representative of the venture.

The literature nevertheless leaves an important gap. Existing studies provide increasingly sophisticated accounts of entrepreneurial well-being, stress, uncertainty, affect, and decision logic, but these streams are not always integrated into a direct framework of founder well-being and venture decision quality. The present study addresses this gap by treating well-being stability as a potential cognitive-enabling condition rather than simply as a post hoc consequence of entrepreneurial success or failure.

4. Research Methodology

4.1 Research Design and Analytical Scope

The study adopts a simulation-based explanatory research design. No actual founder survey responses, investment decisions, venture records, clinical or health information, financial data, or personally identifiable information were supplied. Consequently, the numerical values reported in this article are synthetic scenario values constructed solely to illustrate theoretically grounded relationships. They must not be interpreted as estimates obtained from a population of real founders.

Five Founder Well-Being Stability conditions were constructed at index levels of 20, 40, 60, 80, and 100. These conditions do not represent medical assessments or diagnostic categories. Instead, they

describe increasing stability in psychological functioning, recovery capacity, emotional regulation, and perceived ability to remain cognitively engaged with uncertain venture problems.

4.2 Construct Operationalization

Six analytical dimensions were incorporated into the framework. Founder Well-Being Stability represents the principal scenario condition. Stress Load represents the cumulative psychological burden associated with uncertainty, workload, financial exposure, and repeated responsibility. Cognitive Clarity reflects the ability to distinguish signals from noise, maintain attention, and compare alternatives without excessive cognitive disruption.

Adaptive Uncertainty Tolerance refers to the capacity to remain functional when probabilities are incomplete or unavailable without either demanding false certainty or becoming indiscriminately risk-seeking. Opportunity-Evaluation Quality represents the disciplined interpretation of opportunity attractiveness, assumptions, downside exposure, and evidence. Venture Decision Quality represents the integrated quality of the final decision process rather than subsequent venture performance.

Table 1: Operationalization of the Founder Well-Being and Decision Framework

Construct	Operational Meaning	Measurement	Expected Direction
Founder Well-Being Stability	Stability of psychological functioning, recovery, affect regulation, and perceived capacity to remain engaged	Index 0–100	Independent condition
Stress Load	Accumulated psychological demand associated with workload, uncertainty, resource exposure, and responsibility	Index 0–100	Decrease
Cognitive Clarity	Ability to maintain attention, separate assumptions from evidence, and compare alternatives coherently	Index 0–100	Increase
Adaptive Uncertainty Tolerance	Capacity to operate constructively without false certainty or uncontrolled risk seeking	Index 0–100	Increase
Opportunity-Evaluation Quality	Quality of evidence interpretation, assumption testing, downside assessment, and opportunity comparison	Index 0–100	Increase



Source: Author-developed simulation framework informed by entrepreneurial well-being, entrepreneurial stress, uncertainty, and decision-logic research. The theoretical foundations are consistent with work by Wiklund and colleagues, Sarasvathy, Townsend and colleagues, and Maine and colleagues.

4.3 Scenario Development and Evaluation Logic

Synthetic values were assigned across the five well-being conditions using theoretically consistent but non-identical progressions. At the lowest condition, stress load is high and cognitive clarity, uncertainty tolerance, and opportunity evaluation are comparatively constrained. Intermediate conditions progressively improve psychological stability and reduce overload. The highest condition represents strong but not necessarily euphoric founder functioning.

The simulation intentionally avoids inferential statistical testing. P-values, confidence intervals, regression significance, and population-generalization claims would be inappropriate because the scenario values were constructed rather than observed. The framework instead evaluates directional coherence and theoretical plausibility. It also explicitly avoids assuming that extreme positive emotion is optimal; Baron and colleagues' research on the possible costs of very high positive affect illustrates why well-being should be distinguished from uninterrupted positive mood.

5. Analysis

5.1 Founder Well-Being and Cognitive Decision Conditions

50. Venture Decision Quality is

At the highest simulated condition, Stress Load falls to 31, Cognitive Clarity reaches 89, Adaptive Uncertainty Tolerance reaches 87, Opportunity-Evaluation Quality reaches 90, and Venture Decision Quality reaches 89. The model therefore represents founder well-being as supporting the cognitive infrastructure of decision making rather than removing uncertainty itself.

Table 2: Simulated Founder Well-Being and Venture Decision Outcomes

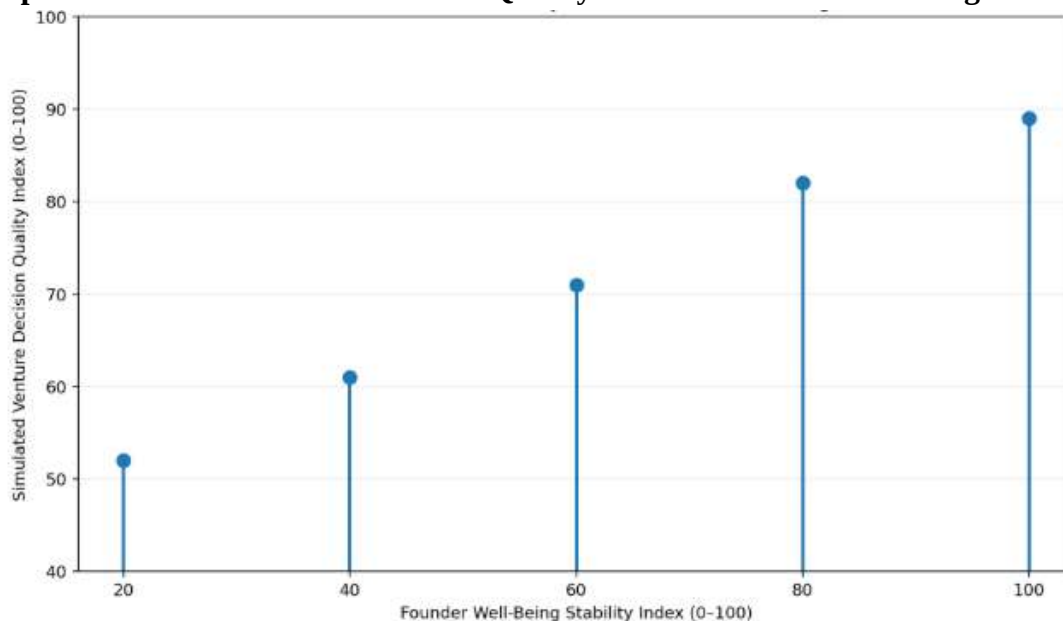
Founder Well-Being Stability	Stress Load	Cognitive Clarity	Adaptive Uncertainty Tolerance	Opportunity-Evaluation Quality	Venture Decision Quality
20	78	49	46	50	52
40	68	59	58	60	61
60	56	70	69	71	71
80	43	82	80	83	82
100	31	89	87	90	89

Note: All values are synthetic 0–100 indices developed for theoretical and methodological demonstration. They are not measurements of real founders.

5.2 Venture Decision Quality Across Well-Being Conditions

The graphical analysis shows the Venture Decision Quality Index increasing across the five simulated founder well-being conditions. Decision quality rises from 52 at the lowest stability condition to 61, 71, 82, and ultimately 89 as well-being stability increases.

Graph 1: Simulated Venture Decision Quality Across Founder Well-Being Conditions



The difference between the lowest and highest conditions is 37 index points, representing an illustrative increase of approximately 71.2% relative to the initial decision-quality value. This figure must not be interpreted as an empirical effect size. Its purpose is to show the internal logic of the framework: increasingly stable founder functioning is associated with stronger simulated attention, uncertainty tolerance, and opportunity evaluation, which collectively improve the quality of the decision process.

The result is theoretically consistent with a decision environment in which founders must repeatedly update their views. Maine and colleagues show that entrepreneurs operating under substantial technological and market uncertainty may shift among decision logics as environmental constraints change. Such shifts require cognitive and behavioral flexibility, suggesting that founder functioning may matter most when the correct response is not simply greater persistence but the capacity to revise the logic governing action.

5.3 Stress Load, Uncertainty Tolerance, and Opportunity Evaluation

The inverse pattern between Stress Load and Decision Quality is a central feature of the simulation. Stress Load falls from 78 to 31 while Decision Quality rises from 52 to 89. The model does not assume that all stress is harmful. Entrepreneurial challenges can provide stimulation, urgency, and motivation,



and available research does not support treating entrepreneurs as uniformly overwhelmed by stress. Baron and colleagues, for example, found comparatively low perceived stress among founding entrepreneurs in their study and identified psychological capital as an important explanatory factor.

The relevant distinction is therefore between mobilizing challenge and destabilizing overload. A moderate challenge can focus attention, whereas persistent overload may reduce the founder's capacity to evaluate contradictory evidence or tolerate unresolved uncertainty. Entrepreneurial stressors can also interfere with recovery and sleep, potentially extending strain beyond the immediate decision episode.

Opportunity-Evaluation Quality rises from 50 to 90 across the scenarios.

This result represents the theoretical proposition that well-functioning founders may be better able to separate attractive narratives from credible evidence, assess affordable downside exposure, and test assumptions progressively. It does not imply excessive caution. Under genuine uncertainty, effectual experimentation may itself constitute a high-quality decision when predictive analysis cannot generate reliable forecasts. Sarasvathy's effectuation framework and the subsequent decision research of Maine and colleagues support such context-dependent reasoning.

6. Discussion

6.1 Founder Well-Being as Strategic Decision Infrastructure

The first major implication is that founder well-being should be treated as part of venture decision infrastructure rather than solely as a personal consequence of entrepreneurial work. Ventures frequently depend disproportionately on founders for strategic prioritization, external negotiation, resource commitment, product direction, hiring, and stakeholder interpretation. When the founder's psychological functioning deteriorates, the consequences may therefore extend from individual welfare into organizational decision processes.

This argument complements, rather than replaces, existing entrepreneurial well-being research. Wiklund and colleagues explicitly encourage entrepreneurship scholarship to take well-being seriously as an important outcome in its own right. The present study adds that founder welfare may also have instrumental implications because cognition, affect regulation, and recovery are embedded in the person making the venture's most consequential decisions. Such an interpretation creates a reciprocal relationship: venture conditions influence founder well-being, and founder well-being may subsequently influence venture decisions.

This perspective also changes how founder productivity should be interpreted. Extremely long working hours can appear as commitment, yet decision-intensive entrepreneurial work may not benefit from maximizing time spent continuously engaged with the venture. Research connecting entrepreneurial stressors with insomnia and work-home interference suggests that recovery deserves consideration within entrepreneurial functioning. A strategically important question is therefore not merely how much effort the founder supplies but whether that effort remains cognitively sustainable.

6.2 Decision Discipline Under Uncertainty

The second implication concerns the distinction between uncertainty tolerance and indiscriminate optimism. Founders need sufficient confidence to act without complete information, but high-quality entrepreneurial decisions also require recognition of ignorance. Townsend and colleagues emphasize the

importance of uncertainty and entrepreneurial knowledge problems, while Sarasvathy's effectuation framework shows that founders can respond by focusing on controllable actions rather than assuming that uncertain futures can always be predicted.

Well-being may strengthen this decision discipline by reducing the psychological need for premature certainty. A founder experiencing high overload may become excessively risk-averse, postpone necessary decisions, or seek overconfident narratives that simplify an ambiguous situation. A more stable founder may be better able to say that a key assumption remains unknown and design a limited experiment rather than forcing an unsupported prediction.

However, the reverse risk also deserves attention. Positive founder affect should not automatically be equated with superior decision quality. Baron, Hmieleski, and Henry explicitly discuss potential benefits and costs associated with entrepreneurs' dispositional positive affect. Founder well-being therefore supports decision quality when it produces balanced psychological functioning, not when confidence becomes detached from evidence. Effective venture governance should preserve mechanisms for challenge, dissent, data review, and independent feedback even when founders feel highly optimistic.

6.3 Implications for Venture Governance and Founder Support

The third implication is organizational. Founder well-being is often framed as an individual responsibility requiring better personal habits, but entrepreneurial demands are partly created by venture structures. Access to resources has been linked with entrepreneurial well-being through self-efficacy mechanisms, indicating that well-being is affected by the environment surrounding the entrepreneur rather than personality alone. Investors, boards, co-founders, accelerators, and senior teams can therefore influence decision-supportive conditions through role distribution, resource access, governance quality, and realistic expectations.

One practical implication is the need to reduce single-founder cognitive concentration. When every strategic, financial, technical, and personnel decision requires one founder's continuous involvement, both decision quality and founder recovery become structurally vulnerable. Delegated decision rights, capable co-founders, experienced senior employees, advisory relationships, and scheduled review processes can distribute cognitive load without weakening founder accountability. Founder support should also avoid treating well-being interventions as substitutes for organizational correction. Recovery practices may help, but they cannot fully compensate for structurally impossible workloads, persistent financial ambiguity, unclear partner roles, or continuous decision escalation. Venture governance should therefore combine founder-level recovery with decision architecture that distinguishes reversible from irreversible decisions, clarifies escalation thresholds, documents major assumptions, and makes space for deliberate reflection before exceptionally consequential commitments.

7. Conclusion

Founder decision making occurs under conditions where uncertainty is not an occasional disturbance but a defining characteristic of entrepreneurial action. Venture founders must routinely choose without complete information while simultaneously managing financial exposure, stakeholder expectations, operational complexity, and personal responsibility. This study has argued that founder well-being



should be integrated into the analysis of these decisions because the quality of entrepreneurial judgment depends partly upon the psychological condition of the person interpreting uncertainty.

The simulation presents a theoretically coherent pattern in which Venture Decision Quality increases from 52 to 89 as Founder Well-Being Stability increases across five analytical conditions. Cognitive Clarity, Adaptive Uncertainty Tolerance, and Opportunity-Evaluation Quality also improve, while Stress Load declines from 78 to 31. These numerical results are entirely synthetic. They are not estimates of causal effects among real founders and should not be represented as field evidence.

The central contribution is therefore conceptual rather than statistical. Founder well-being is proposed as decision-supportive psychological infrastructure. Stable functioning may help founders maintain attention, distinguish uncertainty from calculable risk, regulate emotional reactions, reconsider assumptions, and select among causal, effectual, or blended decision approaches according to the decision environment. At the same time, the study rejects the assumption that maximum positive emotion or minimum stress is necessarily optimal. Entrepreneurship inevitably involves challenge, and high-quality decision making requires disciplined skepticism as well as psychological energy.

Future empirical research should test these relationships using longitudinal designs that connect repeated founder well-being measures with identifiable venture decision episodes. Researchers could examine whether sleep and recovery, psychological capital, affective stability, perceived stress, or access to resources predict changes in opportunity evaluation and strategic decision quality over time. Multi-source designs involving founders, co-founders, investors, and senior employees would help reduce common-method bias. Particular attention should also be given to reverse causality because poor venture decisions may reduce founder well-being just as reduced well-being may affect subsequent decisions. Such research would enable founder well-being to be understood not merely as a private personal issue but as an important component of responsible and sustainable venture governance.

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