

Understanding business owners' challenge and hindrance appraisals

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Abstract

Purpose – The aim is to expand the challenge-hindrance framework and develop a coherent theoretical framework that explains individual differences in the way small business owners appraise their job demands. Literature has shown that dealing effectively with job demands leads to competitive advantage and depends on individual appraisals.

Design/methodology/approach – For this qualitative study, 20 in-depth interviews were analyzed using a partially grounded theory approach.

Findings – Open and axial coding revealed a broader range of demands than have hitherto been studied, related to actions rather than job characteristics. Selective coding confirmed expectations based on the Conservation of Resources Theory that appraisals of demands differ between business owners and change over time depending on role identities, and material, social, personal and energy resource levels, via the valence (identities) and degree of anticipated outcomes. Business owners appraised certain demands as challenging when they were co-occurring with other demands usually categorized as challenges, whereas these same demands were appraised as hindering when co-occurring with demands usually categorized as hindrances.

Research limitations/implications – The results imply that appraisals can be influenced by societal context, life events, processes of formal and informal learning, personal growth and aging. These topics would be interesting avenues for future research.

Originality/value – The results of this study challenge our understanding of job demands in general and current categorizations of job demands as challenges versus hindrances in specific, by providing an in-depth, contextualized and dynamic view of the appraisal of demands related to owning and running a business.

Keywords Small business owners, Challenge-hindrance framework, Job demands, Conservation of resources theory

Paper type Research paper

Introduction

Small and medium-sized enterprises (SMEs) are key drivers of national and local economies. Worldwide, SMEs provide over 50% of all employment opportunities and added value per business sector. Business owners form an important part of our workforce; almost 15% of the European workforce is currently self-employed, either with or without employees (OECD,



2019). Due to changing labor relations, this percentage is expected to grow. Stimulating business owners' performance therefore remains key. Research has shown that business owners can gain competitive advantage if they know how to deal effectively with entrepreneurial demands and related job strain (Dijkhuizen *et al.*, 2016). Negative affective responses to demands can impact on business owners' persistence (Foo *et al.*, 2009) and cognitive processes (Delgado García *et al.*, 2015), and job strain and poor mental and physical health have been identified as predictive of impaired business performance (Dijkhuizen *et al.*, 2017; Gorgievski *et al.*, 2010).

Building on well-known job design theories, such as the job demands-resources (JD-R) theory (Bakker and Demerouti, 2017), studies addressing this issue to date have investigated links between business owners' job characteristics and their motivation and well-being. Results have shown that running one's own business can be characterised by high job demands – including uncertainty about the future, performing under great pressure and long working hours (Binder and Coad, 2016; Cardon and Patel, 2015; Dijkhuizen *et al.*, 2014) and that negative consequences for well-being and performance are typically buffered by a dynamic interaction with resources, such as autonomy and decision latitude, time flexibility and job variety (Benz and Frey, 2004; Stephan and Roesler, 2010).

The way business owners appraise the demands of owning and running a business has not received much attention, which is an important caveat. Theory and empirical evidence indicate that people's appraisals of demands as challenging versus hindering may drive different motivational and health impairment processes at work (e.g., Wood and Michaelides, 2016). Stressors a-priori classified as challenge or hindrance stressors showed different relationships to job performance through the lenses of strain or justice perceptions (Zhang *et al.*, 2014). Moreover, so-called challenge demands only related to job performance if they were appraised as such (Searle and Auton, 2015). Thus, in order to advance research on entrepreneurial job design, stress and motivation, understanding business owners' appraisals of demands is key. Yet, current knowledge on this topic is fragmented (Webster *et al.*, 2011; Zhu *et al.*, 2017). Moreover, the available knowledge may not generalize to business owners. The growing body of literature on business owners' job characteristics has mainly used a deductive approach, building on insights obtained from employee samples (Gorgievski and Stephan, 2016; Stephan, 2018). Previous qualitative investigations of business owners' stressors and demands (Grant and Ferris, 2012; Schonfeld and Mazzola, 2015) did not investigate appraisals.

The present qualitative study sets out to increase our understanding of how small business owners appraise the demands related to owning and running a business. Building on advances in the understanding of stress appraisals, it expands the challenge-hindrance framework (Cavanaugh *et al.*, 2000), and develops a coherent theoretical framework explaining individual differences in the way small business owners appraise their job demands (see Figure 1). The findings of this study have implications for work and organizational psychology as well as small business and entrepreneurship research. They challenge our understanding of job demands in general and current categorizations of job demands as challenges versus hindrances in specific. Heeding prior calls (e.g., Zhang *et al.*, 2014), it provides an in-depth, contextualized and dynamic view of the appraisal of demands based on personal, firm and environmental conditions.

Theoretical background

According to the challenge-hindrance framework as proposed by Cavanaugh *et al.* (2000), job demands can be divided into challenge and hindrance demands. Challenge demands refer to demands that are difficult, yet attainable. They can be viewed as obstacles to be overcome in order to learn and achieve personal growth (Cavanaugh *et al.*, 2000; Lepine *et al.*, 2005; Liu *et al.*, 2013). Challenge demands provide opportunities to acquire new resources and relate to

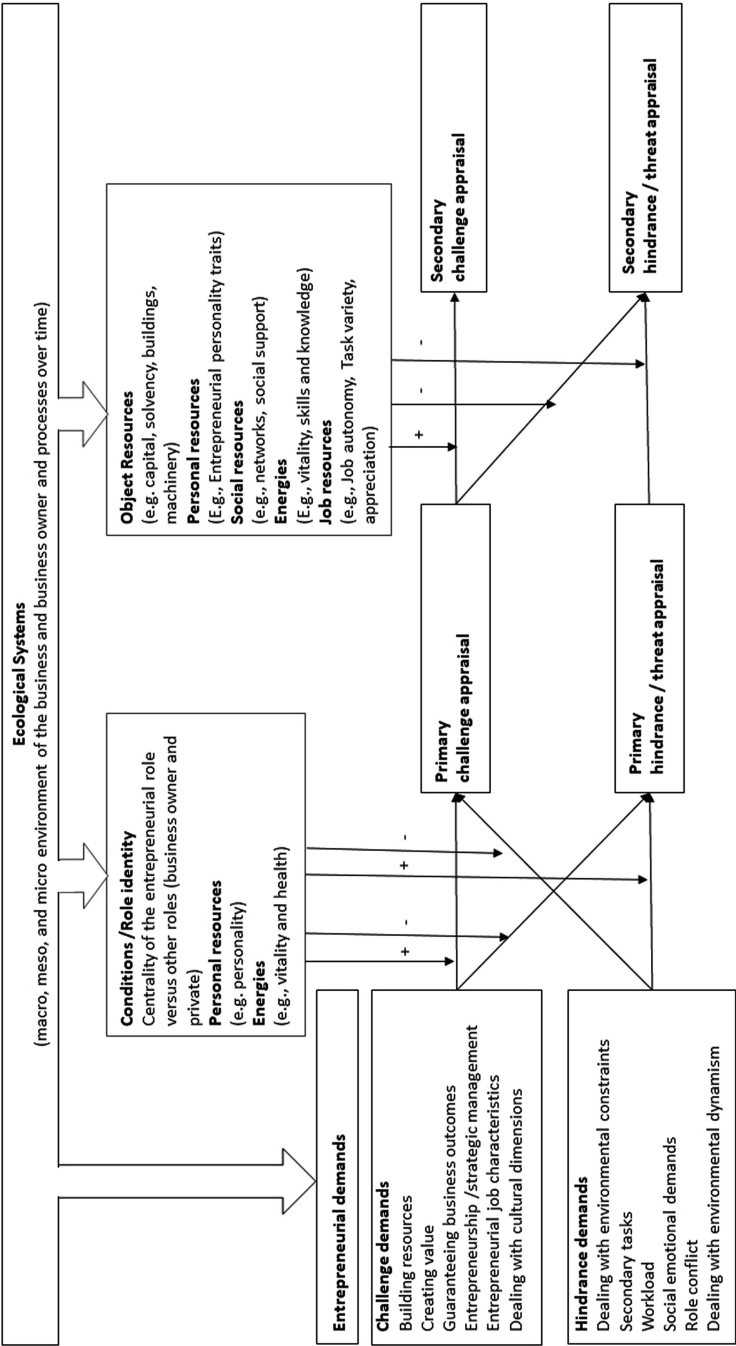


Figure 1.
Conceptual model as
emerged from the data

potential gains (Van den Broeck *et al.*, 2010). Hindrance demands, in contrast, refer to demands that can be viewed as unnecessarily thwarting personal growth and goal attainment (Lepine *et al.*, 2005).

The challenge hindrance framework draws heavily from the transactional stress theory (Folkman and Lazarus, 1987), which puts individuals' idiosyncratic appraisals of situations at the heart of the stress process. According to this theory, not the situation itself, but the way people appraise the situation determines their emotional, attitudinal and behavioral responses. Central to the theory are two types of appraisals. First, people appraise the anticipated personal impact of a situation (primary appraisal). A situation can be evaluated as (1) not having personal significance (irrelevant, nothing is at stake); (2) as benign-positive (desirable); or (3) as a harm/loss, a threat of future harm/loss, or a challenge with the potential for mastery or gain (stressful, Lazarus, 1994). Second, people appraise the extent to which the situation taxes their resources and whether they will be able to cope effectively (secondary appraisal).

However, appraisals are not the focus of the original work of Cavanaugh *et al.* (2000), who merely aimed at providing evidence for the contention that different stressors are differentially related to work outcomes, depending on inherent characteristics. Appraisals were assumed, not tested. Sixteen job stressors were clustered *a priori* into challenges and hindrances. Investigations showed that although challenge and hindrance stressors both related to job strain, challenge stressors were sometimes also positively linked to motivational and attitudinal work outcomes (Cavanaugh *et al.*, 2000; Lepine *et al.*, 2005; Podsakoff *et al.*, 2007).

Over time, it became apparent that using predefined categorizations of stressors led to research tensions. Empirical evidence showed that challenge-hindrance appraisals of demands are not mutually exclusive (Webster *et al.*, 2011), and can differ across occupations (Bakker and Sanz-Vergel 2013) as well as between individuals in same-occupation samples (Webster *et al.*, 2011). This could mask significant relationships with job outcomes. It was concluded that results based on *a priori* classifications are ambiguous at best, and appraisals would need to be tested (Webster *et al.*, 2011). Based on Conservation of Resources (COR) theory (Hobfoll, 2001), we argue that appraisals are not purely individual, idiosyncratic perceptions. Individual differences and temporal changes in the appraisal of demands are expected to be a function of business owners' resource levels and ecological conditions that are anchored in an objective reality (Hobfoll *et al.*, 2018). Based on this notion, we seek to develop a coherent conceptual framework explaining individual differences in appraisals, as to include contextual factors, that can guide future research.

Business owners' challenge and hindrance demands

This study focuses on the concept of business owners' job demands rather than job stressors. Although job demands are sometimes equated with job stressors (e.g., Cavanaugh *et al.*, 2000, p. 66), it is not our intention to pull all demands into the stressor realm. Job demands are best defined as "those physical, psychological, social, or organizational aspects of the job that require sustained physical and/or psychological effort and are therefore associated with certain physiological and/or psychological costs (Bakker and Demerouti, 2017, p. 274).

Prior studies have provided insights into what demands business owners typically face. These include demands related to owning a business (Dijkhuizen *et al.*, 2014), such as feeling a need to be available and totally committed to the company for 24 hours a day, 7 days a week; facing uncertainty about their performance, income and financial position; and uncertainty related to thinking and acting "outside the box" without knowing the outcome. In addition, business owners bear responsibility towards oneself, employees, business partners and customers, because the enterprise is "theirs". Business owners are also confronted with demands that are similar to the ones associated with regular managerial jobs, such as

emotional demands, quantitative workload and task complexity (Dijkhuizen *et al.*, 2014). Emotional demands can, for example, arise from interpersonal issues (Grant and Ferris, 2012), such as when the cooperation with a business partner takes unexpected turns and leads to frustration. Onerous quantitative workloads lead to time pressure, a feeling of having too much to do in too little time and may have a negative impact on work-family life (Annink *et al.*, 2016; Binder and Coad, 2016; Grant and Ferris, 2012; Nguyen and Sawang, 2016). Task complexity means having insufficient skills, knowledge, or competencies to meet all demands of leading a business, such as networking, finance, acquisition and innovation (Dijkhuizen *et al.*, 2014).

So far, it has remained largely unknown whether these demands are appraised as challenging, hindering, or as having both challenging and hindering aspects. Review studies among the general working population have identified bearing responsibility, time pressure, and workload as challenging, presumably because these demands would relate to expectations of high performance (Lepine *et al.*, 2005). In contrast, red tape, role ambiguity, and interpersonal conflicts have been proposed as hindrance demands (Lepine *et al.*, 2005; Van den Broeck *et al.*, 2010). Results were corroborated by Tuckey *et al.* (2015), who amongst others, showed that skill demands were associated with challenge appraisals, and organizational constraints and role ambiguity with hindrance or even threat appraisals for 445 Australian workers.

Whether this also applies to business owners remains unknown. Bakker and Sanz-Vergel (2013) have proposed that challenge or hindrance appraisals depend on the specific occupation. Based on this motion it seems plausible that challenge appraisals apply to demands which relate to business owners' core tasks, such as creating new value, creating and gaining resources (assets, capabilities, routines and knowledge linked to the company), and rearranging resources in a new way (Shane and Venkatraman, 2000; Shane *et al.*, 2003; Patzelt and Shepherd, 2011). In contrast, demands appraised as hindering more likely include common background stressors that have been found to induce strain, such as onerous workloads, administrative issues, uncontrollable environmental factors, uncertainty about income and financial business performance (Grant and Ferris, 2012; Lechat and Torrès, 2016; Schonfeld and Mazzola, 2015). However, the literature to date does not provide evidence for these contentions. The study therefore starts with the following research questions:

RQ1. Which demands do business owners appraise as challenges?

RQ2. Which demands do business owners appraise as hindrances?

Individual differences in appraisal of demands as challenges versus hindrances

Next, we investigate individual differences in appraisals. In doing so we do not start from scratch, but combine a deductive with an inductive approach (Shepherd and Sutcliffe, 2018). Building from Conservation of Resources (COR) theory (Hobfoll, 2001, 2002), we expect that the appraisal of demands is a function of business owners' resource levels (Hobfoll *et al.*, 2018). Resources are defined as those things that people value or that act as a means to obtaining that which they value. COR-theory distinguishes five broad categories of resources, being conditions (e.g., employment status, marriage), object resources (e.g., a house, car, capital), personal resources (e.g., self-efficacy, self-esteem), social resources (e.g., family, social support), and energy resources (e.g., time, money, and stamina).

A basic principle in COR theory is that people must invest resources in order to prevent (potential) resource loss and to secure resource gains. From this follows the corollary that when facing demands, people with higher current resource levels are less vulnerable for resource loss and have a greater capability for orchestrating resource gains. They will have a broader array of alternative options and can apply more effective behavioral strategies

(Hobfoll, 2001). Hence, higher resource levels will lead to stronger anticipations of successful resource conservation or gains when confronted with demands, and thus the appraisal of demands as being more challenging. Conversely, when people's resources are overstretched, facing demands more likely leads to anticipated resource loss, increasing the likelihood that demands are appraised as threats or hindrances. To gain a deeper understanding of how resource levels relate to appraisal of demands and developments in the appraisal of demands over time, [Research Question 3](#) is:

RQ3. Do appraisals of demands as challenges or hindrances depend on business owners' current resource levels?

Method

In-depth interviews were conducted with 20 Dutch business owners (response rate 100%) who were recruited among the clients of a large coaching organization and through snowballing. Participants were contacted by an invitation letter that included information about the interview. The duration of the interviews was approximately one hour. Participants were informed that the interviews were recorded, that the content of the interviews would be treated confidentially, and results would be published anonymously. Eighteen interviews were conducted by the second author and two were conducted by two trained students under supervision. More men ($N = 14$) than women ($N = 6$) participated. Their age ranged from 25 to 64 years ($M = 48.25$; $sd = 11.36$). Most of the participants finished higher education ($N = 10$) or further education ($N = 5$). Four finished secondary and one primary school. The family situation varied from single ($N = 3$), married or living together without ($N = 3$) or with children ($N = 11$), to single parent ($N = 1$). The family situation is unknown for two persons. The number of years of experience as a business owner differed between two to 32 years ($M = 11.50$; $sd = 8.89$). The business owners operated in different sectors, such as construction, culture, financial service, trade and horticulture. The number of staff ranged from zero ($N = 9$) to 30 persons ($M = 3.65$; $sd = 7.23$). Three business owners were co-owners.

Interview schedule

The interviews were half-structured. To clarify the concepts "challenge demands", and "hindrance demands", definitions of these constructs ([Lepine et al., 2005](#)) were written out and explained verbally. Topics were introduced with two similar sets of questions for challenges and hindrances subsequently, which were repeated until no new information was obtained anymore: (1) Can you describe concrete situations that you have experienced as a challenge (hindrance) demand?; (2) What made you experience this situation as challenging/ hindering?; (3) Have you always experienced this demand as a challenge/ hindrance?; (4) Do you think this demand is a challenge/ hindrance for all business owners?; and (5) How would you explain some business owners are better able to deal with this demand than others? After asking each question, the interviewer explored and elaborated on the answers through active listening techniques and follow-up questions to evoke nuances in the answers and get a fuller understanding of the issue.

Data analysis

The interviews were audio-taped, transcribed verbatim and imported into the software package Atlas.ti. Data were analyzed using a partially grounded theory approach ([Glaser and Strauss, 1967](#); [Shepherd and Sutcliffe, 2018](#)). This approach is suited, because rather than building a complete new theory, this study addressed a research tension that has been identified in the literature related to applying general classifications of job demands ([Searle and Auton, 2015](#); [Staufenbiel and König, 2010](#)). In addition, it seeks to provide more detailed

insights into our basic contention that such appraisals relate to peoples' resource levels (Hobfoll *et al.*, 2018), enabling the refinement of research hypotheses based on this theory. Firstly, three independent coders (the first two authors and a trained student) read each transcript line by line, and coded quotations with similar meanings with appropriate labels (open coding) independently of each other. Findings were compared, adjusted and refined in discussions among the researchers. Next, quotations that had something in common were brought together under a core label (axial coding). In case of disagreements in the coding, an option was chosen if at least two coders had identified the solution. The interrater reliability for the axial coding of demands appraised as challenging was 0.89, for demands appraised as hindering 0.86 and for resources 0.92. Third, connections were sought between different pieces of information provided by the interviewees and across the interviews. This stage is more interpretative than the first two stages and is called "selective coding". Selective coding was done by first authors, later reviewed and revised by the second author.

Results

Demands appraised as challenges

The first research question was “*which demands do business owners appraise as challenges?*” Open and axial coding showed that main challenges included *building resources; creating value; realizing business outcomes; entrepreneurial and strategic managerial activities; entrepreneurial job characteristics; and dealing with cultural dimensions* (See Table 1).

All business owners (*n* = 20, 100%) mentioned *building resources* as challenging. These resources included social resources (*n* = 20, 100%), personal resources (*n* = 10, 50%), and financial resources (*n* = 10, 50%). As concerns social resources, business owners talked about building warm relationships with (potential) customers. They also mentioned building relationships with other business owners, for example, through cooperating in project teams and sharing knowledge. Finally, they mentioned building good relationships with their

Demands	Challenges <i>n</i> (%)
<i>Building Resources</i>	20 (100%)
Building Social Resources ^a	20 (100%)
Building Personal Resources	10 (50%)
Building Financial Resources ^a	13 (65%)
<i>Creating Value</i>	19 (95%)
Delivering Quality Products and Services	13 (65%)
Innovation	10 (50%)
Social Entrepreneurship	2 (10%)
<i>Guaranteeing Business Outcomes</i>	18 (90%)
Business success / continuity ^a	15 (75%)
Business Growth ^a	7 (35%)
<i>Entrepreneurship and Strategic Management</i>	18 (90%)
Policymaking ^a	9 (45%)
Opportunity Recognition and Creation	15 (75%)
Adapting to Changes ^a	10 (50%)
<i>Entrepreneurial Job Characteristics</i>	9 (45%)
Time Pressure	4 (20%)
24/7 Availability ^a	3 (15%)
Task Variety and Complexity ^a	6 (30%)
<i>Dealing with Cultural Dimensions</i>	6 (30%)

Table 1.
Overview of demands
generally perceived as
challenging (*N* = 20)

Note(s): ^aInterviewees explicitly indicated that under certain circumstances these demands could also be experienced as hindering or even threats

employees, for example through investing in their personal growth, offering clarity about strategies and procedures and by acting as a role model. An example:

Everyone has their own way of binding clients, but my way is through having more personal contact with the customer. . . . I know the names of the customers' children or whether there are sick people in the family. That's nice, because you have built a relationship with each other. Eventually, you want to have customers that are satisfied. It does not costs energy to go out in the evening and visit a customer when it's a pleasant meeting and they accept the offer (male, 43 years old, land and horticulture).

Building personal resources included formal training and education to increase knowledge and skills, but also informal ways of learning, such as self-reflection to improve professional behavior and decrease self-undermining behaviors. One participant said:

The sales course that I am following at the moment is called the "goal trajectory", so you define your goals and then together with other business owners you will be trained to achieve the goals and that is great fun. (male, 42 years old, business services).

Regarding financial resources, apart from increasing liquidity and solvency, business owners mentioned bringing in commissions. For example:

For me it's a kick when I go into a bank and leave with the certainty that I have managed to borrow the money. (male, 58 years old, financial services).

All but one respondent ($n = 19$, 95%) mentioned *creating added value* as challenging. Categories of created value included delivering high-quality products and services ($n = 13$, 65%), innovation ($n = 10$, 50%) and social entrepreneurship ($n = 2$, 10%). Tasks related to creating value are: monitoring market demand, improving the company's product or services, strengthening the company's own identity in order to distinguish it from other businesses, or working consciously on socially responsible entrepreneurship. An example:

I'm not only thinking of myself, my own company, but I always look at what it could mean for others. I always try, as it were, to view the subject more broadly than the local problem. . . . We are very much into corporate social responsibility and how that should be incorporated in the business. For example, we created special instruction leaflets with colors for illiterate people (female, 36 years old, health care).

Realizing business outcomes was mentioned by most business owners as challenging ($n = 18$, 90%). For some business owners, this meant guaranteeing continuity ($n = 15$, 75%), whereas for others ($n = 7$, 35%) this (additionally) meant making a profit, or achieving business growth in terms of market share or number of employees:

. . . an empire, or several branches, or at least a larger company than the company I have now. Ultimately, that's the goal and the biggest challenge (male, 25 years old, restaurant business).

Business owners also elaborated on tasks that fall into this cluster, such as developing a market strategy, the creation of a clear identity, increasing visibility, and realizing the most optimal price/quality ratio that is favorable for both the customer and the business owners themselves.

Most business owners ($n = 18$, 90%), mentioned *entrepreneurial and strategic management activities* as challenging, including opportunity recognition and creation ($n = 15$, 75%), defining policies to implement a strategy ($n = 9$, 45%), and adapting to changes in the market ($n = 10$, 50%). Activities within this cluster included developing new strategies by analyzing the market, developing a strategic plan based on a vision, and implementing those plans step by step. One participant:

The most important task you have is to create a vision, to convert it into practice and to ensure that your organization is constantly moving in the right direction. (male, 32 years old, financial services).

Almost half of the participants ($n = 9, 45\%$) mentioned *entrepreneurial job characteristics*, including time pressure and dealing with deadlines ($n = 4, 20\%$), 24/7 availability ($n = 3, 15\%$), and task variety and complexity ($n = 6, 30\%$). The reasons for mentioning these job characteristics as challenging was that they forced people to focus on what really mattered or to come out of their comfort zones, which stretched their personal boundaries and provided opportunities for personal development.

Finally, a few business owners ($n = 6, 30\%$) identified *dealing with cultural dimensions* as challenging. This included dealing with various habits, values and norms of people with different nationalities and cultural backgrounds. Business owners did this to enhance a positive work environment and improve the company culture. They also believed it strengthened the position of their business in the market.

Additional results of selective coding, which is aimed at identifying possible relationships between constructs, indicated that demands appraised as challenges often co-occurred. Building social, personal and financial resources, engaging in entrepreneurial and strategic management activities and creating value were typically done with the aim of guaranteeing business outcomes such as expanding the business. Central to challenge appraisals appears to be expectations of pushing the company ahead, in addition to achieving personal goals, growth and development.

Demands appraised as hindrances

The second research question was, "*which demands do business owners appraise as hindrances?*" Demands that were mentioned included *dealing with environmental constraints; secondary tasks; a high workload; social demands; work-life conflict, and dealing with environmental dynamism* (see Table 2).

All business owners mentioned *dealing with environmental constraints* ($n = 20, 100\%$) as hindering. We observed four types of environmental constraints: (1) macro-economic factors, like a recession period ($n = 9, 45\%$); (2) unfair competition because of cartel formation and powerful large company chains ($n = 8, 40\%$), (3) laws and regulations, (inaccessible) legislation and red tape, for instance for acquiring financial support ($n = 16, 80\%$); and (4) problems in the direct physical environment of the business, such as unsafe, burglary-sensitive or hostile neighborhoods ($n = 8, 40\%$).

According to the business owners, key to the appraisal of these environmental constraints as hindrances was experienced feelings of dependency, and lack of control and autonomy when dealing with the consequences of these hindrances, which included reduced consumer confidence and purchasing power, high prices of raw materials, postponed projects, customers not paying their bills due to bankruptcies, and problems attracting sufficient capital. Ultimately these hindrances may result in uncertainty about the future of the business. For example:

Officials are trapped in their own system. Each time you receive different information, nobody can make a decision and you will be sent from pillar to post. It is unclear what papers are required and everything takes a long time. It is one step forward and two steps back. I consider it as time and money wastage. It feels frustrating to be kept on a leash. (male, 48 years old, business services).

Most business owners ($n = 18, 90\%$) appraised *secondary tasks* as hindrances. These included administrative tasks ($n = 15, 75\%$) and operational tasks or chores, such as advertising and marketing activities ($n = 8, 40\%$). Secondary tasks were viewed as necessary but time-consuming and distracting from other, key activities. Most business owners outsource these tasks as soon as possible.

If I do not advertise, nobody does it for me. I'm working on my own marketing strategy. I do my own purchasing. I plan my own agenda. I have to bring my products to the market wherever I can. I need

Demands	Hindrances <i>n</i> (%)
<i>Dealing with Environmental Constraints</i>	20 (100%)
Macro-Economic Factors	9 (45%)
Unfair Competition	8 (40%)
Laws and Regulations	16 (80%)
Physical Environmental hindrances	8 (40%)
<i>Financial issues^a</i>	14 (70%)
Generating income (security) ^a	10 (50%)
Building financial resources ^a	8 (40%)
<i>Secondary Tasks</i>	18 (90%)
Administration ^a	15 (75%)
Operational Tasks (chores)	8 (40%)
<i>Workload</i>	16 (80%)
Quantitative Workload ^a	14 (70%)
Qualitative Workload	4 (20%)
Physical Load ^a	8 (40%)
Emotional Load	4 (20%)
<i>Social Emotional Demands</i>	14 (70%)
Building Social Resources ^a	5 (25%)
Cooperation	9 (45%)
Problems with Customers	9 (45%)
Problems with Employees	6 (30%)
<i>Role conflict</i>	13 (65%)
Entrepreneur/ Craftsman	4 (20%)
Work – Life Conflict	11 (55%)
24–7 Availability ^a	8 (40%)
<i>Dealing with Environmental Dynamism</i>	11 (55%)
Environmental Uncertainty	6 (30%)
Management and policymaking ^a	7 (35%)
Adaption to Changes	3 (15%)

Table 2.
Overview of demands
generally perceived as
hindering (*n* = 20)

Note(s): ^aInterviewees explicitly indicated that under certain circumstances these could also be challenging

new customers so I have to be visible. That takes so much time, say 80%. So, I only have 20% left to be really creative. (female, 47 years old, culture).

A majority mentioned a *high workload* as hindering (*n* = 16, 80%), including quantitative workload—too much to do in too little time (*n* = 14, 60%), qualitative workload—tasks that are appraised as taxing one's skills and knowledge (*n* = 4, 20%), physical load (*n* = 8, 40%) and emotional load—dealing with one's own emotions (*n* = 4, 20%).

More than half of the respondents (*n* = 14, 70%) appraised *social-emotional demands* as hindering, including networking (*n* = 5, 25%), problematic cooperation with co-business owners (*n* = 9, 45%), problems with customers (*n* = 9, 45%), or problems with employees (*n* = 6, 30%). Appraisal of social-emotional demands as a hindrance related to dealing with conflicts and being confronted with deal breakers—such as customers who after a long negotiation do not want to pay a fair price. A participant about working with his partner:

Sometimes, we have disagreements with each other. That you really do not agree, that you talk about it day in, day out, and think about it at night (male, 32 years old, financial services).

More than half of the business owners (*n* = 13, 65%) appraised *role conflicts* as a hindrance, including an imbalance between different work roles (entrepreneurship versus

craftsmanship; $n = 4$, 20%), and conflicts between work and private life ($n = 11$, 55%). An artist said:

I do not want to miss any opportunity, but I also have to rest. After a few weeks, I just notice, by being available 24/7, that I am tired. Then nothing really works out any more. (female, 47 years old, culture).

Finally, a bit more than half of the business owners ($n = 11$, 55%) mentioned *dealing with environmental dynamism* as a hindrance. These included uncertainty in the market ($n = 6$, 30%) and market changes ($n = 3$, 15%). Business owners mentioned they had problems responding to dynamic environmental processes and meeting the changing market requirements, because this caused them to run behind the facts ($n = 7$, 55%). They lacked sufficient time to set clear goals and monitor progress, which created uncertainty, doubt and ambiguity. A business owner said about himself and his companion:

Our priorities change quickly and our activities are not well planned. We work disconnected from our plans. So, I do this and you do that today, and tomorrow we both do something else again. That's a hindrance, because you should tackle things policy based and planned. (male, 46 years old, wholesale).

Additional results of selective coding showed several instances where demands appraised as hindrances were interrelated. For example, dealing with environmental constraints at the macro level related to more social-emotional demands, such as a higher number of deal breakers from the side of customers and conflicts among co-owners (see Table 3 for example quotes). A high workload and 24/7 availability related to conflicts between work and private life. Key to the appraisal of demands as hindrances appears to be that they distract from the core business and are associated with feelings of dependency, lack of control and autonomy, uncertainty, unfairness, doubt and ambiguity.

Resource levels and challenge-hindrance appraisals

This section answers Research Question 3: "Do appraisals of demands as challenges or hindrances depend on business owners' current resource levels?" Before investigating relationships between appraisals and resource levels, resources were identified in the answers to all the questions that had been asked in the interview. Axial coding showed that the categories of resources that emerged from the data could be mapped on the five categories of resources that are identified in COR-theory (Hobfoll, 2001, 2002). Hence we used the pre-existing labels from COR-theory, being conditions, object, personal, social and energy resources (see Table 3). One additional category emerged, namely job resources (autonomy, job variety and appreciation).

Presenting all the relationships that emerged from the data linking business owners' appraisals to their resource levels is beyond the scope of this manuscript. Below, we present the most relevant findings, based on which we conclude that appraisals indeed relate to business owners' resource levels. Table 3 presents illustrative quotes.

The first finding we want to highlight is the link with business owners' conditions, specifically (1) business owner type and (2) centrality of the business owner role. Conditions are resources to the extent they are valued and sought after (Hobfoll, 2001). As concerns business owner type, some respondents' primary interest was the content of their profession (e.g., creative artists, carpenter, hairdressers). They tended to consider demands that distract from performing their profession as hindrances, including entrepreneurial and managerial tasks. In contrast, other respondents' primary interest was in the more managerial and entrepreneurial aspects of the business. They considered operational tasks to be hindrances.

Second, if business ownership competed for resources with other roles that are central in a person's life, investments were more easily seen as sacrifices and thus demands were more easily seen as hindrances. For instance, most business owners with children, thus combining

Resource	Example quotes
Conditions (Self-employment type, Parental/ Partner Role)	<p>Business owners who identified more strongly with the entrepreneurial role, appraised entrepreneurial tasks as challenges</p> <p><i>"I like to think out of box. I'm busy with questions all day. So, when I was baking fries, making burgers, etc. I also created a wireless charging system for the hospitality industry."</i> (male, 25 years old, catering industry)</p> <p><i>"I am very convinced that as an entrepreneur, you should not work in your company. The only qualities I want to have relate to entrepreneurship. In short: telling your story, binding people, developing your vision, making new plans, and connecting the right expertise, so that it can all be realized."</i> (male, 32 years old, financial services)</p> <p>Craftsmen appraised entrepreneurial tasks rather as hindrances</p> <p><i>"... if we do not advertise, if we do not have a web-page, well then you will not get any customers. It is just a huge time investment. I'd rather spend my time on creating or performing"</i> (female, 59 years old, culture)</p> <p>Many respondents mentioned a high workload and 24/7 as a challenge</p> <p><i>"When the phone rings all day, yes I like that. Then I am more relaxed than when I am waiting for something to happen. You are actually available 24–7. Well you need to like that."</i> (male, 32 years old, financial services)</p> <p>For parents, a high workload and 24/7 was rather a hindrance</p> <p><i>"We have a son with special needs who still lives at home, ... which has made certain aspects of entrepreneurship more of a problem."</i> (female, 58 years old, culture)</p> <p><i>"My business comes first, and if it takes 100 h a week, it takes 100 h a week ... But yes, this can sometimes be an obstacle, because you feel guilty towards people you care about. This is sometimes difficult."</i> (male, 25 years old, catering industry)</p> <p>In contrast to what was generally reported, for a woman whose husband provided a stable income customers who cannot pay their bills was not a hindrance demand</p> <p><i>"If I know customers cannot afford to pay, they can just come in. I do not mind. I also do not want to bind customers, because if they do not want to come back, it's fine too."</i> (female, 49 years old, personal coach)</p>

(continued)

Table 3.
Identified resources
and example quotes of
connections with
challenge-hindrances
appraisals ($N = 20$
self-employed
individuals)

Table 3.

Resource	Example quotes
Object Resources (capital, Buildings, Tools, Machinery, solvency)	<p>Whether business owners appraised building financial resources as challenge or hindrance demands depended on creditworthiness</p> <p><i>"The bank made no trouble when I started my business and asked them if I could borrow 1.5 million euros. This is also due to the fact that my business partner [...] had a strong financial and market position."</i> (female, 36 years old, health care)</p> <p><i>"It gives a kick when I enter a bank and then come out and I have managed to get a loan."</i> (male, 58 years old, financial services)</p> <p><i>"In the beginning, business growth and building financial resources were actually challenges and not obstacles. Over time you come at a certain point when you want to expand and you need money, and when you arrive at the bank they say no. That is a major obstacle."</i> (male, 59 years old, personal services)</p> <p><i>"To get financing is a hindrance, absolutely, because I had to arrange almost everything with almost nothing."</i> (male, 48 years old, business services)</p>
Personal Resources	<p>A respondent who described herself as introverted, appraised building social resources as a hindrance demand</p> <p><i>"Making contact or widening the network. Actually, that's not for me. I should hire someone for that, because that's really a considerable hindrance. I'm focused on myself in my studio and somewhat reserved and shy. So, it's a big step for me."</i> (female, 59 years old, culture)</p> <p>A more extraverted respondent said</p> <p><i>"And then you just notice that it is more like enjoying a coffee together than negotiating your quote. I really like that. That social contact ... the total picture, building a history together. That is very energizing."</i> (male, 43 years old, horticulture)</p> <p>Lower order personal resources helped appraising demands as challenges</p> <p><i>"Competition was an obstacle at first, but inventing new activities creatively made it a challenge."</i> (female, 59 years old, culture)</p> <p><i>"Guts and creativity, that is the most important. If you want things, but you cannot do them, just start and learning goes by itself."</i> (male, 48 years old, business services)</p>
	(continued)

Resource	Example quotes
Social Resources (Business Partners, Employees Clients, Formal Networks Informal Networks)	<p>With the right support, business owners appraisals of secondary tasks could turn from hindrances to challenges</p> <p><i>"Computers and systems and things like that, websites, I'm honestly not very familiar with that. So yes, I deliberately have guys around me who know more about it than I do, who are optimistic, see opportunities."</i> (male, 28 years old, hospitality industry)</p> <p><i>"When I did not see what a website could represent, I perceived building a website as a hindrance. Now, with the help of a web designer, I see it as a kind of challenge. It's a sport to get my website higher in the rankings of important search machines".</i> (male, 56 years old, culture)</p> <p>Social networks also helped to see adapting to changes as challenging</p> <p><i>"By effectively using your network, you are often able to switch very quickly. And I also get the majority of my future clients out of it. Just creating the energy together."</i> (male, 58 years old, ICT)</p> <p>Health issues related to appraisals of, e.g., guaranteeing business outcomes and making long hours as hindrances</p> <p><i>"Since I broke my vertebra, I got scared. I'm doing better, but you realize that you run a lot of risks and that it always has financial consequences."</i> (male, 56 years old, construction)</p> <p><i>"Earlier, until about five years ago, I was just up at five and then I started working on the computer before the kids got up. Yes, some day it will break you up."</i> (male, 43 years old, horticulture)</p> <p>Hindrance appraisals relate to lack of relevant skills</p> <p><i>"I do not understand how it is going nowadays. Recently, my husband and I had to go to someone from the municipality for things we wanted and actually, we did not understand how it all worked. You get older. When I prepare myself very well, I can do it, but I believe that my capacities are not sufficient anymore".</i> (female, 59 years old, culture)</p> <p><i>"You are occupied with your core business, and next to that you also have entrepreneurial tasks, such as your personnel policy and finances. Yes, it is a challenge, but at the beginning I saw it as an obstacle. you have to keep learning and developing yourself"</i> (male, 28 years old, hospitality industry)</p> <p><i>"Delivering good quality for a good price is definitely a challenge. Only, that is getting more and more difficult now, because besides your own creativity and the relationship you build with your customers, people more and more start to watch the expenses."</i> (male, 43 years old, horticulture)</p> <p><i>"Sales stagnated due to customers' declining confidence in the economy. It started as a challenge and then it became an annoying hurdle."</i> (male, 48 years old, business services)</p> <p><i>"Nowadays you are an outlaw as a self-employed person. They hire you at strangulation rates. Before, I had to pay far less tax and VAT, too, which made it easier for me to earn my daily bread."</i> (male, 56 years old, culture)</p> <p><i>"Yes, you depend on the taxes and on banks and they have done too little for entrepreneurs."</i> (male, 59 years old, personal services)</p>
Energies (health, mental, physical, cognitive vitality, professional skills and knowledge self-management)	
Ecological systems (Environmental demands and resources)	

Table 3.

the entrepreneurial with the parental role, appraised a high workload and 24/7 availability as hindrances. Another case showed that if the entrepreneurial role is not at all central, demands that are generally appraised as hindrances or even threats (e.g., customers who cannot pay the bills), may not be appraised as hindrances at all.

Several business owners further indicated that their appraisals had changed over time, together with shifts in role identification. For example, when moving from the start-up phase to a more mature phase of the business, they shifted from acting primarily a professional, to acting primarily an entrepreneur, leader and manager. Consequently, the appraisal of tasks related to directing and organizing the business (systems, processes and procedures), as well as in dealing with employees and personnel policy changed from primarily hindrances to rather challenging. Appraisals could also change after business owners had experienced important life events that impacted role centrality and role hierarchies, such as getting married, getting divorced, losing a partner, or starting a family.

Other resources that played a role include object resources (capital, solvency and modernity of durable assets), personal resources (openness to experience, extraversion, conscientiousness, self-efficacy, optimism, resilience, passion, tenacity, creativity, risk tolerance and proactive tendencies), social resources (emotional, instrumental, information, and feedback support from business partners, employees, clients, formal networks and informal networks), energy resources (health and vitality, professional skills and knowledge, self-management skills) and job resources (job autonomy, task diversity, and appreciation). These resources rather, although not exclusively, appeared to relate to challenge-hindrance appraisals through the expectation of being able to deal with demands in a successful way or not (See [Table 3](#)).

For example, good solvency increased the likelihood that demands related to acquiring resources, creating value and guaranteeing business outcomes were seen as challenging. However, when business owners lacked sufficient creditworthiness, these demands could turn into insurmountable obstacles. Lack of liquid financial resources typically hinders many business processes, which lowers the perception of motivational aspects of guaranteeing business performance whilst making the hindering aspects more salient. Likewise, performing administrative and operational tasks was more strongly appraised as a hindrance in case business owners lacked the financial option to outsource it. In other cases it was just seen as boring or tedious. Lack of knowledge and skills, including self- and stress management skills, related to seeing many tasks as a hindrance, such as certain administrative tasks, dealing with employees, a high work load and 24/7 availability.

Again, business owners mentioned changes in appraisal over time. Guaranteeing business outcomes became more challenging after a period of consistent production, which had not only increased liquidity and solvency, but also their confidence and a sense of self-efficacy. In contrast, aging business owners mentioned they appraised administrative and operational tasks as well as dealing with laws and regulations increasingly as hindrances, for example because of increased digitization for which they lacked the required knowledge and skills. Although business owners may not primarily self-select in physically demanding jobs, a surprising number of business owners mentioned a decline in physical resources as a reason to reappraise challenges as hindrances (See [Table 3](#)).

In sum, results of selective coding showed support for the contention that the appraisal of demands depends on a range of business and personal resources. Different mechanisms seem to be at work, which deserve to be further tested. Role identification and centrality appeared to play an important role through coloring the valence of expected gains and losses. Other resources may rather play a role through influencing the way business owners expect to be able to deal with demands. Business owners mentioned changes in the appraisals of demands, which related to (1) life events that shift role identities and hierarchies; (2) gradual

learning and personal growth or lack thereof, and (3) aging accompanied by declines in business owners' physical and cognitive abilities.

Discussion

This qualitative study investigated business owners' appraisals of their job demands as challenges and/or hindrances and provides in-depth knowledge in how the appraisal of demands differs between business owners and changes over time. This study applied a partially grounded qualitative research approach, addressing the research tension related to working with predefined categorizations of demands as challenges or hindrances (e.g., [Searle and Auton, 2015](#); [Staufenbiel and König, 2010](#)). Moreover, it used an inductive top-down reasoning approach through partly building on the general principles of COR-theory ([Hobfoll, 2001](#); [Hobfoll et al., 2018](#)). Aim was to build a coherent theoretical framework, which is shown in Figure 1.

Theoretical implications

The study started with a general investigation of what aspects of the job business owners themselves would mention as job demands. We do not mean to promote a jingle fallacy (calling a different phenomenon by the same name), but a discrepancy was identified between business owners' own conceptualizations of demands and current research practice. Business owners mentioned aspects of the job that would fit a broader concept of demands than have hitherto been investigated (see the left-hand side of Figure 1). In specific, these demands related to entrepreneurial tasks, such as guaranteeing business outcomes, strategic management tasks, or dealing with uncontrollable environmental constraints. In line with an earlier call that peoples' actions are central to understanding business ownership in general ([Frese, 2009](#)), this finding underscores that studies on well-being and performance outcomes of business ownership need to be taken beyond the traditional job characteristics approach that has been applied extensively to employees working on pay-role (see for an example [Stephan and Roesler, 2010](#)). Business owners' entrepreneurial and management tasks could be included as a central element of job demands, as well as issues related to balancing different life domains.

In answer to the first research question, open and axial coding of the data showed six categories of demands that were appraised as challenging by the majority of the business owners, labelled "building resources"; "creating value"; "realizing business outcomes"; "entrepreneurial and strategic managerial activities"; "entrepreneurial job characteristics," and "dealing with cultural dimensions". These demands can be seen as central elements of business ownership and typically relate to striving for or achieving entrepreneurial success in a broad sense of the word, including financial firm performance, healthy workplace relationships, community impact and personal growth and satisfaction ([Wach et al., 2016](#)). This corroborates the contention that challenge demands indicate expectations of achieving important positive outcomes (c.f., [Lepine et al., 2005](#)).

In answer to the second research question, open and axial coding showed that most business owners appraised the following demands as hindering: "dealing with environmental constraints"; "secondary tasks"; "a high workload"; "social demands"; "work-life conflict" and "dealing with environmental dynamism". Hindering aspects were distractions from core business, doing investments with no clear connection to future gains and experienced lack of control, uncertainty, doubt and ambiguity. These were previously identified as common background stressors in entrepreneurship ([Schonfeld and Mazzola, 2015](#)). Demands posing a threat to the continuity of the business were mentioned here as well. Following [Searle and Auton \(2015\)](#) and [Tuckey et al. \(2015\)](#), it might be better to speak of threat rather than hindrance appraisal in such cases. Effects of threat appraisals on managers' decision making processes have been well documented (e.g., [Jackson and Dutton, 1988](#)). It may be worthwhile

to integrate these insights into investigations of business owners' job demands as predictors of well-being and performance. Whether hindrance appraisals influence business owners' decision-making processes differently from threat appraisals deserves further investigation.

As theorized, most demands were not seen unambiguously as either a challenge or a hindrance. Building on COR-theory (Hobfoll, 2001), the explanation of differences in appraisal was sought in differences in current resource levels (Research Question 3). Data confirmed this contention. Axial coding of our data showed six broad categories, of resources, five of which were conform COR-Theory (Hobfoll, 2001). An additional sixth category (job resources) emerged from the data. Broadly two processes could be identified (see Figure 1), paralleling the primary and secondary appraisal processes from the Transactional Stress Theory (Folkman and Lazarus, 1987).

The first process involved condition resources, which were connected to business owners' professional (e.g., craftsmanship versus entrepreneurially oriented) and non-professional roles (e.g., being a spouse and/or parent). In line with role identity theory (Thoits, 1991), results showed that demands are more readily appraised as challenges if they can be seen as investments in business owners' core roles (e.g., 24/7 availability), whereas these same demands are appraised as hindrances in case they are seen as interfering with possible other roles that are central in business owners' lives, such as the parental role. Extending role identity theory, differences in entrepreneurial role identities—inventor, founder or developer (Cardon *et al.*, 2009) can be expected to play a role in different appraisals, too, through coloring business owners' perception of what outcomes are valued over others. This implies that in order to understand business owners' appraisal of demands as challenges, it may be crucial to also understand individual differences in defining "success", which are based in their basic values (Wach *et al.*, 2016).

In line with the more traditional explanation based on COR-theory (Hobfoll, 2001), other categories of resources rather, although not exclusively, played a role in challenge-hindrance appraisals through (anticipated) effectiveness of business owners' strategies to deal with demands, secure gains and ward off potential threats and losses (c.f., secondary appraisal; Folkman and Lazarus, 1987). People who possess more resources can use more effective strategies to increase their resource reservoirs and prevent further resource loss, and thus have greater expectations of gain (see the right-hand side of Figure 1).

Results further showed support for the notion of resource passageways, "ecological conditions that either foster and nurture, or limit and block resource creation and sustenance" (Hobfoll *et al.*, 2018, p. 106). For example, most business owners appraised a high workload, 24/7 availability and resource acquisition as challenging. However, in the face of an economic downturn, environmental constraints (e.g. unfair competition) and environmental dynamism, these same demands were typically seen as hindrances or even threats. These findings underscore that in order to understand business owners appraisals it is important to pay attention to their ecological systems (see top of Figure 1). Understanding interactions between the individual, the company and societal characteristics are key to understanding psychological processes in business ownership (Gorgievski and Stephan, 2016).

Three processes over time emerged that would be interesting to investigate further. First, appraisals of demands can change as a consequence of life events that cause a shift in identity role salience and hierarchies. These shifts can happen across life domains, or within entrepreneurial roles (Crommelinck *et al.*, 2016). Second is formal and informal learning (or lack thereof), which plays a crucial role being able to deal with the demands of further developing the business and in order to stay ahead of the requirements of a changing society. The third process is aging. Prior research has linked increased age to many changes in physiological, affective and cognitive functioning, personality traits and motivational factors (Truxillo *et al.*, 2015). These include reductions in fluid intelligence—processing speed, selective attention and working memory capacity. In case business owners fail to keep their

skills and knowledge up-to-date, or in the case of deteriorating cognitive abilities related to aging, technological advancement and changing consumer needs are appraised as hindrances rather than challenges. With the current aging of society, this is an important topic for further investigation.

Limitations and future research

Limitations of the current study relate to the characteristics of the sample of only small business owners during the survival stage of the firm's life cycle. Future studies addressing business owners during other stages of the firm may need to revisit the list of demands. The literature on crises related to business life cycles may help identify what demands may be particularly relevant during other stages of the business cycle (cf., [Scott and Bruce, 1987](#)). The sample size was also relatively small. This may explain why few salient differences emerged between the solo self-employed and business owners with employees, although obviously, some employee-related demands and resources only apply to the latter group.

In order to test the contentions of our theoretical model ([Figure 1](#)), a quantitative or multi-method longitudinal approach would be suited. The study could include objective assessments of branch and societal level variables and objective financial business indicators in addition to business owners' self-reports of their passions and role identification. Our results underscore that even in relatively homogeneous occupational samples, challenge-hindrance appraisals of demands would need to be measured explicitly (cf. [Prem et al., 2017](#); [Searle and Auton, 2015](#)). This is all the more important in heterogeneous samples across different macroeconomic situations or in longitudinal research with relatively long time intervals that cross the boundaries of the entrepreneurial life cycle. Interesting avenues for future research include long term processes involving identity shifts, formal and informal learning and aging. Studies could also expand the model with subsequent steps in the stress process, such as coping strategies and entrepreneurs' wellbeing.

Conclusion and practical implications

In conclusion, this study indicates that in the eye of the business owner, distinctions between challenges and hindrances are not always clear-cut. Instead, challenge-hindrance appraisals are influenced by a complex interplay of personal and environmental factors. Our findings suggest that to better understand business owners' appraisals, one needs to identify possible lacunas in resource levels, such as gaps in knowledge, self-management, and emotion-management skills. Moreover, it is equally important to pay attention to business owners' role identification, in order to understand what makes them thick. Policymakers and professional associations should create supportive environmental conditions enabling resource passageways that stimulate business owners to appraise demands as more challenging.

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