

Dysfunctional Studies: Family Business New School of Thought

Estudios disfuncionales: la nueva escuela de pensamiento en la empresa familiar

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Latest publications

Montiel Méndez, O.J., Álvarez-Castañón, L.d.C. and Alvarado, A.A. (2022), "A New Momentum for Entrepreneurship: Latin America's 4th Wave", Montiel Méndez, O.J. and Alvarado, A.A. (Ed.) *The Emerald Handbook of Entrepreneurship in Latin America*, Emerald Publishing Limited, Leeds, pp. 269-274. <https://doi.org/10.1108/978-1-80071-955-220221017>
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Latest publications

Canales García, R.A. and Montiel Méndez, O.J. (2022), "True Entrepreneur versus False Entrepreneur: Implications for Family Business", Montiel Méndez, O.J., Tomaselli, S. and Maciel, A.S. (Ed.) *Family Business Debates*, Emerald Publishing Limited, Leeds, pp. 327-349. <https://doi.org/10.1108/978-1-80117-666-820221017>
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Abstract

Purpose: To explore and connect the potential elements identified as dysfunctional in family businesses (DYSFB), where productive, unproductive, and destructive aspects are underscored.

Methodological design: A documentary review focused on identifying relevant scholars and academic works that address this dysfunctional dimension.

Results: The "dysfunctional side" analysis provides a significant and novel contribution to family business (FB) studies. It establishes a framework for future theoretical and empirical research on deviations from ideal conditions within such organizations.

Research limitations: A notable limitation is the need for further empirical research to substantiate the proposed theoretical model, which may lead to a more precise definition of the construct, as well as a clearer understanding of the factors or forces that drive DYSFB from a systemic perspective

Findings: The viability of advancing a new school of thought devoted to studying dysfunctionality in family businesses (DYSFB). The theoretical model posited here lays a foundation for future research and holds considerable potential to inform public policy, shape the entrepreneurial ecosystem, and influence entrepreneurship education.

Keywords: *Dysfunctional studies*, Dark side of Family Business, Organizational Theory, Dark side of entrepreneurship..

Resumen

Propósito: explorar y relacionar los elementos potenciales identificados como disfuncionales en las empresas familiares (DYSFB), donde se destacan aspectos productivos, improductivos o destructivos.

Diseño metodológico: una revisión documental encaminada a reconocer autores y trabajos académicos relevantes que abordan la dimensión disfuncional.

Resultados: el análisis del "lado disfuncional" ofrece una contribución significativa y novedosa al campo de los estudios sobre empresas familiares (FB), circunstancia que proporciona un marco de referencia para futuras investigaciones teóricas y empíricas en torno a la divergencia de situaciones ideales en este tipo de organizaciones.

Limitaciones de la investigación: una limitación versa en la necesidad de ampliar la investigación empírica para validar el modelo teórico propuesto, lo cual podría facilitar una definición más precisa del constructo, así como de los factores o fuerzas que impulsan las DYSFB desde una perspectiva sistémica.

Hallazgos: la viabilidad de proponer una nueva escuela de pensamiento dedicada a los estudios sobre disfuncionalidades en las empresas familiares (DYSFB). El modelo teórico planteado sienta las bases para indagaciones futuras y posee el potencial de influir en la enunciación de políticas públicas, la conformación del ecosistema emprendedor y moldear la educación para el emprendimiento.

Palabras clave: *estudios disfuncionales*, *lado oscuro de la empresa familiar*, *Teoría organizacional*, *lado oscuro del emprendimiento*..

INTRODUCTION

The entrepreneurship literature has examined two primary concepts of the same coin. The bright side is that most writers review and highlight the different elements required or recommended to achieve entrepreneurial efficacy or success and the production of quantifiable innovation (Baumol, 1990; 2010). When considered collectively, entrepreneurship promotes innovation, job creation, economic growth, and knowledge transfer (Casson, 2003; Vettik and Mets, 2024).

Most family business founders are also entrepreneurs, and research indicates that entrepreneurship fosters creativity and innovation (Kirzner, 2011). It also favors regional development (Fritsch, 2011; Fritsch and Wyrwich, 2023). It is possible to establish a relationship between knowledge innovation and the expansion of entrepreneurship (Baumol, 2010) as a crucial agent of technological change (Link and Siegel, 2007). This is based on the positive feedback loop of developing and managing innovative and sustainable territories, producing knowledge (Feldman and Avnimelech, 2011; Castro *et al.*, 2020), and boosting capital for entrepreneurship (Audretsch and Keilbach, 2004; Alerasoul *et al.*, 2022).

With these advantages, the entrepreneur (founder) attains heroic and almost legendary status (Jones and Spicer, 2009). Some see the entrepreneur as an economic redeemer (Sorensen, 2008) and part of the entrepreneurial ecosystem—a conglomerate of elements from the social, economic, cultural, and political domains—that fosters the emergence and expansion of new businesses, particularly those with innovative components. The ecosystem also includes risk-takers and advisors for these ventures (Spigel, 2017; Oliveira *et al.*, 2023).

Many stances have been presented (Jones and Spicer, 2009) to address or explain the behaviors that entrepreneurs may engage in. If not properly controlled or managed, these behaviors may be harmful (dark side) to the entrepreneurial project (i.e., family business), which could be a startup or an established business, as well as to the individual interest groups or stakeholders, which could include employees, families, the community, and ecosystems supporting entrepreneurship and innovation (Yin and Lui, 2023).

Numerous approaches have been taken to study the negative aspects of entrepreneurship, but they almost invariably treat them as characteristics of a construct rather than as a construction itself. Kets de Vries (1985) first used the term "dark side." This dark side has been brought in (or exported out?) to other fields, such as creativity (McLaren, 1993), knowledge leaks (Frishammar *et al.*, 2015), and, more recently, technology (Townsend, 2017).

It has also attempted to define the dark side of entrepreneurship as a construct (Montiel *et al.*, 2020), teach dark-side theories to unnerve entrepreneurship (Talmage and Gassert, 2020), and investigate whether people with entrepreneurial traits are more likely to commit acts of destruction.

Family businesses' relevance in national economies is well-known (Gomez-Mejia *et al.*, 2020). Researchers like Graafland (2020), Zientara (2017), and Minichilli, Corbetta, and MacMillan (2010) have all raised the possibility of a negative/dark aspect in family businesses. According to Miller and Le Breton-Miller (2014), dysfunctional conservatism may be brought about by family members' desire to maintain control over a company and ensure security for future generations. This could lead to resistance to reviving the company and reduce the motivation to make risky investments (Le Breton-Miller and Miller, 2016). These businesses, which are entirely run by family members, may place rules that put the needs of the family before those of the stakeholders.

According to our analysis, this dark side metaphor has evolved towards a dysfunctional perspective. Following APA (2024), dysfunction is defined as "any impairment, disturbance, or deficiency in behavior or operation."

This study aimed to identify and structure the relationship between different elements within a dysfunctional perspective and propose an initial point to conceptualize it. This is the main contribution of this study. It represents an evolution of the dark side of family business/entrepreneurship, where the metaphors “bright side/dark side” or “two sides of a coin” are used as an initial way to explore, adopt and manage new ideas through management (Røvik, 2011), is no longer feasible and accurate, since (see Appendix 1) there are a clear trend and growing interest in the academic community for this field, there are several different angles where it has been researched/approached, and there is a need to give a conceptual structure for this nascent research area, where a more structured and ground position can be established. This theoretical thought/standpoint can foster and embrace all the profound interest that has surged recently.

Therefore, we suggest that it is feasible to identify the emergence of a new school of thought in family business. A new school is recommended when there is “A group of researchers investigating and developing common methods, tools, and techniques (for practitioners to use), often with one or more lead researchers providing the vision in that area.” (Turner *et al.*, 2013, p.8). This theoretical and practical focus raises the possibility that schools of thought are less rigorously defined than scientific paradigms, as defined by Pollack (2007).

The remainder of this paper is organized as follows. In the first section, we begin to look at the genesis of the dark side of entrepreneurship, the original metaphor used to approach the dysfunctional perspective; the second section discusses what is considered a school of thought, this section reviews the leading family business themes in which academics have shown interest. In the fourth section, we explain the method used; the fifth section presents more detailed information on this new school of thought and the conceptual model it proposes and discusses it in more detail, and we conclude and discuss the future of dysfunctional family business studies.

The Dark Side Approach

The Dark Side Approach seeks to explore the hidden and less studied dimensions of the entrepreneurial and family business realms, focusing on the negative aspects of both contexts. This section explores two central areas: the dark side of Entrepreneurship, where the darker aspects of the entrepreneurial process will be examined, and The Dark Side of Family Business, where the dysfunctional factors inherent to family businesses will be analyzed.

Dark Side of Entrepreneurship

As Manfred Kets de Vries proposed in 1985, The Dark Side of Entrepreneurship refers to the less visible and problematic aspects of the entrepreneurial process, which can exist in any organization, independent of its nature (public or private corporation, family business of any size). These may include psychological dynamics such as fear of failure, anxiety, obsession with success, lack of balance between personal and professional life, and dysfunctional behaviors such as impulsivity, entrepreneurial narcissism, and exploitation of others to achieve the entrepreneur's goals. Kets de Vries highlights the importance of understanding and addressing these less visible aspects to promote healthier and more sustainable entrepreneurship.

Studies conducted in France on firms suggest that emotional commitment is crucial in driving entrepreneurs to adopt overinvestment behaviors (Gabay *et al.*, 2024). This finding extends the existing knowledge on the relationship between affection and commitment, highlighting their joint role in developing adverse outcomes for emerging entrepreneurs.

Furthermore, the phenomenon identified as the “resource curse,” which arises from a strong dependence on resources, frequently undermines regional organizational culture, innovation, and the entrepreneurial climate (Yao and Li, 2023). Conversely, Nybye and Wraae (2023) addressed the current gap in how students develop

and explain reflective thinking in their entrepreneurial learning process. Considering these insights, entrepreneurs are sensitized to various risks associated with entrepreneurial actions, including physiological distress, emotional distress, and damage to physical health. Montiel *et al.* (2020) highlight the importance of continuing to investigate the negative or less explored aspects of entrepreneurship to understand better the challenges entrepreneurs face during their entrepreneurial journey. These challenges may include stress, anxiety, social isolation, financial pressure, and personal consequences of entrepreneurial failures.

The dark side of family business

Family-owned businesses have a long history and are crucial, deep-rooted institutions in global economies. Founded and managed by members of the same family, they often develop a distinct identity based on family traditions, values, and cultures.

A family business forms a complex ecosystem for analysis (McCollom, 1992), giving rise to “The dark side of family businesses,” which refers to the challenges, conflicts, and problems that can arise within these companies (Montiel and Soto, 2021) because of their unique family structure and dynamics. These include role conflicts between family and non-family members, lack of separation between personal and professional, succession issues, difficulties in making objective decisions, intergenerational conflicts, emotional tensions, and gender (Berrone *et al.*, 2012; Bernhard and Labaki, 2021; Bang *et al.*, 2023; Pahnke *et al.*, 2024).

Schools of Thought

According to earlier studies (Trajtenberg, 1990; Fleming, 2001), new knowledge is more influential when well-positioned inside an established school of thought and/or integrated outside knowledge. Upham, Rosenkopf, and Ungar (2010) state that new knowledge greatly benefits from being a part of a school of thought and that new knowledge within a school of thought has a more significant influence if it is in the semi-periphery of the school's intellectual framework.

Therefore, it can be concluded that the defining elements of a school of thought are Content, Community, and Impact (Silvius, 2017). According to Koltveitt *et al.* (2007) and Biedenbach and Mueller (2011), a school's shared vision, perspective, and/or set of beliefs serve as distinguishing characteristics in terms of Content. The projects (in our case, the research themes) were evaluated based on these shared elements. This perspective vision can be a well-known theory or paradigm; however, it can also be a set of ideas or precepts that are sufficiently distinct from those of other schools of thought, which is the premise of this study. According to Turner *et al.* (2010), applying a defined perspective produces shared techniques, methods, and tools.

However, developing specific approaches, techniques, and instruments takes time and effort. Therefore, these processes and procedures may not be developed entirely in an emergent school of thought. Turner *et al.* (2010) claim that a new school of thought can incorporate techniques and instruments from many other schools, which is an intriguing component of their concept. This emphasizes the suggestion that schools can build upon each other's bodies of knowledge or be elaborations of other schools for this present study from the recent proposal on dysfunctional studies in entrepreneurship (Montiel, Canales and Alvarado, 2024).

A novel approach to a research stream or area needs to be addressed in an academic or professional Community to be acknowledged as a school of thought (Turner *et al.*, 2010; Biedenbach and Mueller, 2011). Professional practice drives new advances in certain instances, whereas in other situations, the academic community envisions new developments. Nevertheless, a new school of thought should emerge from the sizable body of scholarly publications. Numerous eminent writers are visible in the publication base. Söderlund (2002) discusses “champions” and important contributors in this perspective. Publications, conferences, and congresses are examples of how communities are growing.

Silvius (2017) stated that, even though previous publications did not clearly state this, a school of thought should have some Impact. Prospective schools might offer new viewpoints but lose relevance if academic or professional communities do not acknowledge or adopt them. Although this criterion is, in some ways, part of the criterion Community, it would be appropriate to explicitly assess how the school's procedures, methods, and instruments are integrated into practice. Incorporation into the standards may also serve as a glaring indication of this influence.

Family business schools of thought

Bird, Welsch, Astrachan, and Pistrui (2002) reviewed the FB literature from the 1980s to 2001. So do Debicki, Matherne, Kellermanns, and Chrisman (2009), from to 2001-2007.

Subsequently, Rovelli *et al.* (2022) examined three prestigious FB scholarly publications (1381 articles). Through a bibliometric analysis from 1988 to 2017, they found that “Family business”, “succession”, “corporate governance”, “socioemotional wealth”, “family ownership”, “firm performance”, “familiness”, “family dynamics”, and “innovation” were among the subjects of interest. In recent years, they found terms like “socioemotional wealth”, “succession planning”, “entrepreneurial orientation”, and “innovation” have become increasingly common. Scholars have lately become interested in subjects like “absorptive capacity,” “gender,” “family control,” “corporate social responsibility,” and “family company heterogeneity.” Later, Combs, Shanine, Burrows, Allen, and Pounds (2020) called for incorporating family science into FB research.

Recently, Montiel, Tomaselli, and Soto (2022) proposed incorporating the dynamics of geopolitics into FB Research, what the 5th Wave is, and how to incorporate geopolitical theory into FB theory (Soto and Montiel, 2024).

It is important to consider the different aspects of the schools of thought (Cunningham and Lischeron, 1991; Müller *et al.*, 2023). Surprisingly, while many research areas have conducted studies in this manner, there is a lack of studies on family business schools of thought. Most (see Appendix 2) only mentioned different topics/theories of academic interest in family business studies. There is no mention of any dysfunctional approach.

Recently, two perspectives have been proposed are not in Fig.1, the 5th Wave or geopolitical approach (Montiel, Tomaselli and Soto, 2022; Montiel and Soto, 2024) and the family business ecosystem (Montiel, Carvalho and Martinez, 2022; Ratten, 2024).

Veblen (1899, 1919) was the first to identify the dysfunctional aspects of the entrepreneurial process. In contrast to his contemporaries, Veblen started to view contemporary entrepreneurs as cunning manipulators, profiteers, predatory classes, and tough robber barons.

Subsequently, Jensen and Meckling (1976) described an agency relationship as a legal arrangement in which one or more individuals (the Principal(s)) hire another individual (the Agent) to carry out a service on their behalf, hence giving the agent decision-making authority. In cases where both partners prioritize maximizing their own utility, it is reasonable to suspect that the agent may not consistently behave in the principal's best interest. The principal can restrict deviations from his interests by providing the agent with suitable incentives and incurring monitoring expenses intended to curb the agent's dysfunctional behavior.

METHOD

An exploratory study was conducted to establish the usefulness and applicability of DYSFB as a construct in family business research. Exploratory reviews are particularly beneficial for addressing “emerging” topics that permeate various disciplines, making it possible to “map the key concepts” and recognize “gaps” in current research (Peters *et al.*, 2015). In this context, a comprehensive review was conducted to examine the current

literature linked to dysfunctional issues in family companies, prioritizing the selection of high-quality articles that provided robust evidence and solid methodologies.

Databases of great scope and relevance were chosen to guarantee a detailed and academically rigorous study, such as Google Scholar, EBSCOhost, ProQuest, Scopus, Emerald, Ingenta, JSTOR, ScienceDirect, and Wiley. These databases were selected for their influence and recognition in academic research and their ability to host high-quality peer-reviewed articles in business and society. Also, these sources were chosen based on their interdisciplinary scope, importance in family business research, and diverse scholarly publications.

To optimize the validity of the findings, rigorous selection criteria were applied, prioritizing articles with relevant empirical or theoretical contributions, high citation rates, or publication in prestigious journals. It is worth mentioning that some bibliometric articles or those analyzing the field's evolution were considered, which guaranteed the inclusion of significant literature. No date limits were established, thus allowing the inclusion of publications from “any time or instant” to capture previous conceptualizations of DYSFB.

Key terms such as “new school of thought,” “dark side,” “organization,” “dysfunctional,” “family business,” “conflict,” and “misconduct” were used, duplicating these searches in Spanish to expand the geographic and cultural range of the findings. The most recent search took place in August 2024. Despite this thorough study, no previous references conceptualizing DYSFB were found, suggesting that this research approach may represent an emerging school of thought, in line with Meckler and Boal's (2020) findings regarding the increased interest in dysfunctional issues in literature.

DISCUSSION: DYSFUNCTIONAL STUDIES IN FAMILY BUSINESS (DYSFB)

A growing body of literature approaches this phenomenon from a dysfunctional perspective (Montiel, Canales, and Alvarado, 2024). Since there is an intersection between entrepreneurship and family business (Aldrich et al., 2021), this new school of thought can be applied to family business studies. Appendix (1 and 2) shows the recent literature on family businesses using a dysfunctional perspective, linking to entrepreneurship schools of thought because of the intersection mentioned. This literature review suggests that this is the first attempt to do so.

The Appendix 1 shows a clear trend in the fb literature toward a dysfunctional perspective, as Turner et al. (2013) and Söderlund (2002) mention that some researchers (Montiel and Kidwell) are leading the vision.

DYSFBFigure 1 constitutes the central theoretical axis for analyzing dysfunctionality in family businesses, providing a fundamental conceptual framework. This figure not only visualizes the elements that have been termed dysfunctional studies in family firms () but also lays the groundwork for future research in family firms and complementary areas such as entrepreneurship, innovation, organization, and management.

This theoretical representation is based on the works of Montiel, Clark, and Calderon (2020); Montiel, Canales, and Morales (2023); and Montiel, Canales, and Alvarado (2024), structures a series of stages to identify key categories and enable their subsequent quantification or qualification. Figure 1 schematically shows the deviations from the ideal situation of family businesses in detail, highlighting their negative impact on economic and social systems and the interaction between individual actions and detrimental relationships with the internal and external environment.

The selection criteria for constructing the proposal entitled *Kaleidoscope of Dysfunctional Entrepreneurship* were based on a priori categories established through an exhaustive literature review. Their identification by the researcher distinguishes these categories and reflects concepts or codes relevant to explaining the phenomenon under study. This analysis recognized the possibility of grouping the categories into four quadrants, facilitating the organization of information and providing an exploratory theoretical-conceptual framework to examine the underlying logic in the complexity of dysfunctional studies on family businesses.

The “Kaleidoscope of Dysfunctionalities in Family Businesses” model presented in Figure 1 becomes a crucial analytical tool by allowing a comprehensive approach that exposes and examines deviations from ideal organizational behavior. This facilitates the study of family business dysfunctionalities and provides a solid basis for assessing their impact on long-term organizational performance.

To this end, we propose segmenting the kaleidoscope into four quadrants. The first quadrant concerns the psychological dysfunctions of entrepreneurs/founders and their collaborators, the second concerns dysfunctions within the entrepreneurial ecosystem, the third concerns organizational dysfunctions, and the fourth addresses dysfunctions associated with the business's future vision.

The quadrant of psychological dysfunction in the upper right corner of the kaleidoscope pertains to personal behaviors, attitudes, knowledge, and emotions that may divert or inhibit entrepreneurial behavior. Factors such as overconfidence, fear of failure, excessive risk aversion, impulsive decision-making, chronic stress, emotional burnout, confirmation bias, and a short-term focus on success were identified within this domain.

Figure 1 constitutes a theoretical-conceptual framework designed to enhance the understanding of dysfunctional elements that impact family businesses. It aims to elucidate the dynamics stemming from sustainability, governance, external connections, and decision-making processes.

This Kaleidoscope of Dysfunctionalities in Family Businesses provides a structured perspective, enabling the quantitative or qualitative assessment of deviations from the ideal state of family businesses and facilitating strategies to address these dysfunctions effectively. However, as an exploratory model, its primary limitation lies in its foundation on a documentary review. Nonetheless, it offers a robust conceptual basis for future validation and practical implementation.

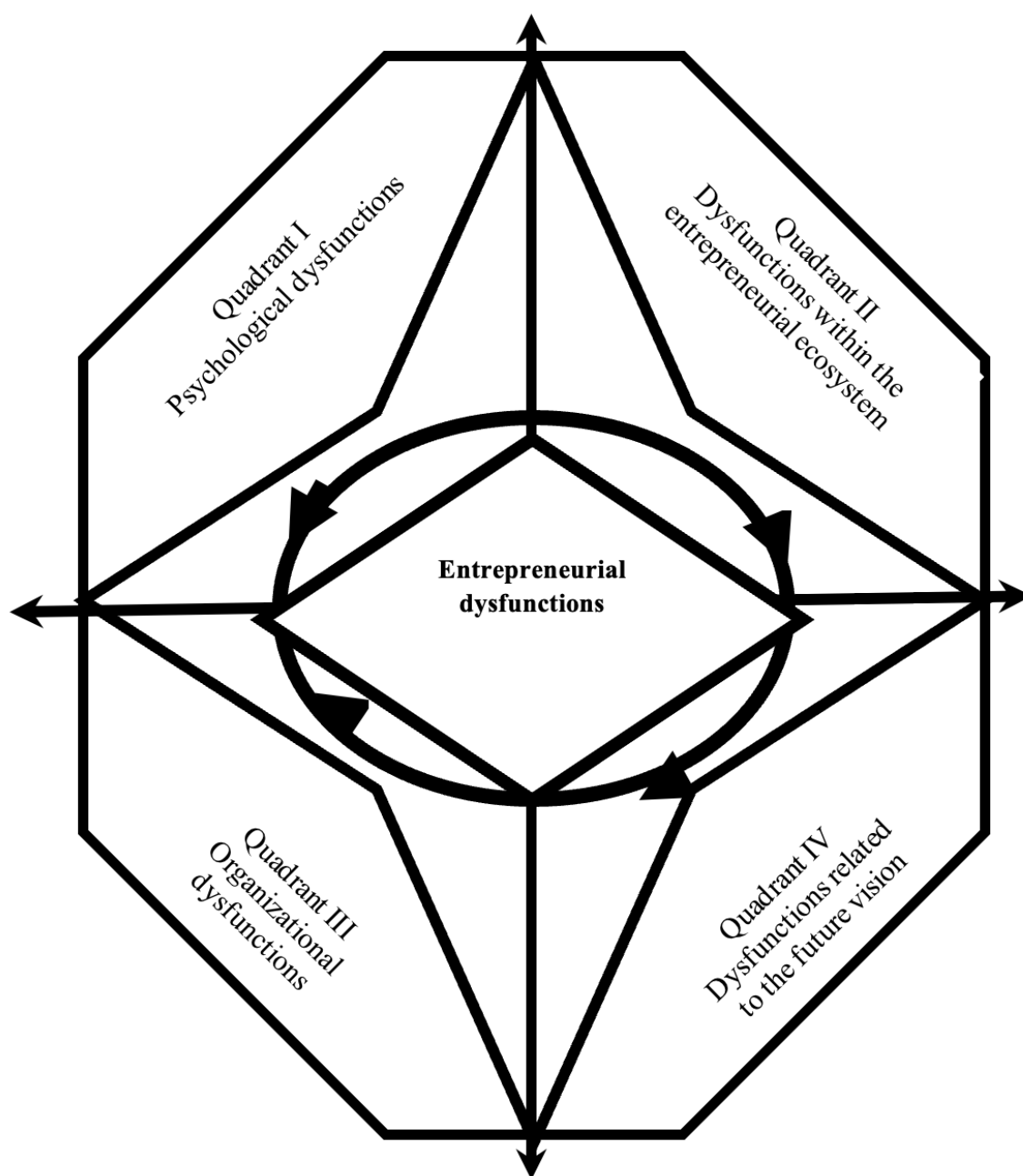


Figure 1.
Kaleidoscope of Dysfunctionalities in Family Businesses
Source: Author's elaboration.

Overconfidence bias is a dysfunction of the entrepreneur/founder that manifests as an overestimation of their own abilities or those of their collaborators, leading to an underestimation of risks and actual probabilities of success. Fear of failure and excessive risk aversion prevent emerging entrepreneurs/founder from seizing growth opportunities, as they hinder their ability to act swiftly in adverse situations. Additionally,

the tendency to make impulsive decisions without prior evaluation can lead to negative behaviors, such as anxiety, euphoria, or stress.

Chronic stress results from the constant pressure associated with managing a business, affecting the entrepreneur's physical and mental health. Simultaneously, chronic stress leads to emotional burnout, which results from excessive work dedication. These conditions negatively affect productivity, creativity, and the ability to make strategic decisions.

Confirmation bias refers to the tendency to seek out and favor information that confirms pre-existing beliefs, which involves ignoring or undervaluing divergent information and can lead to a distorted view of reality. A short-term focus on business success involves concentrating on immediate gains at the expense of long-term performance. This focus can lead the entrepreneur/founder to deviate from the strategic decisions that would benefit the business. Collectively, these psychological dysfunctions could act as significant barriers, limiting both the entrepreneur's potential and the overall performance of the venture.

The second quadrant, Dysfunctions of the Entrepreneurial Ecosystem, describes the anomalous connections between entrepreneurs/founders and their environment. Specifically, it addresses how various actors (entrepreneurs, investors, institutions, and customers) interact and contribute to a business's success or failure. These dysfunctions are characterized by a lack of infrastructure, financing issues, inadequate network formation, bureaucracy, insufficient training and talent development, cultural and social barriers, inefficient market structures, and disconnection among ecosystem actors.

The lack of infrastructure to foster or promote entrepreneurship within family businesses constitutes a dysfunction as the scarcity of material resources is reflected in the absence of coworking spaces, access to advanced technologies, and effective distribution networks. Financing issues limit access to venture capital and the economic incentives necessary for business growth. At the same time, inadequate support networks prevent entrepreneurs/founder from accessing mentoring, advisory structures, and contacts that could provide them with new knowledge and infrastructure.

Bureaucracy refers to regulations, administrative barriers, and unfavorable government policies that hinder establishing and operating new businesses. This dysfunction is linked to a lack of training and talent development due to the scarcity of educational or training programs that cultivate the skills necessary for entrepreneurial success. Additionally, market problems, represented by monopolistic or inefficient productive structures and cultural barriers, limit the generation of innovative ideas, foster unfair competition, or hinder access to new markets.

The dysfunctions mentioned above lead to a disconnection among the ecosystem's actors, characterized by a lack of collaboration and communication among entrepreneurs, investors, academics, and other stakeholders. Consequently, connections with the environment limit the ecosystem's effectiveness and potential for innovation and economic growth.

The third quadrant describes the organizational dysfunctions that impact internal venture operations. This includes a rigid organizational structure, lack of effective leadership, deficiencies in internal communication, inefficient processes, high employee turnover, misalignment with the business's vision and mission, ineffective talent management, resistance to change, a toxic organizational culture, and inefficient human and material resources management.

A rigid structure represents dysfunction, as enterprises with hierarchical organizations often inhibit knowledge generation and limit their ability to respond to rapid market changes. A lack of effective leadership characterizes dysfunctional situations in business performance, as the absence of a leader can result in a lack of direction, internal conflicts, and low morale among business participants. Deficiencies in internal communication foster a negative attitude toward entrepreneurial development, leading to potential misunderstandings, loss of crucial information, and delays in decision-making. Additionally, inefficient internal processes slow company operations, increase operational costs and diminish the ability to manage organizational resources effectively.

In enterprises that provide employment, high staff turnover represents dysfunction. It can indicate organizational issues related to leadership, a toxic culture, or a lack of professional development opportunities, which can impact the formation of knowledge networks within the company.

The lack of alignment with the business's mission and vision represents an adverse condition by highlighting the disconnect between organizational objectives and vision. This disconnect may result from a lack of leadership and insufficient clarity in the business strategy. Ineffective talent management limits the ability to generate new knowledge for innovation and growth, whereas resistance to change hampers the adoption of new technologies, work methods, or innovations. Such situations can lead to businesses falling behind competitors willing to innovate.

In summary, organizational dysfunction leads to the development of a weak or toxic entrepreneurial culture that undermines teamwork, productivity, and the business's overall success. This, in turn, results in ineffective management of time and resources.

The fourth quadrant, which addresses entrepreneurial dysfunctions about the future vision of the business, refers to failures or deficiencies that can impact a company's ability to achieve its long-term goals. Among these negative situations are the lack of clarity in vision, weak strategic planning, and the absence of a positive outlook on the future benefits of innovation. Setting long-term objectives and guiding strategic decisions becomes challenging when an enterprise lacks a clear and shared vision. This lack of vision can lead to a lack of direction and cohesion within a team. Simultaneously, the absence of effective strategic planning prevents the organization from anticipating and adapting to environmental changes, thereby limiting the growth and sustainability of the business over the long term.

In general, entrepreneurial dysfunction is metaphorically represented by a kaleidoscope comprising four quadrants, each encompassing psychological, economic, and administrative perspectives and how adverse factors may interrelate. As the kaleidoscope turns, combinations of dysfunctions that could affect family businesses performance are revealed, with dysfunctional connections forming a vicious cycle at its center. This metaphor seeks to establish a new school of thought that conceptualizes family businesses as a network of complex connections, some of which may exhibit an adverse nature.

Conclusion

This seminal study calls for establishing dysfunctional studies in the family business (DYSFB) school of thought and, more profoundly, exploring its proposed theoretical foundation and potential methodologies from a multidisciplinary standpoint. The literature review presented in Table 1 supports the idea that all four quadrants described in the model affect and disturb the operational/strategic family business tasks and processes.

There are myriad opportunities for this new school of thought, which today emerges forcefully in family businesses due to the world's geopolitical, financial, geoeconomic, and geosocial changes. This novel theoretical frame can help us understand these changes more deeply.

We are aware that our proposal to establish the DYSFB can be challenging and subject to debate and controversy. We acknowledge that this study may be considered its foundation, and we are aware of the risks and limitations of the present study.

However, history has taught that every new school of thought has been in the same position; therefore, there is no reason to expect the DYSFB to be an exception. This new perspective has a long road ahead to achieving a robust and developed framework, both in theory and methods. Family businesses, as relevant as they are in today's national economies across the globe, are worth and deserve more attention from academics and policymakers.

The results of this study have implications for the development of public policies. More awareness and action plans can be made by business incubation organizations, federal, state, and municipal entrepreneurship, small- and medium-sized company (SME) programs, educational institutions, and entrepreneurial families and their founders.

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Appendix

Appendix 1. Recent literature (2001-2024) under a dysfunctional perspective

Group	Year	Authors	Summary	Schools of Thought
1. Agency Conflicts and Management in Family Firms	2024	Kidwell, R. E., Eddleston, K. A., Kidwell, L. A., Cater, J. J., & Howard	The research suggests that to better understand dysfunctional behavior in family firms, more focus should be placed on the roles of the family and the firm's external environment, as negative behaviors often originate from family interactions prior to engagement with the firm and from external pressures.	The environmental school of thought
	2021	Montiel Méndez, O. J., & Soto Maciel	The study suggests multiple perspectives for researching the dark side of family businesses, starting with a more transparent and precise definition of the concept and the driving factors, including the entrepreneur/founder, the family business itself, and the context. This approach takes a systemic view, highlighting the significant role of the context.	The environmental school of thought
	2016	Le Breton-Miller, I., & Miller, D.	The study identifies various conceptual perspectives for assessing sustainability practices in family firms, highlighting both positive and negative aspects of these practices depending on the context.	The environmental school of thought
	2016	Blanco-Mazagatos, V., de Quevedo-Puente, E., & Delgado-García	The findings show that family managers' ownership and family governance mechanisms positively impact performance in second and later-generation firms. Additionally, there is a positive effect of direct control by passive family owners and overactive family owners in these firms.	The financial/capital school of thought
	2001	Schulze, W. S., Lubatkin, M. H., Dino, R. N., & Buchholtz, A. K.	The study examines how family dynamics, particularly altruism, exacerbate agency problems in family firms. Using data from a large-scale survey, it supports the theory that shareholders invest resources to curb both managerial and owner opportunism.	The financial/capital school of thought
	2024	Kifordu	The study highlights the benefits of mentoring programs in business, showing how they enhance skills, improve performance, and support succession planning, while also emphasizing fair opportunities for all employees to boost motivation and customer retention.	The strategic formulation school of thought
	2024	Pahnke, A., Schlepphorst, S., & Schlömer	Succession events in family businesses are considered critical. Many owners either abandon their initial succession plans, fail to realize succession within the intended timeframe, or ultimately close their businesses.	The strategic formulation school of thought
	2024	Alvarado-Alvarez & Euwema	The case describes the challenges Laurent and Anne Garnier face in managing succession at Tech Inc., with concerns over their son Luc's behavior, which may require intervention, and strained relationships within the family business.	The displacement school of thought
	2024	Álamo, P., & Arzubiaga	The case examines the difficulties a Mexican family business encounters during succession, with Guadalupe, the founder, struggling with the complexity of management and family disunity, leading her to consider selling the company.	The displacement school of thought
	2024	Surdej, A., Renghini, M., & Giampaoli	The study reviews conflicts in family business succession, analyzing literature to identify key issues and common family conflicts that arise during leadership transitions.	The strategic formulation school of thought.
2. Succession in Family Businesses	2023	Shanine, K. K., Madison, K., Combs, J. G., & Eddleston	This study extends parental control theory by investigating how different parenting styles of predecessors affect the psychological functioning of successors and employee behaviors in family businesses, emphasizing the importance of leadership transitions.	The venture opportunity school of thought
	2020	Ferrari	Family businesses have objectives beyond economic ones, such as business continuity and involving the next generation. However, prioritizing these non-economic goals can also result in non-economic costs at the individual, family, and organizational levels. Argues that neglecting economic goals may have undesirable long-term effects on the generations involved in the business succession process.	The strategic formulation school of thought
	2013	Yu, F.-L. T., & Kwan	The study of Yung Kee restaurant illustrates how equal inheritance systems and traditional Chinese values can lead to unclear property rights, opportunistic behavior, and high monitoring costs, complicating business succession.	The environmental school of thought

Group	Year	Authors	Summary	Schools of Thought
2. Succession in Family Businesses	2003	Miller, D., Steier, L., & Le Breton-Miller	The study identifies three core patterns—conservative, rebellious, and wavering—that family firms use to manage succession and blend historical and current strategies, affecting their strategic, organizational, and governance tendencies.	The strategic formulation school of thought
	2024	Le Breton-Miller, L. L., & Miller	This study proposes a multi-level model to explain why some family firms are more susceptible to corruption. It explores how family-business connections, private ownership, and secrecy can contribute to corrupt behavior in certain situations.	The environmental school of thought
	2023	Anand, Rottig, Parameswar, & Zwerg-Villegas	Over the past three decades, scholars have studied organizational misconduct (OM) in business ethics, management, and organizational studies. Recently, this topic has gained more attention due to widespread reports of corruption, bribery, crime, violations, and other immoral acts by organizations, especially in emerging markets.	The displacement school of thought
3. Corruption, Governance, and Political Issues	2021	Ullah, S., Khan, S., Hussain, S., Alam, M., & Haroon	The study shows that politically connected family-owned firms in Pakistan perform better than non-family firms, underscoring the advantages of political connections in specific contexts.	The financial/capital school of thought
	2021	Song, S., Jun, A., & Ma	The study finds that political connections in Chinese family firms enhance performance and secure financing opportunities. Still, political disconnection has more severe impacts in less marketized provinces and industries prone to corruption.	The environmental school of thought
	2020	Joni, J., Ahmed, K., & Hamilton	The research shows that political connections in supervisory boards are more significantly related to firm performance than in boards of directors, with performance benefits diminishing beyond a certain level of political connections. The study discusses how family SME managers must balance financial/business goals with family objectives, highlighting the versatility of SME owner-managers and how this influences their alignment with export performance.	The financial/capital school of thought
	2024	Abdanour, M., & ERRAYS		The financial/capital school of thought
	2017	Teh, B. H., Ong, T. S., & Ying	The study examines corporate governance mechanisms in Malaysian family-controlled firms, finding that board independence and CEO duality have limited effects on reducing earnings management, especially when the CEO is a family member.	The financial/capital school of thought
4. Financial Performance and Earnings Management	2017	Ramírez-Orellana, A., Martínez-Romero, M. J., & Mariño-Garrido	This study analyzes aggressive accounting practices in Pescanova, providing evidence of fraud and earnings management and aligning pre-bankruptcy financial indicators with the company's financial condition.	The financial/capital school of thought
	2016	Martin, G., Campbell, J. T., & Gomez-Mejia	The study suggests that family owners' desire to preserve socioemotional wealth results in less earnings management compared to non-family firms, particularly in founder-led family firms.	The venture opportunity school of thought
	2008	Prencipe, A., Markarian, G., & Pozza	This research provides empirical evidence that Italian family firms manage earnings differently from non-family firms, focusing primarily on meeting debt covenants and leverage requirements rather than income-smoothing.	The financial/capital school of thought
	2021	Nilakantan, R., Iyengar, D., Datta, S. K., & Rao	The study finds that high family dependency ratios correlate with ethical violations in microfinance, and such violations reduce the benefits of microfinance on household welfare, suggesting the need for broader support beyond financial services.	The environmental school of thought
5. Ethics and Moral Dilemmas in Family Businesses	2021	Bernhard, F., & Labaki	They emphasize the importance of examining the role of emotions, such as vicarious guilt, experienced by next-generation members in family firms when making ethical decisions for the future of the business.	The venture opportunity school of thought
	2020	Sison, A. J. G., Ferrero, I., & Redín	The paper compares Aristotelian and Confucian virtue ethics in evaluating family business practices such as nepotism and bribery, providing insights into how these ethical frameworks influence business attitudes and practices.	The environmental school of thought
	2013	Litz, R. A., & Turner	The study explores responses to ethical dilemmas in family firms using Hirschman's typology, predicting responses based on normative obligations, managerial discretion, and successor commitment, finding a negative relationship between normative commitment and neglect.	The environmental school of thought

Group	Year	Authors	Summary	Schools of Thought
6. Cultural Factors in Family Businesses	2012	Kidwell, R. E., Kellermanns, F., & Eddleston	The study examines how perceptions of family harmony, fairness, and role ambiguity influence unethical behaviors in family firms, finding that family harmony and fairness reduce such behaviors while role ambiguity increases them.	The environmental school of thought
	2024	Singla, H. K., Samanta, P. K., & Sridharan	One distinctive aspect of Indian family businesses is their relationship-oriented practices. As a result, a successor might join the family business not solely due to personal choice but also as a continuation of family tradition or under familial pressure. Thus, it is crucial to assess how the motivation of intrafamily successors affects the success of family businesses in India.	The entrepreneurial trait school of thought
	2024	Wolff, S., Koehn, P., Ruf, P. J., Moog, P. M., & Strina	The literature review defines family influence in entrepreneurial firms, introducing a new scale to measure family influence from the perspective of non-family employees, addressing a gap in existing research.	The entrepreneurial trait school of thought
	2021	Luechapattaporn, T., & Wongsurawat	The study identifies cultural practices like reciprocity, guanxi, and Confucian values in Chinese family businesses in Thailand, highlighting their dual effects on enhancing resources and relationships while posing corruption risks and poor management.	The environmental school of thought
	2009	Robinson, D., Harvey, M., & Yipitun	The study models how destructive leadership traits affect multiple generations in family firms and proposes a "communication compass" to improve generational communication and mitigate the effects of destructive leadership.	The strategic formulation school of thought
7. External Factors Impacting Family Businesses	2018	Yamanoi, J., & Asaba	The research finds that Japanese family-owned firms prefer greenfield investments and full ownership abroad, driven by a desire to preserve socioemotional wealth, particularly in countries with higher levels of corruption.	The venture opportunity school of thought
	2017	Yang	The study finds that a strong governance environment enhances the performance of innovative SMEs, particularly in regions with robust legal systems, indicating the importance of governance constraints for smaller and innovative firms.	The environmental school of thought
	2019	Krishnan, G., & Peytcheva	The study finds that auditors perceive a higher risk of fraud in family firms compared to non-family firms, linking weak audit committees in family firms to increased fraud risk and agency conflicts.	The financial/capital school of thought
8. Financial and Operational Risks	2016	Rahman, R. A., Omar, N. H., Rahman, A., & Kazemian	The study examines the impact of the Minority Shareholder Watchdog Group (MSWG) on actual earnings management practices in family-owned and foreign-owned businesses in Malaysia. It finds a negative association between shareholder activism and earnings management proxies.	The financial/capital school of thought
	2014	R. W. Hiebl	The study suggests that family firms can mitigate excessive risk aversion by increasing transparency on risk profiles, incorporating external expertise, and educating younger generations.	The venture opportunity school of thought
	2024	Cater III	Martha Jacobson's story explores the complications in a family business after her husband's death, with conflicts between her sons leading to business struggles and a tragic loss, forcing Martha to consider the future of the company.	The displacement school of thought
	2023	Saleem, A., Barberade Jong, S. B., & Hoffmann	Their study warns that suppressing emotions at work can have harmful health effects. Adverse outcomes can include deteriorated emotional relationships among family members, loss of customers, and damage to the family business's reputation within the community.	The environmental school of thought
9. Organizational Challenges and Family Dynamics	2023	Mismetti, M., Rondi, E., & Bettinelli	The entry of a son-in-law or daughter-in-law into the family impacts the emotional and conflict balance within the family business.	The environmental school of thought
	2021	Millers & Gaile-Sarkane	SMEs are often managed by owners and founders who lack specialized management education.	Entrepreneurial trait school of thought
	2021	Machek, O., & Kubiček	Disagreements among family members are a common aspect of family businesses. Such firms are indeed considered "plagued" by conflicts... when conflicts arise, they can potentially harm both the company and the family.	The environmental school of thought
	2021	Welsh, D. H., Botero, I. C., Kaciak, E., & Kopaničová	The conflict arising from overlapping family and business roles is a significant concern for women owners of family-owned businesses.	The environmental school of thought

Source: Author's elaboration.

Appendix 2. Theories Driving Family Business Studies

Theories	1996–2004	2005–2013	2014–2020	TOTAL	%	2–3 period % increase
Agency theory	4	54	110	168	20,36	104%
Resource-based view	1	21	53	75	9,09	152%
Stewardship theory		21	45	66	8	114%
SEW theory		2	50	52	6,3	2400%
Institutional theory	1	10	25	36	4,36	150%
Social identity theory		5	18	23	2,79	260%
Social capital theory		8	13	21	2,55	63%
Stakeholder theory		6	13	20	2,42	117%
System theories (New, Open, General, Family, Grey)	2	7	10	19	2,3	43%
Upper echelon theory		1	14	15	1,82	1300%
Resource dependency theory		6	9	15	1,82	50%
Behavioral agency theory		1	11	12	1,45	1000%
Knowledge-based view		1	11	12	1,45	1000%
Transaction cost theory	1	4	7	12	1,45	75%
Dynamic capabilities		2	9	11	1,33	350%
Behavioral theory of the firm		1	10	11	1,33	900%
Theory of planned behavior		3	8	11	1,33	167%
Sustainable family business theory		5	6	11	1,33	20%
Social network theory		3	5	8	0,97	67%
Signaling theory			8	8	0,97	N/A
Social exchange theory		2	6	8	0,97	200%
Institution-based view		4	3	7	0,85	-25%
Prospect theory		1	6	7	0,85	500%
Game theory		2	3	5	0,61	50%
New institutional economics		3	3	6	0,73	0%
Organizational identity theory		1	4	5	0,61	300%
Psychological ownership theory		2	3	5	0,61	50%
Pecking order theory		4	1	5	0,61	-75%
Entrepreneurship theory			4	4	0,48	N/A
Transformational leadership theory		4		4	0,48	N/A
Other theories	3	30	127	163	19,76	323%
TOTAL	12	214	595	825	100	

Source: Bağış *et al.* (2023, p. 1870)

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