

## Chapter 76

# Entrepreneurship and Family Business Phenomenon: Corresponding, Antagonist, or Indifferent from Each Other?

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### ABSTRACT

*Few authors have referred to the existing relationship between the topics of entrepreneurship and family business, but the number is in crescendo. In this work, we will make a description of each type of entrepreneurship offered by the literature, and select seven characteristics that most of them share. These characteristics are contrasted with every type of entrepreneurship and with the family business actors. At last, we will propose a study model, share some conclusions and recommendations for owner families.*

### INTRODUCTION

#### Justification

Entrepreneurship and family business (hereinafter, FB) are two words that usually do not come together in the business literature, and that is why in this chapter we will study the relationship between them. These two phenomena, in a separate way accounts for several studies, but few of them approach both topics in a single study, especially with the objective to find out any existing relationship (Hoffman, 2009, p. 1).

In order to explain growth in multi-generational FB we have to see this phenomenon on the light of the different manifestations of entrepreneurship.

Entrepreneurship is a phenomenon with, at least, eight manifestations or conceptual categories of entrepreneurial behavior, which operates with or within different organizations (new ventures, established corporation, institution, foundation and NGO<sup>1</sup>) and / or different stages on the life of a firm. These manifestations can be ordained by the characteristics expresses by the firms in each stage, and starting

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with “firm creation” with the classical entrepreneurship (hereinafter, CLE)<sup>2</sup>, and so on with others according to growth, development and multiplication.

The entrepreneurial categories we referred to are: CLE, immigrant entrepreneur, ethnic entrepreneur, copreneur, serial entrepreneur, corporate entrepreneur (intrapreneur) (hereinafter, CE), social entrepreneur, and institutional entrepreneur.

The eight manifestations or conceptual categories of entrepreneurial behavior are summarize as follows:

- Classical entrepreneurs identify opportunities and take them into reality by creating new ventures;
- Immigrant entrepreneurs create new ventures in different countries;
- Ethnic entrepreneurs belong to a specific ethnic and create new ventures, either in their own country, or in a foreign one;
- Copreneurs are a couple non-related by consanguinity but by affective knots, who agree to exploit a new venture;
- Serial entrepreneurs develop an empirical method to set up new ventures or acquired existing ones;
- Intrapreneurs are innovative agents as they create new ventures within an artificial space inside a corporation;
- Social entrepreneurs are defined by those who personally or by an organization (foundation or NGO) execute activities to create new ventures for the benefit of others; and
- Institutional entrepreneurs create his/her new ventures and look for the creation or transformation of institutions to facilitate growth of a sector.

Other two manifestations of entrepreneurship mentioned in the literature are born global and portfolio entrepreneurs, and we are not going to deal with them directly in this work, but would mentioned punctual aspects about them, when necessary.

Even when there are still doubts about the end of the “entrepreneurial process”, whether it finishes at the creation stage of the firm or several years later (adapted from Wright, et al., 1997, p. 252). Such process does not end with the successful initial establishment in the market of the new venture, because it is an ongoing process that must escort the firm along its different growth phases (Craig, n. d., p. 1), and this is done by using entrepreneurial qualities such as innovativeness, risk taking and initiative to shape the markets, which are particularly relevant in times of change (Hoffman, 2009, p. 1).

On the other hand, the FB literature mentions that, sooner or later, the entrepreneur or the creator of a new venture or its “founder”, on the FB linguistic, would soon has a firm with some FB behavior (Matthews, et al., 2012, p. 20), by feeling a strong pressure from entering family members, to define new roles or a succession process. After the exit of the founder from the firm, will come a strong entrepreneurial deficit and a passive conformity from the succeeding generations.

The synchronization of all these watches that click separately demands a redefinition the roles and their clarity for the future and foresee future perspectives, with the intention to shed light with a preliminary model on this dilemma, and promote future research on the topic of growth and innovation in the FB.

An important question will lead this theoretical study: why some FBs after several generations still keep up the entrepreneurial spirit (Hoffman, 2009, p. 4); and by answering it, we would try to make a modest contribution to understand better how the FB can be more entrepreneurial, keep on growing, and continue.

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