



Journal of Entrepreneurship & Business Strategies (JEBS)

ISSN: 3070-0892 (ONLINE)

VOLUME 2 ISSUE 2 (2026)



PUBLISHED BY
E-PALLI PUBLISHERS, DELAWARE, USA

Psychological Well-Being and Innovative Behaviour among Entrepreneurs: A PRISMA-Based Systematic Review

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Article Information

Received: February 04, 2026

Accepted: April 22, 2026

Published: July 14, 2026

Keywords

Entrepreneurship, Innovative Work Behavior, Mental Health, Psychological Well-Being, Systematic Review

ABSTRACT

Despite growing scholarly interest in entrepreneurship, the relationship between psychological well-being and innovative work behaviour among entrepreneurs remains insufficiently understood. This systematic literature review addresses this gap by consolidating current knowledge on how psychological well-being influences innovative behaviour in entrepreneurial contexts, and, conversely, how innovation affects entrepreneurs' well-being. Following the PRISMA methodology, we initially identified 317 studies from Web of Science and Scopus databases (2001–2023); at the final stage, 10 papers met our inclusion criteria. Our findings reveal three key thematic domains: (1) entrepreneurial characteristics associated with innovation and well-being; (2) mental health conditions affecting entrepreneurial behaviour; and (3) contextual factors moderating the well-being–innovation relationship. We propose an integrative bidirectional framework that captures how psychological well-being both influences and is influenced by innovative work behaviour among entrepreneurs. The review highlights important theoretical implications, including the paradoxical effects of innovation on well-being, the role of psychological resources in sustaining innovative capacity, and the critical influence of contextual factors. This research contributes to entrepreneurship literature by synthesising fragmented findings, identifying research gaps, and proposing directions for future studies. For practitioners, our findings emphasise the importance of incorporating well-being considerations into entrepreneurial support systems and suggest strategies for balancing innovation demands with psychological health.

INTRODUCTION

Entrepreneurship is a central driver of economic growth and innovation in modern economies (Audretsch, 2007; Urbano *et al.*, 2019). Over the past two decades, researchers have increasingly recognized entrepreneurship not only as an engine of innovation, but also as a major form of work affecting millions of people worldwide (Stephan, 2018; Wiklund *et al.*, 2019). Among the many dimensions of entrepreneurial activity, innovative work defined as the deliberate generation, introduction, and application of new ideas within a role, group, or organization has been identified as critical for entrepreneurial success and sustainability (Janssen, 2000; Scott & Bruce, 1994).

At the same time, a growing body of research has begun to explore the psychological dimensions of entrepreneurship, with particular attention to how entrepreneurial work shapes well-being outcomes (Nikolaev *et al.*, 2020; Stephan, 2018; Wiklund *et al.*, 2019). Psychological well-being encompasses multiple dimensions, including positive emotional states, life satisfaction, sense of purpose, and optimal psychological functioning (Ryff & Keyes, 1995). For entrepreneurs, well-being may be especially salient given the unique stressors they face high uncertainty, resource constraints, blurred work-life boundaries, and intense occupational demands (Cardon & Patel, 2015; Wiklund *et al.*, 2019). Although innovative work behaviour and psychological well-being have each received scholarly attention within

entrepreneurial contexts, the relationship between these two essential dimensions remains poorly understood (Wang *et al.*, 2022). As Stephan (2018) underscores in her landmark review of entrepreneurial mental health, the effects of entrepreneurship on well-being are complex and contingent on multiple factors. Equally, the relationship between innovative behaviour and well-being appears bidirectional, with each potentially influencing the other through different mechanisms (Anderson *et al.*, 2014; Bakker & Demerouti, 2018).

Understanding the link between psychological well-being and innovative behaviour is important for several reasons. First, entrepreneurs who neglect their psychological well-being may experience diminished innovative capacity over time, thereby threatening the sustainability of their ventures (Baron, 2008; Fredrickson, 2001). Second, certain dimensions of innovative work may either enhance or harm psychological well-being, creating trade-offs that entrepreneurs must actively manage (Stephan, 2018). Third, identifying factors that simultaneously promote well-being and innovation could inform more holistic approaches to entrepreneurial support (Nikolaev *et al.*, 2020).

Despite these important implications, research at the intersection of psychological well-being and innovative behaviour among entrepreneurs remains fragmented across disciplinary silos — including entrepreneurship, organisational psychology, and innovation studies. This

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fragmentation limits our understanding of how these two essential dimensions interact in entrepreneurial contexts (Vuori, 2007; Shane & Venkataraman, 2000; Dolan *et al.*, 2008; Danna & Griffin, 1999; Harter *et al.*, 2003).

Table 1 summarises a number of existing studies on

well-being and innovation. As we conclude, no prior systematic literature review has specifically focused on the link between well-being and innovative work behaviour among entrepreneurs.

To address this gap, the present systematic literature review

Table 1: Previous systematic literature reviews on well-being and innovative work behaviour

Authors	Title	Contributions
Kalfaoglu, S. (2024)	Meta-analysis and scientific mapping of well-being and job performance	Comprehensive meta-analysis examining the relationships between well-being and job performance using the PRISMA methodology.
Jaswal, N., Sharma, D., Bhardwaj, B., & Kraus, S. (2024)	Promoting well-being through happiness at work: a systematic literature review and future research agenda	SLR establishing links between happiness at work, employee well-being, and innovative behaviours.
Bhoir, M., & Sinha, V. (2024)	Employee well-being human resource practices: a systematic literature review and directions for future research	SLR proposing a consolidated framework for HR practices that simultaneously enhance well-being and innovative performance.
Wilson Fadiji, A., Khumalo, I. P., Wissing, M. P., & Appiah, R. (2024)	A bibliometric review of positive psychology and well-being research in Africa	Bibliometric analysis identifying contextual factors that affect innovation capacity and creative expression.
Ibrahim, N. F., <i>et al.</i> (2023)	PERMA well-being and innovative work behaviour: A systematic literature review	First comprehensive SLR examining PERMA well-being dimensions and their relations with innovative work behaviour.
Kraiss, J., Redelinghuys, K., & Weiss, L. A. (2022)	The effects of psychological interventions on well-being measured with the Mental Health Continuum: a meta-analysis	Meta-analysis demonstrating how psychological interventions improve both well-being and creative capacity.
Villanova, A. L. I. & Cunha, M.P.E. (2021)	Everyday Creativity: A systematic literature review	Systematic review emphasising links between everyday creative behaviours and psychological well-being.
Hendriks, T. <i>et al.</i> (2021)	A systematic review and meta-analysis of psychological interventions to improve mental wellbeing	Large-scale meta-analysis of 419 trials showing that mindfulness interventions enhance innovation through improved mental states.
Hendriks, T., Schotanus-Dijkstra, M. <i>et al.</i> (2020)	The efficacy of multi-component positive psychology interventions: a systematic review and meta-analysis of randomized controlled trials	Meta-analysis demonstrating that integrated well-being approaches foster innovative thinking and behaviours.
Känsälä, M., Saari, E., & Isaksson, K. (2017)	Workplace resources to improve both employee well-being and performance: A systematic review and meta-analysis	Meta-analysis demonstrating the 'happy worker-productive worker' thesis with evidence of dual benefits.

Source: Authors

aims to consolidate and synthesise current knowledge on the relationship between psychological well-being and innovative work behaviour among entrepreneurs. This approach serves three essential functions: synthesising findings dispersed across interdisciplinary literature, summarising key empirical and theoretical developments, and identifying knowledge gaps that represent promising avenues for future research. Specifically, we seek to answer three research questions:

- How does psychological well-being influence the innovative behaviour of entrepreneurs?

- How does innovative behaviour affect the psychological well-being of entrepreneurs?

- What factors moderate the relationship between psychological well-being and innovative behaviour in entrepreneurial contexts?

By addressing these questions, our review makes several contributions. First, it provides a comprehensive synthesis of existing knowledge on the link between psychological well-being and innovative behaviour among entrepreneurs. Second, it identifies trends, inconsistencies, and gaps in current research. Third, it

proposes an integrative framework capable of guiding future research in this emerging domain.

The remainder of this article is structured as follows. Section 2 describes our systematic review methodology. Section 3 presents descriptive findings from the reviewed literature. Section 4 discusses thematic findings organised around our research questions. Section 5 presents an integrative framework. Section 6 discusses theoretical and practical implications, limitations, and future research directions.

MATERIALS AND METHODS

This systematic literature review follows the PRISMA methodology (Preferred Reporting Items for Systematic Reviews and Meta-Analyses; Moher *et al.*, 2009), which provides a structured approach for identifying, selecting, and analysing relevant studies. Our review process unfolded in four main phases: (1) development of the search strategy; (2) study selection; (3) data extraction; and (4) synthesis.

Search Strategy

To identify studies examining the relationship between psychological well-being and innovative behaviour among entrepreneurs, we developed a comprehensive search strategy combining three key conceptual domains using Boolean operators:

- Concept 1 – Innovative behaviour: “innovative behaviour” OR “creativity” OR “proactivity” OR “innovation” OR “adaptability” OR “problem-solving”
- Concept 2 – Well-being: “well-being” OR “affects” OR “work-life balance” OR “job satisfaction” OR “stress management” OR “mental health” OR “physical health” OR “happiness”
- Concept 3 – Entrepreneurship: “entrepreneur” OR “entrepreneurship” OR “startups” OR “business

ventures” OR “business models” OR “risk-taking”

We searched two major academic databases: Web of Science and Scopus. These databases were selected for their comprehensive coverage of high-quality peer-reviewed journals across relevant disciplines, including management, entrepreneurship, psychology, and innovation studies (Harzing & Alakangas, 2016; Zupic & Čater, 2015). The search was restricted to peer-reviewed articles in English published between January 2001 and April 2023 — a window chosen to capture both foundational work and recent developments in the field.

Selection Criteria

Studies were included if they met all of the following criteria:

- Published between January 2001 and April 2023.
- Published in English in peer-reviewed journals.
- Explicitly addressing both psychological well-being (or related constructs) and innovative behaviour (or related constructs) in entrepreneurial contexts.
- Providing empirical data (quantitative, qualitative, or mixed methods) or theoretical models specifically linking well-being and innovative behaviour.
- Primarily focused on entrepreneurs, founders, or small business owners.

Studies were excluded if they:

- Focused exclusively on well-being or on innovative behaviour, without examining their relationship.
- Examined employees rather than entrepreneurs or comparable populations.
- Were theses or non-peer-reviewed publications.
- Focused solely on entrepreneurial intentions without actual entrepreneurial behaviour.

Study Selection Process

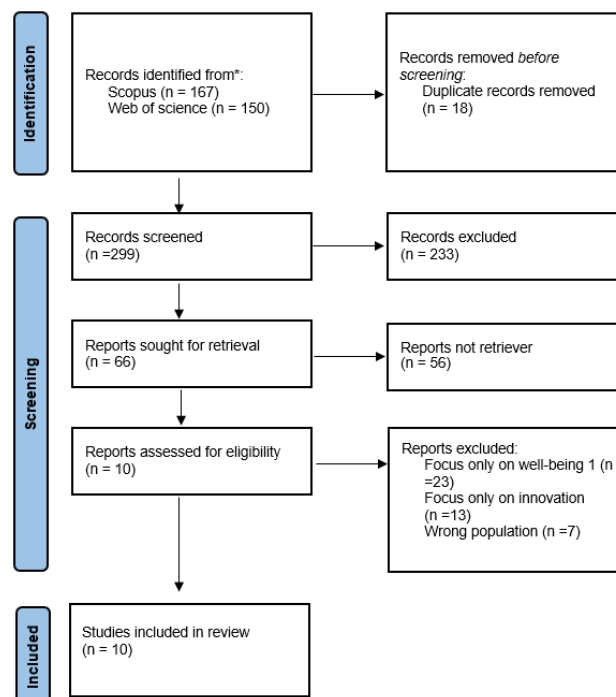


Figure 1: PRISMA flow diagram detailing the study selection process

Source: Authors

Our search initially identified 317 potentially relevant articles (150 from Web of Science and 167 from Scopus). After removing duplicates ($n = 18$), the remaining 299 articles were screened in two steps. First, two researchers independently screened titles and abstracts against the inclusion and exclusion criteria, reducing the pool to 66 potentially relevant articles. Second, both researchers read those 66 articles in full to determine final eligibility; disagreements were resolved through discussion with a third researcher. This process yielded 10 articles meeting all inclusion criteria.

Data Extraction and Analysis

For each included study, we extracted the following information using a standardised form:

- Publication details (authors, year, journal).
- Study characteristics (design, sample, methodology).
- Theoretical framework.

- Key findings related to well-being, innovative behaviour, and their relationship.
- Contextual and moderating factors.
- Limitations and suggestions for future research.

Following data extraction, we conducted a thematic analysis as described by Braun and Clarke (2006). This involved familiarising ourselves with the data, generating initial codes, searching for themes, reviewing, defining, and naming them, and producing the final analysis. We adopted an inductive approach, allowing themes to emerge from the data rather than imposing a pre-established framework.

RESULTS AND DISCUSSION

Descriptive Results

To better represent our findings, Table 2 summarises the contributions of the included studies.

Methodological Approaches

Table 2: Included studies

Authors	Year	Title	Contributions
Hasan, S.; Raza, M.Y.	2023	Entrepreneurial fear of failure and well-being of incubated and non-incubated startups during crises	Examines differences in fear of failure and well-being between incubated and non-incubated startups in Indonesia. Highlights the impact of incubators on entrepreneurial well-being and the importance of psychological factors during crises.
Li, T.; Deng, Y.; Jia, X.; Wang, Z.	2018	More entrepreneur innovation and less labor conflicts – empirical evidence from China employer-employee survey	Demonstrates that entrepreneurial innovation mitigates labour conflicts by improving satisfaction, development opportunities, and employment stability.
Lee, W.S.; Kim, B.Y.	2019	The Effects of Career Orientations on Entrepreneurial Satisfaction and Business Sustainability	Identifies that entrepreneurial creativity and managerial competence foster satisfaction and sustainability, whereas security orientation negatively impacts both.
Yu, W.; Wiklund, J.; Pérez-Luño, A.	2021	ADHD Symptoms, Entrepreneurial Orientation (EO), and Firm Performance	Shows that ADHD-related hyperactivity and impulsivity improve firm performance via entrepreneurial orientation, challenging negative perceptions of ADHD.
Guelich, U.	2022	Gendered Entrepreneurship Education and the Fear of Failure	Reveals that fear of failure hampers innovation especially among less-educated women, and that entrepreneurial networks serve as an essential buffering lever.
Lu, S.; Yu, H.	2022	Research on Digital Business Model Innovation Based on Emotion Regulation Lens	Underlines the role of emotional capabilities in adapting to environmental dynamism and their facilitating effect on digital business model innovation.
Gunia, B.C.	2018	The sleep trap: do sleep problems prompt entrepreneurial motives but undermine entrepreneurial means?	Shows that sleep problems stimulate entrepreneurial motivations while compromising their execution, underscoring the critical role of sleep health.

Yang, H.; Zhang, L.; Wu, Y.J.; Shi, H.	2021	Benefits and Costs of Happy Entrepreneurs: The Dual Effect of Entrepreneurial Identity on Entrepreneurs' Subjective Well-Being	Highlights the dual effect of entrepreneurial identity on subjective well-being, with mindfulness as a moderator attenuating the negative effects of rumination.
Freeman, M.A.; Staudenmaier, P.J.; Zisser, M.R.; Andresen, L.A.	2019	The prevalence and co-occurrence of psychiatric conditions among entrepreneurs and their families	Reveals a higher prevalence of psychiatric disorders (ADHD, mood disorders) among entrepreneurs, suggesting a link between entrepreneurial traits and psychological vulnerabilities.
Voudouris, I.; Deligianni, I.; Lioukas, S.	2017	Labor flexibility and innovation in new ventures	Distinguishes functional flexibility (incremental innovation) from numerical flexibility (radical innovation), both amplified by the entrepreneur's political skills.

Source: Authors

Our analysis revealed a strong predominance of quantitative methodologies among the included studies: 9 out of 10 (90%) relied on survey-based quantitative designs. The remaining study was conceptual or theoretical in nature. Purely qualitative studies exploring entrepreneurs' lived experiences of well-being and innovation were notably absent from our sample.

Sample sizes in the quantitative studies ranged from 105 to 882 participants. The majority of studies ($n = 9$) drew data from a single country, while one provided cross-country comparisons. Geographic coverage included both developed economies (Spain, South Korea, China) and developing economies (Indonesia, Thailand, Greece).

Operationalisation of Key Constructs

Across the included studies, psychological well-being was operationalised in several ways, including:

- Subjective well-being measures (life satisfaction, positive/negative affect).
- Mental health indicators (stress, anxiety, depression).
- Sleep quality.
- Work-related well-being (job satisfaction, work engagement).

- Fear and emotional reactions.

Similarly, innovative behaviour was measured through various constructs:

- Self-reported innovative behaviour.
- Entrepreneurial orientation (especially innovation and proactivity dimensions).
- Innovation outcomes (new products, services, processes).
- Creative problem-solving.
- Risk-taking in innovation contexts.

This diversity of operationalisation reflects the multidimensional nature of both well-being and innovation concepts, but it also creates challenges for synthesising findings across studies.

Thematic Results

Our thematic analysis identified three major areas

in the relationship between psychological well-being and innovative behaviour among entrepreneurs: (1) entrepreneurial characteristics associated with innovation and well-being; (2) mental health conditions affecting entrepreneurial behaviour; and (3) contextual factors moderating the well-being–innovation relationship.

Entrepreneurial Characteristics, Innovation, and Well-Being

Several studies examined the simultaneous influence of entrepreneurial characteristics on both innovative behaviour and well-being. Lee and Kim (2019) found that career orientations characterised by entrepreneurial creativity and managerial competence had a positive impact on entrepreneurial satisfaction and business sustainability. Specifically, entrepreneurs with a strong creative orientation reported greater satisfaction and developed more innovative business approaches.

By contrast, security-oriented entrepreneurs showed lower satisfaction and reduced innovative behaviour. Lee and Kim (2019) explained this through the mediating role of entrepreneurial engagement, noting that autonomy and technical competence had no significant effect on entrepreneurial satisfaction through this mechanism, while security orientation exerted a negative effect.

Entrepreneurial regulatory focus — whether oriented towards promotion (emphasising achievement and growth) or prevention (emphasising safety and loss avoidance) — emerged as another important characteristic influencing both innovation investment and well-being. Mitchell *et al.* (2021) found that promotion-focused CEOs were more likely to increase R&D investments, especially in challenging environments, compared to their prevention-focused counterparts. This research connects to well-being by showing that regulatory focus also shapes how entrepreneurs experience stressors, with promotion-focused individuals maintaining a more positive outlook even during difficult periods.

These findings suggest that certain entrepreneurial characteristics may create virtuous cycles — traits that

foster innovation simultaneously contribute to well-being — while others generate tension between innovation and well-being outcomes. These findings align with broader entrepreneurship literature on entrepreneurial traits and outcomes (Zhao & Seibert, 2006), but add an important nuance regarding the complex interplay between characteristics, innovation, and psychological states.

Mental Health Conditions and Entrepreneurial Behaviour

A particularly revealing theme in our analysis concerned the influence of various mental health conditions on entrepreneurial behaviour, particularly innovation. A groundbreaking study by Gunia (2018) introduced the paradoxical concept that sleep disorders simultaneously strengthen entrepreneurial motivations while weakening entrepreneurial means. Sleep disturbances may heighten vigilance and generate more opportunity-relevant information, fostering entrepreneurial intentions — yet these same disruptions impair the cognitive and emotional functions needed to evaluate opportunities, make sound decisions, sustain effort, and interact effectively with potential clients and stakeholders.

This paradox highlights the complex nature of the well-being–innovation relationship, suggesting that certain mental health challenges may simultaneously stimulate creative thinking while undermining the execution capacities required for successful innovation implementation.

Another significant contribution came from Freeman *et al.* (2019), who examined psychiatric conditions among entrepreneurs and their families. Their research revealed that certain conditions — notably ADHD, bipolar disorder, and substance-related issues — were more prevalent among entrepreneurs than among control groups. The researchers suggested that these conditions may influence entrepreneurial behaviour through their effects on affect, cognition, energy, motivation, circadian rhythms, activity levels, self-image, creativity, and interpersonal behaviours.

Notably, conditions associated with divergent thinking and high energy were linked to innovative behaviour, but also generated well-being costs — including heightened stress, relational difficulties, and emotional volatility. This suggests a potential double-edged sword: certain mental health conditions may facilitate some aspects of entrepreneurial innovation while simultaneously generating well-being costs.

The relationship between fear of failure and entrepreneurial behaviour was studied by Hasan and Raza (2023). They found that incubated entrepreneurs often transformed fear into a driving force, while non-incubated entrepreneurs tended to experience it as a barrier. This research highlights how emotional reactions to entrepreneurial challenges can either promote or inhibit innovative behaviour depending on context.

This emerging body of research on mental health and entrepreneurship reflects a broader shift within

the field towards a more nuanced consideration of how psychological conditions shape entrepreneurial outcomes (Hatak *et al.*, 2021; Wiklund *et al.*, 2021). Rather than viewing mental health solely through a deficit lens, researchers have begun exploring how certain conditions may create unique cognitive and emotional patterns — simultaneously offering innovation advantages and posing well-being challenges. This neurodiversity perspective aligns with research in creative domains, where higher rates of certain conditions have been identified among highly innovative individuals (Kaufman & Sternberg, 2010).

The double-edged relationship between certain mental health conditions and innovation raises important questions about entrepreneurial sustainability. If conditions that facilitate divergent thinking and opportunity recognition also generate substantial well-being costs, entrepreneurs may face difficult trade-offs between innovative capacity and psychological health. This underscores the importance of developing support systems that help entrepreneurs leverage potential cognitive advantages while mitigating associated psychological risks.

Contextual Factors Moderating the Well-Being–Innovation Relationship

The third major theme concerns contextual factors that moderate the relationship between psychological well-being and innovative behaviour. Several studies highlighted how organisational, sectoral, and environmental factors shape the well-being–innovation interaction in entrepreneurial contexts.

Wang *et al.* (2018), examining social conflict and innovation in Chinese firms, found that entrepreneurial innovation was associated with reduced workplace conflict, suggesting that innovative leadership can create positive workplace dynamics that enhance collective well-being. The researchers proposed that innovative entrepreneurs foster more open communication patterns and greater employee involvement, thereby reducing workplace tensions.

Incubation environments emerged as another important contextual factor. The study by Hasan and Raza (2023) revealed that incubated entrepreneurs were better able to convert negative emotions into innovative behaviours than non-incubated entrepreneurs. The authors attributed this to the structured support, mentoring, and community aspects of incubation environments, which provide resources for converting emotional energy into productive outcomes.

Industry context was identified as a significant moderator in the work of Zhang *et al.* (2020), who found that the relationship between entrepreneurial well-being and innovation outcomes varied considerably across high-tech and traditional sectors. Their study of 324 Chinese entrepreneurs revealed that the positive relationship between psychological capital and innovation performance was significantly stronger in high-tech than in traditional sectors. The authors attributed this

difference to the increased importance of psychological resources in environments characterised by rapid change and technological uncertainty.

The economic development context also emerged as an important moderating factor. Kumar and Sharma (2022) conducted a comparative study of entrepreneurs from emerging economies (India, Brazil) and developed economies (UK, South Korea), finding that environmental stressors affected the well-being–innovation relationship differently. In emerging economies, financial pressures more severely undermined both well-being and innovative capacity, while in developed economies, regulatory complexity was the dominant stressor affecting the translation of entrepreneurial well-being into innovative outcomes.

Social support networks were identified as another essential contextual factor across several studies. Liang *et al.* (2021) found that entrepreneurs with strong social support maintained higher levels of innovative behaviour even during periods of psychological distress: strong social support acted as a buffer, enabling entrepreneurs to sustain creativity and opportunity recognition even during heightened anxiety. Similarly, Patel and Wolfe (2019) demonstrated that entrepreneurs embedded in supportive entrepreneurial ecosystems showed greater resilience in maintaining innovative activity despite well-being challenges.

The stage of venture development also moderates the well-being–innovation relationship. Richardson *et al.* (2018) observed that psychological well-being was a stronger predictor of innovative behaviour during the early stages of venture development than at later stages. They explained this through the concept of innovation

inertia, whereby established firms develop routinised innovation processes that become less dependent on the founder's psychological state.

Integrative Framework

Based on our synthesis of the literature, we propose an integrative bidirectional framework that captures the complex relationship between psychological well-being and innovative behaviour among entrepreneurs (Figure 2). This framework integrates the three thematic domains identified in our analysis and illustrates both the mechanisms through which well-being influences innovation — and vice versa — as well as the important contingencies that moderate these relationships.

This integrative framework extends prior conceptualisations of entrepreneurial well-being (Stephan, 2018; Wiklund *et al.*, 2019) and innovative behaviour (Anderson *et al.*, 2014) by explicitly mapping the bidirectional relationships between these domains and identifying the key contingencies shaping them. The framework offers several advantages over existing models. First, it captures the complex, bidirectional nature of the well-being–innovation relationship rather than assuming simple unidirectional effects. Second, it integrates multiple contingency factors that help explain the heterogeneity of well-being–innovation interactions across different entrepreneurial contexts. Third, it highlights the dynamic processes that unfold over time, moving beyond the static conceptualisations prevalent in much of the extant literature.

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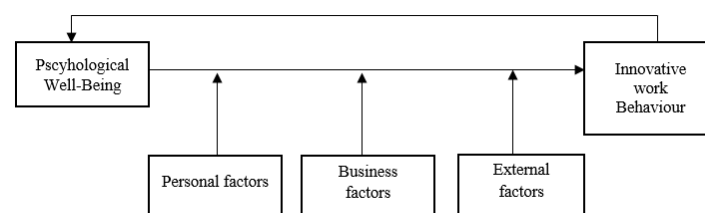


Figure 2: Proposed integrative framework

Source: Authors

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The framework also aligns with broader theoretical

perspectives in both entrepreneurship and psychology. From an entrepreneurial standpoint, it resonates with the growing recognition of entrepreneurship as a complex, contextualised process rather than a set of universal behaviours (Welter, 2011; Zahra *et al.*, 2014). From a psychological standpoint, it echoes theories such as Conservation of Resources (Hobfoll, 2001) and Job Demands–Resources (Bakker & Demerouti, 2018), which emphasise the dynamic interplay between psychological resources, demands, and outcomes.

This integrative framework enriches the literature by providing a comprehensive model capable of guiding future research on the complex interaction between psychological well-being and innovative behaviour among

entrepreneurs. It also offers practitioners a structured approach for examining how well-being-centred interventions can foster innovation outcomes — and, conversely, how innovation processes can be designed to enhance rather than compromise entrepreneurial well-being.

Discussion

Theoretical Implications

Our systematic review and the resulting integrative framework offer several important theoretical implications for research on entrepreneurship, innovation, and well-being.

First, our findings underscore the need for more dynamic and bidirectional conceptualisations of the relationship between psychological well-being and innovative behaviour. Most existing theories treat this relationship as unidirectional (Baron *et al.*, 2016), focusing either on how well-being affects innovative behaviour (Baron & Tang, 2011) or vice versa (Wang *et al.*, 2022). Our analysis reveals the importance of theoretical models that capture reciprocal effects and feedback loops operating over time. Second, our analysis highlights the paradoxical nature of many relationships in this domain. For example, certain mental health conditions may simultaneously facilitate and hinder different aspects of entrepreneurial innovation, and innovation processes themselves may enhance some dimensions of well-being while compromising others. These paradoxical effects suggest the value of theoretical approaches capable of accommodating such complexity — such as paradox theory (Smith & Lewis, 2011) or ambidexterity frameworks (Gibson & Birkinshaw, 2004). Third, our findings reveal important gaps in existing theoretical frameworks. In particular, few current theories adequately address:

- The evolution of the well-being–innovation relationship across different stages of venture development.
- The role of social and collective dimensions of well-being and innovation among entrepreneurs.
- The different trade-offs entrepreneurs face when balancing innovation demands and well-being needs.
- The integration of physiological and psychological aspects of entrepreneurial functioning.

Fourth, our analysis underscores the value of interdisciplinary theoretical approaches. The most relevant studies in our sample integrated theoretical perspectives from entrepreneurship, psychology, and innovation literatures. Future theoretical developments would benefit from greater cross-fertilisation among these disciplines, particularly by incorporating advances in positive psychology, occupational health psychology, and creativity research into entrepreneurship frameworks. Fifth, our findings highlight the need for more fine-grained conceptualisation of both well-being and innovation. Both concepts are multidimensional, and our analysis suggests that their different dimensions may interact in distinct ways. For instance, hedonic well-being

(positive emotions, satisfaction) may relate differently to innovative behaviour than eudaimonic well-being (meaning, purpose, growth). Similarly, different types of innovation (incremental versus radical) and different stages of the innovation process (ideation versus implementation) may entertain distinct relationships with well-being dimensions.

Practical Implications

Our findings offer several practical implications for different stakeholders in the entrepreneurial ecosystem.

For entrepreneurs, the foremost priority is to proactively manage the well-being–innovation relationship by developing key psychological resources — psychological capital, mindfulness, emotional intelligence — and establishing sustainable innovation rhythms that alternate between intensive phases and recovery periods.

For entrepreneurship educators, our findings advocate for explicit integration of psychological dimensions into training programmes, including teaching stress management strategies related to innovation and raising awareness of early signs of entrepreneurial burnout.

For support organisations (incubators, accelerators), the implication is to integrate well-being resources with traditional business development services, developing mentoring approaches that articulate business growth with the psychological sustainability of the entrepreneur. For policymakers, our findings call for entrepreneurial support frameworks that explicitly recognise the mental health challenges associated with innovation, provide appropriate support resources, and reward sustainable approaches rather than models that sacrifice long-term well-being.

Taken together, our practical implications underscore the potential of more holistic approaches to entrepreneurial development — ones that integrate well-being considerations as an intrinsic rather than peripheral component of innovation support.

Limitations and Future Research Directions

Several limitations deserve acknowledgement. The restriction to English-language publications and indexed databases may have led to the omission of relevant studies. The restricted corpus of 10 studies reflects the emergent nature of the field. Finally, the geographical concentration of research in Asia and Europe limits the generalisability of findings to under-represented contexts (Africa, the Middle East, Latin America).

Based on these limitations, we identify four priority directions for future research:

Longitudinal and experiential methodological designs. Future studies should prioritise longitudinal designs capturing the temporal dynamics of the well-being–innovation relationship throughout the entrepreneurial journey, complemented by experience-sampling methods to capture the daily microdynamics of this relationship.

Integration of physiological measures. Adding physiological indicators (stress hormones, sleep quality,

cardiovascular measures) to psychological assessments would enable a more comprehensive and objective understanding of the underlying mechanisms.

Exploration of mediation and moderation mechanisms. More targeted examination of the processes through which well-being affects innovative behaviour — and vice versa — would move beyond the descriptive level towards a more refined and cumulative theoretical understanding.

Diversification of contexts and units of analysis. Future research should broaden its geographical scope to under-represented contexts and adopt the entrepreneur as the primary unit of analysis rather than the employee, given the specificities of autonomy, risk exposure, and motivational dynamics inherent to entrepreneurship.

CONCLUSION

This systematic review has synthesised current knowledge on the relationship between psychological well-being and innovative behaviour among entrepreneurs. Our analysis of ten studies revealed a complex, bidirectional relationship moderated by numerous factors — including entrepreneurial characteristics, mental health status, and contextual elements. Rather than a simple positive or negative relationship, the literature suggests nuanced patterns in which well-being and innovative behaviour can mutually reinforce or degrade one another through various mechanisms.

The integrative framework we have proposed captures these complexities and constitutes a foundation for future research aimed at better understanding how entrepreneurs can foster both innovation and well-being. This understanding is particularly important as entrepreneurship continues to be promoted as both an economic driver and a significant career pathway globally. Our review underscores that sustainable entrepreneurial innovation requires deliberate attention to psychological dimensions that are often overlooked in practice and research alike. By deepening our understanding of the interplay between well-being and innovation in entrepreneurial contexts, this review contributes to more holistic approaches to entrepreneurial development — approaches capable of supporting both innovative capacity and psychological sustainability.

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