

## Chapter 17

# True Entrepreneur *versus* False Entrepreneur: Implications for Family Business

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### Abstract

Entrepreneurship and family businesses are fundamental factors in economic activity since, through the generation of new ideas, it is possible to generate new businesses that trigger employment, innovation, and economic growth. Recently, an emphasis on seeing both research streams from a kaleidoscope perspective has given new insights into the development and evolution of this area. Thus, exploring the differentiation between true and false entrepreneurs seems vital for today's efficient allocation of resources. A theoretical model is proposed, including micro, meso, and macro analytical spheres, adding the behavioral aspects that determine whether a person is a true or false entrepreneur and the effects that can have on the business. To observe the viability of the approach, the case of an enterprise, called "family business S," is examined. Specifically, the results show the feasibility of applying the analytical proposal to observe the positive and negative behaviors of the family business. In the case of S, these are false entrepreneurs, given that free time and unemployment were the main reasons for starting the company, but they lacked the will and long-term vision. Also, a novel view on how to diagnose a real entrepreneur for taking over a family business is proposed, where a clinical history approach might help in the succession process.

*Keywords:* Family business; entrepreneur; true entrepreneur; false entrepreneur; succession; clinical history

### Introduction

Entrepreneurship and family businesses are fundamental factors in economic activity since, through the generation of new ideas, it is possible to generate new

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businesses that trigger employment, innovation, and economic growth. This perception, especially on the former assumed special relevance during the twentieth century when the Schumpeterian perspective gave the figure of the businessman-entrepreneur the position of an individual agent of innovation (Lucena & Mueller, 2019).

As a result of the existence of multiple explanations regarding entrepreneurial work, it is feasible to formulate an overview based on three complementary and non-exclusive environments: micro, meso, and macro analytical (Canales et al., 2017; Kantis, 2004). The microanalytical environment alludes to the individual behavior of the entrepreneurial subject; the meso analytical refers to the connections of the venture with the environment with customers, suppliers, and society, while the macro analytical describes the quantification of the entrepreneurial framework in the economic context.

Jointly, it is essential to observe entrepreneurial behavior by including the notions of motive and motivation (Endres & Woods, 2009; Marulanda et al., 2019; Trías de Bes, 2007). The divergence between both concepts makes it possible to determine the peculiarities between true and false entrepreneurs (Trías de Bes, 2007). The true entrepreneur is a subject driven by the will and the power of decision to achieve business success, while the false entrepreneur is based on a motive, often adverse, to start a business. In some cases, they are inserted into the informal economy, do not have the knowledge and skills for business management, and lack the vision to keep and grow the company in the long term.

Given the importance of determining the differentiation between true and false entrepreneurs, the goal of this chapter is, on the one hand, to propose an analytical scheme, including the micro, meso, and macro analytical spheres, and, on the other hand, to explicitly add the behavioral aspects that might support to determine whether a person is a true or false entrepreneur. This is justified due to the lack of an integrative framework aimed at visualizing the behavior of the entrepreneurial subject and his connection with his environment. At the same time, its empirical applicability allows us to observe the divergence between the theoretical aspects that frequently describe ideal situations, with the practical reality where entrepreneurial success, including family business, not only depends on perseverance, knowledge, skills, and experience but also external connections and the impact on entrepreneurship of the economy.

To observe the viability of the preceding approach, the case of an enterprise, called “Family Business S” for confidentiality reasons, is examined, dedicated to the sublimation of personalized products and operating under the franchise scheme. Information regarding its operation was obtained through interviews with the entrepreneurs and through direct observation. A case study whose results provide an insight into the reality in which some family businesses operate.

Specifically, the results show the feasibility of applying the analytical proposal to observe the positive and negative behaviors of the enterprises. In the case of S, these are false entrepreneurs, given that occupying their free time and unemployment were the main reasons for starting the company, but they lacked the will and long-term vision. Moreover, it explores the repercussions this phenomenon might have over the succession process within a FB, therefore, a more precise and

less vague way of diagnostic a potential successor, who ultimately and ideally should be an entrepreneur to increase the chances of sustainability for the FB, is suggested.

The chapter is structured in four sections. The first one describes entrepreneurship from the micro, meso, and macro-analytical perspectives; the second one refers to the limitations of entrepreneurship from the configuration of an analytical proposal that includes the micro, meso, and macro frameworks, as well as the definitions of motive, motivation, true entrepreneur, and false entrepreneur; the third one refers to the application of the model into the case of S and the fourth one explore a new vista, a clinical history approach for FB succession. It ends up with conclusions.

### ***Entrepreneurship: Micro, Meso, and Macro Analytical Scopes***

In general terms, there is an expectation that entrepreneurship constitutes a way of linking business activity with the incentive to innovation. From novel ideas emerges the creation of processes, products, public policies, and socially positive impact (Canales et al., 2017).

Historically, the study of the role of the entrepreneur in the economic system can be traced back to the physiocratic school of the eighteenth century. In this scenario, Richard Cantillon proposed visualizing the entrepreneur as a subject whose core particularity lies in overcoming the risks and uncertainty derived from his investment in human and material resources that, at the same time, given his ability to perceive arbitrage opportunities, is responsible for the production, circulation, and exchange of products (Brown & Thorntorn, 2013; Hébert & Link, 2009; Rodríguez, 2009; Terán & Guerrero, 2020).

The relevance of the analysis of the entrepreneur assumes special significance during the twentieth century. In particular, the Schumpeterian approach explicitly introduces the figure of the entrepreneurial businessman who is far from the businessman oriented only to maximize profits; on the contrary, his main interest lies in encouraging innovation through a process called creative destruction, which, alternatively, affects the business cycle and economic development (Brown & Thorntorn, 2013; Lucena & Mueller, 2019; Terán & Guerrero, 2020).

To provide an inclusive overview of parallel aspects to the preceding ones, it is proposed to categorize entrepreneurship under three complementary and non-exclusive environments: micro, meso, and macro analytical (Canales et al., 2017; Kantis, 2004).

The microanalytical framework, comparable to the Schumpeterian context, points out as the central axis the subject designated “entrepreneur” who is driven by psychological and motivational aspects, to start a company whose permanence in the market is subject to the generation of innovations. Thus, the entrepreneur is characterized by acting under conditions of uncertainty, assuming risk, and investing physical and material resources aimed at taking advantage of the opportunities provided by the environment (Alcaraz, 2011; Ephrem et al., 2021).

Although, due to the complex nature of entrepreneurial behavior, it is unfeasible to determine an exhaustive classification of the particularities inherent to the entrepreneur; it is feasible to group them under five headings: motivational factors, personal characteristics, physical characteristics, intellectual characteristics, and general competencies (Alcaraz, 2011; Kerr et al., 2017).

Motivational components emphasize the entrepreneur's willingness to accomplish his or her goals, for example, perception of economic benefit, need for achievement, social recognition, personal development, independence, and subsistence. Personal particularities emphasize elements specific to the individual's character, such as initiative, decision-making capacity, emotional stability, self-control, orientation toward specific achievements, tolerance to uncertainty, honesty, integrity, confidence, perseverance, and optimism (Alcaraz, 2011; Kerr et al., 2017).

The physical aspects are linked to the ability to work toward the achievement of the entrepreneurial project, as well as the energy and commitment willing to achieve the objectives. Intellectual characteristics point to creativity, imagination, and the search for information that allows adequate decision-making. In addition, the comprehensive vision of problems and the ability to solve them. General competencies show leadership attitudes, personal networks, ease of communication, and the ability to manage business resources (Alcaraz, 2011; Martínez, 2010; Shi & Wang, 2021).

In the same way, in the microanalytical setting it is possible to add the entrepreneur's personality classes, segmented into five types (Begec & Arun, 2020; Muralanda & Morales, 2016; Schollhammer, 1982):

- (1) Administrative entrepreneur: not necessarily the owner of the company but the subject who employs techniques, and management tools channeled to the stimulation of research and development to generate new or improved products or organizational forms.
- (2) Timely entrepreneur: an individual who keeps abreast of opportunities and remains alert to the possibilities of the environment.
- (3) Acquisitive entrepreneur: a person who possesses the ability to learn from others and the faculty to acquire experience from his mistakes.
- (4) Incubator entrepreneur: given the search for opportunities and the motivation to grow entrepreneurially, the individual spawns independent business units that become new ventures.
- (5) Imitator entrepreneur: described as an individual who originates or improves organizational schemes, processes, and products from already existing elements.

In parallel, although a single categorization regarding the types of entrepreneurs is not generalizable, it is possible to segment them into eight classes (Marriner, 2021; Peñalver, n.d):

- (1) Visionary entrepreneur: possesses a panoramic view of the future since he could visualize trends and focuses his company on the future. They focus on seeking opportunities in any situation; therefore, they have a low-risk aversion.
- (2) Persuasive entrepreneur: is persevering, has leadership skills, encourages others to act in each circumstance, and focuses on fostering positive attitudes in a team.
- (3) Specialist entrepreneurs have a technical profile and perfectly know an area of knowledge where they frequently practice entrepreneurship. At the same time, they have a sharpness to detect and correct mistakes, however, they tend to have an individualistic attitude and refuse to work in a team.
- (4) Opportunistic entrepreneur: is comparable to the Schumpeterian entrepreneur because he/she has a non-risk-averse behavior in the search for opportunities to cover a need and obtain benefits.
- (5) Entrepreneurial investor: is characterized by being the owner of capital that invests in a business to seek the highest possible profitability. It represents the capitalist partner in a novel project.
- (6) Social entrepreneur: oriented to develop actions whose impact is socially positive. Unlike other types of entrepreneurs, their main purpose is not to obtain profits but to assume a certain degree of altruistic behavior.
- (7) Entrepreneurs by accident: they start a business by chance. They frequently associate with family members or people close to them and tend to adapt to changes in the environment.
- (8) An entrepreneur by necessity: the work or personal situation in which an individual finds him/herself prompts him/her to start a business to obtain resources, even if it is against his/her will. They are also called entrepreneurs with a defensive attitude to escape unemployment (Pico, 2016).

Regarding the meso analytic approach, it is characterized by the visualization of the links between the entrepreneur and his immediate environment, especially with customers, suppliers, and competitors (Canales et al., 2017). Specifically, an approximation to this approach is represented by the CANVAS Model, which equates entrepreneurial functions with the creation of an artistic canvas. This is composed of nine elements grouped into two segments: company and market.

The company is located on the far left of the canvas and indicates the set of activities inherent to the operation of the organization: cost structure, core resources, main activities, and key alliances; while the market is on the right, which points out the links between the business and its environment, including distribution channels, value proposition, relationships with consumers and source of income (Osterwalder & Pigneur, 2010).

Within this framework, it is also feasible to incorporate the notion of social entrepreneurship, which is based on the relations of a particular company with its environment. The peculiarity of such an organization lies in the fact that from the visualization of social problems, collaborative relationships are generated whose

purpose does not necessarily imply profit, on the contrary, it is found in remedying adversities such as poverty and social exclusion (Pérez et al., 2017).

Specifically, the purpose of this kind of entrepreneurship is not only economic, but on the contrary, it aims to generate a triple impact on the community: social benefit, environmental impact, and financial sustainability (Jiménez et al., 2018). Although there are no generalizable characteristics of this kind of entrepreneurship, it is possible to point out the following: action for society over profit; solution or decrease of community problems; use of own innovative methods and providing employment to the members of a community in the same way that companies of a commercial nature do (Etecé, 2021).

Concerning the macro-analytical categorization, it is oriented toward trying to quantify entrepreneurial results and their impact on economic growth in terms of innovation, technological change, and employment, among other factors. Under this perspective, the Global Entrepreneurship Monitor Survey (GEM) is recognized, as well as the research of the Organization for Economic Cooperation and Development (OECD) and the World Bank. In particular, the GEM has been analyzing, since 1999, the levels of entrepreneurship and its impact on local economic development for a set of 120 countries (GEM, 2021). The OECD conducts studies on youth entrepreneurship, microenterprises, prospects, and challenges, while the World Bank addresses topics such as women's entrepreneurship, small businesses, and economic growth.

In short, although the description of the entrepreneur from the analytical frameworks is not exhaustive, it allows for determining the relationship between individual business-oriented behavior and its impact on the local and economic environment.

### **Limitations to Entrepreneurship: An Analytical Proposal**

One of the limitations related to the analysis of entrepreneurship lies in the ambiguity of the term itself since a precise definition does not exist. Generally, it refers to the behaviors of a creative and risk-flexible individual; however, these qualities are not met in all cases (Hidalgo, 2015; Oliva, 2018). In the same way, frequently, theoretical descriptions regarding the entrepreneurial context address cases of success or scenarios from developed nations; however, this environment is dissimilar in underdeveloped countries where the creation of companies tends to solve unemployment problems, as opposed to the generation of innovation and technological change.

In the meso analytic framework, the emphasis on psychological and motivational aspects is subject to several questions because such particularities are not only present in entrepreneurs but also in other social individuals (athletes, politicians). Similarly, there is a discrepancy between the notions of motivation and motive which determine at the same time the difference between true and false entrepreneurs.

Motivation refers to the commitment to the project where the entrepreneur feels the impulse to develop and consolidate a company. This aspect is

intrinsically related to the acquisition of knowledge, skills, and abilities regarding the management of the incipient business (Endres & Woods, 2009; Marulanda et al., 2019). In contrast, a motive implies a cause, different from the business idea, that dictates the actions focused on entrepreneurship, for example, unemployment, the need to generate extra income, self-employment, or personal fulfillment (Montiel & Soto, 2021; Trías de Bes, 2007). Thus, it is possible to infer that motivation defines a psychological component oriented to establish the behavior of a subject, being the impulse for action in the face of adverse situations; meanwhile, a motive is dependent on the context (positive or adverse) in which an individual is inserted.

At the same time, the divergence between motive and motivation makes it possible to determine the peculiarities between true and false entrepreneurs (Montiel & Soto, 2021; Trías de Bes, 2007). The true entrepreneur is a subject driven by the will and the power of decision to achieve entrepreneurial success. In addition, he/she has a capacity for learning and a clear goal for the incipient business.

In contrast, the false entrepreneur is based on a motive, often adverse, to start a business. In some cases, they are inserted into the informal economy, do not have the knowledge and skills for business management, and lack the will to grow the business in the long term (León, 2019).

Under this perspective, start-up companies are sustainable when they are not created by chance but are created by observing the environment and identifying business opportunities in an environment of risk and uncertainty; therefore, they require a great deal of effort, commitment, and will, since the objectives must go beyond purely economic purposes (Carter et al., 2003; Muralanda et al., 2014).

Additionally, it is necessary to explicitly incorporate the role of the cultural context (Hidalgo, 2015), since frequently, studies on entrepreneurship approach the ideal vision of the factors that impact the creation of companies, however, the role of communication, cooperative connections, and the incidence of political, economic, and social aspects on entrepreneurial performance are omitted.

In particular, the cultural framework underlines the importance of the anthropological environment of entrepreneurship by detailing the relevant elements for decision-making in uncertainty scenarios. Particularly, risk aversion signals the direction of the activity since it stimulates or inhibits the search for opportunities (Oliva, 2018).

Based on the foregoing, it is essential to propose an analytical scheme that allows examining the peculiarities of true and false entrepreneurship from the micro, meso, and macro-analytical environments. This is because the entrepreneur is not an agent isolated from the environment; on the contrary, his behavior is subject to constant feedback connections.

To explicitly observe the elements involved in the differentiation between true and false entrepreneurs, an analytical scheme is proposed, which incorporates, on the one hand, the micro, meso, and macro analytical spheres; and, on the other hand, adds behavioral aspects given by motive and motivation (Fig. 1).

Specifically, the microanalytical aspect includes the factors, personalities, and types of entrepreneurs. In addition, motive, and motivation, which represent

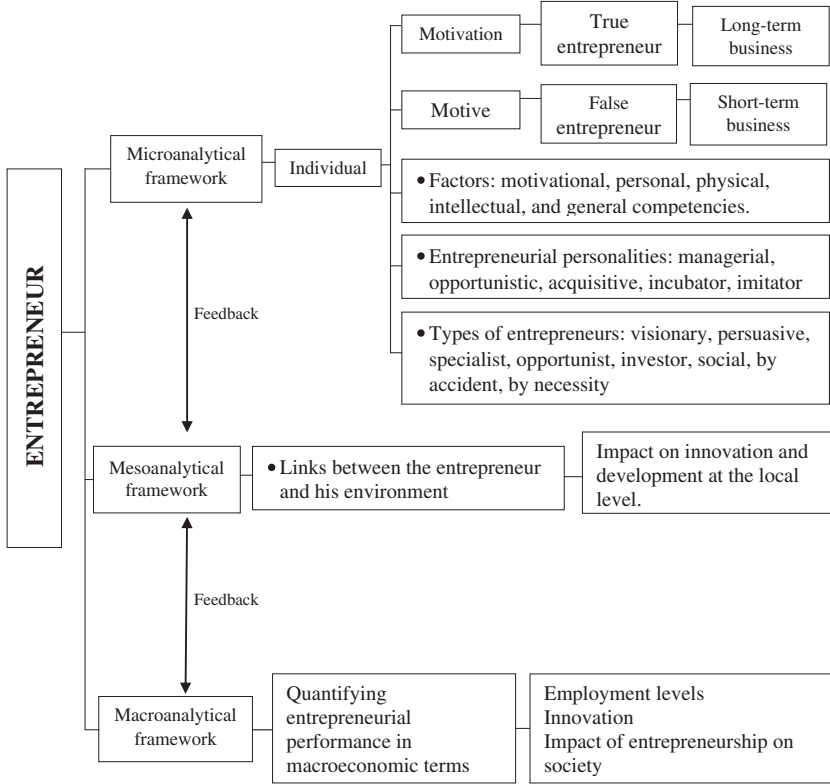


Fig. 1. Analytical Proposal: True *versus* False Entrepreneur. *Source:* Own elaboration.

behavioral aspects, are added to observe the forces that drive the subject toward entrepreneurial activity. From the meso analytical perspective, it is suggested to observe the links between the entrepreneur and his environment to verify if the nascent enterprise feeds back on the context; while, from the macro analytical framework, it is proposed to quantitatively verify the entrepreneurial impact in terms of employment, innovation, and economic growth.

In short, the above approach is justified by the lack of an integrative framework aimed at visualizing the subject as the central axis of entrepreneurship. At the same time, theories of entrepreneurial activity often describe ideal situations; however, entrepreneurial success depends not only on perseverance, knowledge, skills, and experience but also on external connections and the impact of entrepreneurship on the economy.



### ***True or False Entrepreneur: Case Study of a Family Business***

To visualize the divergence between true and false entrepreneurship, we propose to analyze a retail business located in Toluca, Mexico. The business in question refers to a family micro-business dedicated to the sublimation of products and operating under the franchise scheme. For confidentiality reasons, this company will be called "Family business S."

Although this is a case study whose results depend on the context, its examination makes it possible to infer the problems faced by the entrepreneurs, as well as the motive or motivation that stimulates the subjects toward entrepreneurial activity. A fundamental aspect resides in the fact that the owners of *S* have university knowledge of administration and economics, a circumstance that will make it possible to affirm or refute the need to have theoretical knowledge before starting a business.

Concerning *S*, the idea of entrepreneurship emerged from the desire of a young married couple who wanted to occupy their free time in the afternoons, since in the mornings they worked in transnational companies. Since they had a few hours to dedicate to the business, they investigated the possibility of acquiring a franchise, as they considered that it would facilitate the management by obtaining the business model and know-how. The next phase consisted of a search for information to select a scheme adjusted to their needs, essentially in terms of time and monetary resources.

Fortunately, without requesting the corresponding data, one of the entrepreneurs received an e-mail describing a business model based on a franchise that offered a new product based on the sublimation of personalized products, adjusted to the consumers' tastes, which, in addition, did not require an excessive investment, a non-precedential product that offered the possibility of working by the hour and from home. This situation was attractive to the young entrepreneurs, so they decided to contact the franchise sales agent.

Due to the nature of the business, the franchisors pointed out to the future entrepreneurs the impossibility of acquiring supplies from alternative suppliers, as they were the only suppliers. At the same time, the company established the sales prices, the monthly percentage that would be paid for using its scheme, and the obligation to use certain pre-established designs. The franchisor undertook to provide training (virtual or onsite) and support the entrepreneur if necessary.

Due to their desire to own their own home-based business, the couple decided to acquire the franchise and start operations once they received the supplies. Although both entrepreneurs had theoretical knowledge about business and administration, they did not know how to run a business in practical terms. Therefore, they concluded that the start-up should be delayed to effectively plan the launch of the venture. The reason for postponing the start-up was that they were risk-averse because, for the first time, they would have the opportunity to test whether their university knowledge was sufficient to achieve entrepreneurial success. They were also fearful of the risk of failure and losing their savings.

While deciding to open *S*, the couple dedicated themselves to their work in the transnational company. Finally, months later, they decided to start offering the

sublimated products electronically. This was a consequence of the probability that one of the spouses would lose his or her job since the transnational company announced the reduction of personnel.

Although they had the know-how, it was excessively complicated to carry out the tasks of production, purchasing, handling of electronic media, and marketing, since they had not decided on the functions that each person involved would perform. One of the entrepreneurs recalled that the first sale was chaotic because, although they had received training, they had no practical experience in handling the inputs. Also, since there was no point of sale, the product had to be sent to the place indicated by the plaintiff. The couple did not know the proper way to pack and the costs of shipping outside Mexico since they were dealing with an international client.

This first experience represented monetary and commercial losses. On the one hand, the lack of sublimation skills increased shrinkage and re-purchase of supplies; and, on the other hand, the courier service was costly and inadequate because of delays in delivery time, a situation that led to complaints and dissatisfaction on the part of the client.

To increase their visibility in virtual media and rectify the losses derived from the adversity described above, the nascent entrepreneurs decided to invest part of their savings in the management of a web page, as well as in the design and insertion of the business in Facebook, Twitter and buying and selling platforms. The consequence was an increase in the number of orders inside and outside Mexico. Although this is a favorable scenario for any company, for S it symbolized an unfavorable context. The reasons lie in the fact that the increase in the number of clients demanded a greater number of inputs, personnel, and shipments. However, the couple found it financially impossible to hire employees and purchase additional raw materials. In the same way, the entrepreneurs continued to work in the transnational company where they had to comply with responsibilities and a workday that frequently exceeded eight hours. This circumstance limited the time dedicated to customer service and the general operation of the business.

Alternatively, raw material procurement depended on the responsiveness of the franchise parent company. At times, due to delays in the shipment of supplies, it was impossible to meet customer demands. In addition, the quality of the courier company's service was an external factor, independent of the franchisee and franchisor, which affected the performance of S.

Despite the adversities, the entrepreneurs continued to combine their work in the transnational firm for which they received a secure salary, with the chores of the nascent business in which income was variable. This environment lasted until one of the entrepreneurs became unemployed.

In theoretical terms, it is feasible to infer that unemployment could constitute a motive that would stimulate motivation for business growth; however, in S the opposite occurred. The lack of a job had a psychological impact on the entrepreneur, who displayed negative behaviors such as apathy for his appearance, professional carelessness, and, essentially, enormous disinterest in the venture. Thus, the responsibility fell on his spouse, an individual who, in addition to his

work in the transnational company, had to take care of the entire operation of the franchise in his free time. These multiple occupations hindered production, purchasing, sales, and marketing.

In this regard, the person in charge of S was only partially familiar with the production process, especially with the sublimation machinery, which led to an increase in waste, the need to purchase additional supplies, and the failure to fulfill orders. At the same time, due to the excessive workload, the business's website and social networks were not monitored.

Because of the decrease in income, the possibility of reducing costs was explored. One of the alternatives was to purchase inputs from alternative suppliers located in nearby geographical areas. During the investigation, S's manager observed that, in the market, the prices of raw materials were well below those given by the franchise's parent company. Although the acquisition of expensive inputs had an impact on the business, the nature of the franchise system obliged the franchisee to comply with the franchisor's stipulations.

An additional element that affected S was the competition. In the beginning, there were no companies dedicated to the sublimation of personalized goods; however, the potential demand encouraged the entry of new businesses offering similar products, but at lower prices.

According to the franchisor, offering higher prices was the result of better product quality, but a significant segment of customers valued lower prices over quality. At the same time, consumers were charged for shipping the goods, further raising the selling price.

As for the franchisee's support, it was remote and sporadic. Entrepreneurs communicated by telephone or e-mail with the company's head office to obtain help in handling the sublimation machinery, or when it was necessary to purchase supplies. At no time was follow-up and training provided for the growth and consolidation of S.

Despite these limitations, S continued to operate until expenses far exceeded income. Mainly, competition, the lack of support from one of the entrepreneurs, poor customer service, increased shrinkage, the high price of inputs, increased shipping costs, and a decrease in customers hurt the business.

Faced with these adverse situations, the entrepreneurs decided to pause their entrepreneurial work and look for new employment opportunities. Once they had obtained a paid job in the industrial sector, both entrepreneurs abandoned the business for good. In their perception, their lack of empirical business management skills was increasingly evident.

S's description allows us to infer relevant aspects of the micro, meso, and macro analytical contexts of the entrepreneur. In the microenvironment, there are limitations linked to motivational, personal, physical, intellectual, and general competence components. The motivational discrepancies are related to the fact that the business idea arose because of a materialized motive to occupy free time and obtain extra income, as opposed to the motivation that drives the will of true entrepreneurs.

The obstacles of personal particularities are since, in the beginning, the entrepreneurs showed initiative and decision-making capacity, but after a period,

factors such as unemployment and the decrease in income caused emotional instability, intolerance to uncertainty, lack of perseverance, and mistrust among the business owners.

At the same time, the drawback in the physical aspects can be seen in the impairment of collaborative work, lack of enthusiasm, and lack of commitment to the achievement of the entrepreneurial objective. Within the framework of intellectual characteristics, the entrepreneurs possessed specialized theoretical knowledge, however, they noted the divergence between theory and empirical reality. At the same time, the franchise-based scheme limited their creativity and imagination since the contract had to be fully complied with.

In the same way, there were limitations in the general competencies since the leadership attitude, the difficulty of communication and the inability to manage the entrepreneurial resources were nonexistent.

About the entrepreneur's personalities, partial peculiarities of acquisitive and imitative entrepreneurship are glimpsed. In the beginning, entrepreneurs were characterized by their willingness to learn, later, this interest decreased due to adverse aspects such as unemployment and lack of free time. The traits of the copycat entrepreneur are a consequence of the nature of the franchise system; however, there were no improvements in processes, products, and organizational frameworks.

Concerning the types of entrepreneurs, S combines the categorization by accident and by necessity. These are accidental entrepreneurs because they started the business by accident and are partners by marriage. Alternatively, once unemployment manifested, S transited from a hobby business to a necessity business scheme.

In the meso analytic setting, S had partial or no links with the environment. Due to the virtual commercialization nature, the relationship with clients was limited to a simple purchase-sale; at no time was there contact with consumers to absorb knowledge about product or process improvements. Competition represented an obstacle to the growth of the nascent business; there was no interest in learning and knowing the behavior of rivals to obtain competitive advantages. As a result of the franchise nature, a close connection with the franchisor could be inferred, but it was limited to sporadic training and marketing of inputs. No ties with society in terms of innovation or local development were externalized.

From a macro-analytical point of view, S did not show any incidence with the economy in terms of innovation or job creation, therefore, it is unlikely to quantify the impact of the nascent business.

In general terms, [Fig. 2](#) shows the main findings regarding the characteristics between true entrepreneur and false entrepreneur, from the micro, meso, and macro-analytical contexts.

From the preceding analysis, it is feasible to infer that those in charge of S assume the peculiarities of a false entrepreneur. Initially, the idea of starting the company was based on using free time for productive work, and later, to obtain extra income due to the lack of a source of work. The entrepreneurs did not show any motivation to grow the business.

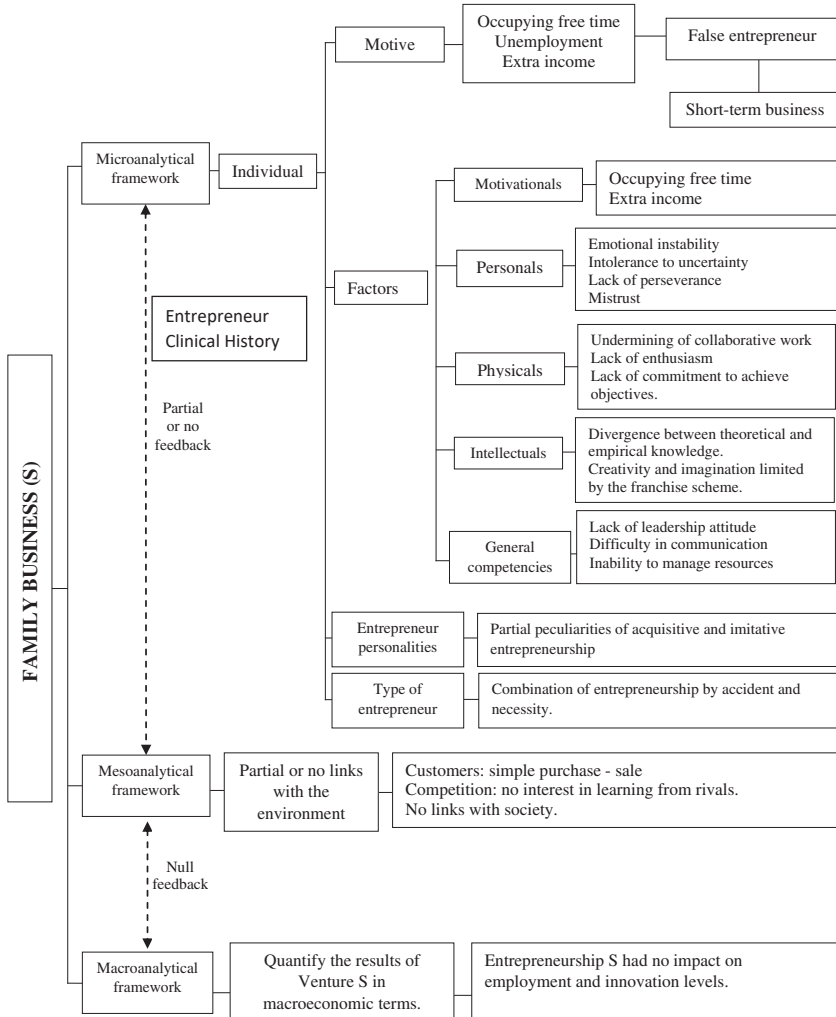


Fig. 2. True Entrepreneur versus False Entrepreneur: Family Business S. Source: Own elaboration.

A factor not explicitly considered in the studies on entrepreneurship refers to the time dedicated to the business. The case of S shows the impracticality for them, of dividing a full-time job and the work of the business. On the contrary, entrepreneurial success depends, to a large extent, on hours oriented to errands such as customer service, purchasing, merchandising, marketing, human resources, and marketing.

At the same time, S points out that knowledge about administration and management is necessary, although not sufficient, condition for operating a business. S owners possessed specialized theoretical knowledge but showed little capacity for its practical applicability. Thus, it is possible to deduce that the theoretical aspects describe the ideal situation of entrepreneurship, but there are divergences.

In the words of one of the entrepreneurs: “I think I am a false entrepreneur; I never saw the business as a long-term livelihood, we started it as a hobby and then while finding a job. However, I realized that running a business is not something easy, it is not about opening and dedicating only a few hours of work. A business does not run by itself. Moreover, I realized that what I learned at university is not enough to manage, it is necessary to have daily experience through trial and error.”

The above statement allows, on the one hand, to differentiate between a false entrepreneur and a real one. The former is stimulated by various reasons such as unemployment and extra income, while the latter has specific characteristics such as will, the desire to excel, non-adversity to risk, knowledge, and analytical skills. On the other hand, it must be asserted that entrepreneurship implies visualizing beyond monetary gains since it is indispensable the will for continuous learning, the acquisition of skills and experience, the search for continuous improvement, innovation, and, mainly, the conviction to have a positive impact on society.

In short, the description of S deals with a concrete case but makes it possible to observe the differences between the false entrepreneur and the true entrepreneur. Such differences are essential to visualize whether the company has the potential to remain and endure in the market or, on the contrary, they are ventures with little or no opportunity for growth.

As can be seen, the family business represented by S reflects the lack of indicators aimed at observing areas of opportunity and factors that negatively affect the operation of the firm. Knowledge of such aspects empowers, on the one hand, to have relevant information for decision making; and on the other, to stimulate the permanence of the business in the long term. Derived from the foregoing, it is preponderant to incorporate the notion of business clinical history into the study of family businesses.

### ***A Clinical History Approach for the FB Succession Process***

This latter phenomenon can have a huge impact on the family business research area. Being, just as any social fact is (like entrepreneurship, [Montiel & Rodríguez, 2016](#)) of a multidimensional nature, let's take a look at just one, but might be the most important dimension: the succession issue. How can we support to evaluate more objectively, if the potential successor has the characteristics required to take charge of the FB? Does he/she is a real entrepreneur? How a diagnostic can be implemented?

[Montiel \(2019\)](#) proposed using a clinical history approach to entrepreneurship. The clinic history process is used in the field of clinical psychology, a set of techniques that produce specific information on a person that poses a problem, making an initial diagnostic.

Any entrepreneur test (e.g., psychological capital test) can be affected. Psychometrics (the science of psychological tests and measurements) has identified two categories of factors that affect the reliability of psychological tests. The first is related to the construction of the tests (systemic errors), and are built into it. The second arises from random issues related to how the test is given or is taken (unsystematic errors) and has nothing to do with the test itself.

So, it could be suggested that there is a better way to know if someone it's a potential entrepreneur is by reviewing their life and trying to see in which moments were confronted by any of those 13 elements (see Format 1) and then analyzing how they overcome or live those moments. Also, it digs into the socioeconomical structure, actual employment, business and managerial practices, free time, family and hereditary backgrounds, and (if any) present psychological conditions. If the psychologist found any situation will be revealed confidentially, and both parties can decide about going or not into the incubation/investment process.

By analyzing their past and present life, a longitudinal approach, the clinic history analysis gives us relevant information about them and helps the business incubator/investors/founder about their decision to incubate/invest/successor in the project. In this way, they know not only the technical issues of the startup but also who are dealing with and decide if they should compromise resources and capital into the project.

We suggest this systemic approach (technical and human issues) can help startups, business incubators, entrepreneurs, family businesses, and investors in forecasting the human/business relationship/succession process they are thinking of build.

Any startup has the right to succeed, but also both the family business, entrepreneur, and stakeholders (investors, partners, employees, government funds, and society as a whole) deserve to safeguard their investment. Tools to strengthen the family business/business incubator/investor selection process (just like any human resources department would do in their hiring process) and make their vision come true are worth the effort.

Recently, [Akpór-Robaro \(2021\)](#), reviewing the latest trends in FB succession, found a growing interest in improving its process, where several theoretical perspectives have argued that a relationship exists between an entrepreneur's personality and business survival.

[Howorth et al. \(2006\)](#) see it as an "entrepreneurial succession," and define it as the transfer of entrepreneurial learning, skills, and spirit from one person to another through a change of ownership and/or management control, that involves the transmission of entrepreneurial knowledge, entrepreneurial characteristics, and decision-making skills in entrepreneurship.

Regarding this trend, researchers have suggested shifting toward a multidimensional approach that incorporates other characteristics of the individual involved in the succession process, such as demographic and biographic ([Van Ness & Seifert, 2016](#)). [Le Breton-Miller et al. \(2004\)](#), in their study of enterprise performance, argued that post succession performance is affected by successor characteristics.

[Akpór-Robaro \(2021\)](#) elaborated a model of the relationship between entrepreneurial succession and family business survival, which details the role of

personal characteristics of the successor in the survival of FB using business practices as the intermediating factor between entrepreneurial succession and family business survival. The personality of the potential successor is built by those psychological and non-psychological characteristics, which make up its entrepreneurial behavior, that ultimately influences its business practices, and has an impact on the family business survival (financial and nonfinancial measures).

Business practices in an enterprise deal with its external environments, such as customers, suppliers, agents/distributors, regulatory agencies, and every exogenous condition of good business relationships with external stakeholders. Managerial practices include business practices and the family business's internal procedure for dealing with its members, ensuring an optimal work environment to achieve an effective and efficient work system, including the organizational culture.

For the FB, Casson (1999) looked at the survival concept versus sustainability in the family business. Survival includes growth and expansion and the ability to remain privately held but not necessarily family-run. According to Coli (2011) includes "the persistence of control by the same family over time, while longevity is measured only in terms of the age of the enterprise, independently of its ownership structure." Sustainability is a subset of the former. The ability to pass the firm's ownership and control inside the family is a relevant indicator of family business survival (Coli, 2011).

So, what about implementing a clinical analysis for the FB succession process? Format 1 presents the proposal for Entrepreneurial Life, Potential Successor, Clinic History.

## **Format 1. Entrepreneurial Life, Potential Successor, Clinic History**

### *Section 1. Successor's Non-psychological Characteristics*

#### **General Information**

Name \_\_\_\_\_ Age \_\_\_\_\_ Gender \_\_\_\_\_  
 Nationality \_\_\_\_\_ Legal Status (single, married) \_\_\_\_\_  
 Present job \_\_\_\_\_ Education \_\_\_\_\_  
 Address \_\_\_\_\_  
 Religion \_\_\_\_\_

#### **Non-pathological Personal Background**

Tabaquism (cig/day/yrs) \_\_\_\_\_  
 Alcoholism (drink/freq) \_\_\_\_\_  
 Addictions (yrs) \_\_\_\_\_  
 Nutritional habits \_\_\_\_\_  
 Physical activity (freq) \_\_\_\_\_  
 Allergies \_\_\_\_\_  
 Working Hrs/Rest (weekly hrs) \_\_\_\_\_



Nutritional Diet (quantity/freq × week: dairy products, vegetables, fruits, cereals, meat, poultry, etc.).

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Free time use (rest time, sports, recreation, hobbies, vacations)

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**Present Illness (Initial Phase, Evolution, Present Stage)**

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Self-conscious of Illness (in case of)

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**Grooming Perception**

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**Systems**

• Nervous system: \_\_\_\_\_  
\_\_\_\_\_

• Sensorial system: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

• Psychosomatic: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

• Stress Management: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Section 2. Successor's Psychological Characteristics****Entrepreneurial Life and Characteristics<sup>1</sup>**

Instructions: In each stage, talk about competencies in themes like personal level, family, school, neighborhood, entrepreneurial business projects or as an employee, or at a personal level (opportunity recognition and development), launched, and outcomes.

<i>Competences</i>	<i>Period</i>				<i>Outcome<sup>2</sup></i>
	<b>Childhood (0–11)</b>	<b>Youth (12–17)</b>	<b>Adult (18–25)</b>	<b>Present</b>	
Motivation intrinsic and extrinsic	x	X	x	X	
Perseverance – Persistence	x	X	x	X	
Conflict resolution	x	X	x	X	
Inteligencia Emocional	x	X	x	X	
Resilience	x	X	x	X	
Overcome failure	x	X	x	X	
Decision taking	x	X	x	X	
Look for opportunities, initiative	x	X	x	X	
Achieve compromises	x	X	x	X	
Demands quality and efficiency	x	X	x	X	
Takes calculated risk	x	X	x	X	
Independence, self-confidence	x	X	x	X	

Fears (inconclusive events in its life, reactions against the unknown, confronting pressure or stress to finish activities, goals, dreams, etc.).

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<sup>1</sup>Based in Montiel et al. (2012).

<sup>2</sup>(x = bad behavior, X = good behavior).

**Section 3. Enterprise Business Practices**

**Managerial Practices**

Outside the FB:

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Inside the FB:

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**Business Practices**

Outside the FB:

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Inside the FB:

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Final Observations: \_\_\_\_\_

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**Final Diagnostic**

*Patient Name:* \_\_\_\_\_

*Diagnostic:* \_\_\_\_\_

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*Forecast:* \_\_\_\_\_

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Recommended treatments (in case is necessary): \_\_\_\_\_

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**Psychologist Professional.**  
(Name, signature)

**Date** \_\_\_\_\_

*Source:* Own elaboration, adapted from [UNAM \(2005\)](#).

In the first section, the non-pathological personal background can be decisive since it can affect the mental order of the potential successor/entrepreneur. No less important are the nutritional habits of the candidate, since they can potentiate the probabilities of the appearance of illness that can harm the productive life of this individual within the FB. Also, problems in the nervous system and sensorial systems can be the main obstacle to the stress the individual will be confronted with, being incapable of handling this type of situation. In the second section, those are the main characteristics selected from a literature review, and implemented, back in 2012, as an integral part of the incubation process on a university's business incubator (under what was known as the entrepreneurial psychological support module) located in Mexico, and that showed significant positive results, increasing substantially its success rate (entrepreneurs that finished all the process with a complete business plan, as the outcome of it). Then in the third section, the development of the professional life and career takes place, one that can be done within the FB or best, outside the FB that can foster new insights once the potential successor took the FB in charge.

## Conclusions

Entrepreneurship is a fundamental aspect of the creation of ideas aimed at generating new family businesses that have an impact on innovation, employment, and economic growth. Although theoretically the entrepreneur is described as an individual motivated by the will to grow his company in an environment of uncertainty and risk, the empirical reality shows divergences concerning this ideal behavior.

To observe the difference between true and false entrepreneurs, the objective of this chapter was, on the one hand, to propose an analytical scheme including the micro, meso, and macro analytical environments, and, on the other hand, to explicitly add the behavioral aspects given by the motive and motivation that determine whether a subject has the peculiarities of a true or false entrepreneur,

with the support of a more precise evaluation, e.g., clinical history, unbiased, reliable.

The case of S showed that, in effect, alluding to the definition of motive and motivation made it possible to differentiate between true and false entrepreneurs. In S, we are dealing with false entrepreneurs who, although they had theoretical knowledge about entrepreneurship, were unable to manage the resources of the nascent company. Their behavior toward entrepreneurship implied a motive given to occupy their free time, however, they did not have a motivation oriented to the consolidation of the company. Thus, it can be inferred that having business knowledge is not a sufficient condition, since it is necessary to have the will and to face the risks and uncertainty generated by the operation of a start-up company.

Similarly, the case of S made it possible to visualize the divergence between the ideal theoretical situation of entrepreneurship and the empirical reality. In this regard, it is not enough to carry out a business idea, it is necessary to show peculiarities not acquired through university studies since these are characteristics inherent to the personality of the individual, among them, leadership capacity, non-adversity to risk, creativity, comprehensive vision of the phenomena of the environment, communication skills and the ability to manage entrepreneurial resources.

Similarly, the ideal situation implies that ventures establish collaborative links with the environment to have a positive impact on the economy; however, the case of S showed that not all ventures have the capacity to connect with the environment.

In sum, the analytical proposal, and the clinical history approach, imply aspects that are frequently omitted in studies on entrepreneurship and family business, both closely related, such as the links with the environment, the relevance of differentiating between motive and motivation, and essentially, the divergence between a false entrepreneur and a true entrepreneur.

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