Chapter 48

Are Family Businesses a Good Environment for Project Management?

Non-Technological Factors Affecting Project and Knowledge Management Practices Within Family Firms

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ABSTRACT

Relationships between project management, operations management, and organizational strategy are well-known, as well as organizational influences on project. Family businesses work on projects, but their unique nature makes family firms a challenging context for Project Management. This chapter aims to present and discuss the specific dynamics of family business that can impact project management practices. By definition, a project is a complex system, consisting of a set of dozens of interrelated sub-processes. As is known, the percentage of projects that satisfy both technical requirements, budget compliance and which meet the deadlines, is extremely low. This fact forces the researchers to equip themselves with more sophisticated tools to face the complexity of a project, in order to increase its chances of success.

INTRODUCTION

Since family businesses have a high economic impact in most countries (Beckhard & Dyer Jr., 1983; Shanker & Astrachan, 1996; Feltham, Feltham, & Barnett, 2005; Astrachan & Carey Shanker, 2006; Donckels & Fröhlich, 1991; Corbetta & Montemerlo, 1999) such enterprises deserve scholars' attention not only from the economic and financial but also from the organisational and human resource manage-

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ment point of view. Nevertheless, a systemic understanding of the family firm's business model and its relationship with performance has not yet been satisfactorily developed in the relevant literature. In particular, issues related to knowledge and project management within family firms are until now not conclusive (Sadkowska, 2017).

Relationships between project management, operations management, and organizational strategy are well known, as well as organizational and environmental influences on project management (PMBOK, 6th Edition, Chapter 2). The technologies and work processes proposed by the organization 4.0 are ineffective if the system of interpersonal relations hinders the free circulation and co-construction of knowledge.

Family businesses work on projects, but their unique nature makes family firms a challenging context for Project Management. For instance, family firms are peculiar regarding enterprise environmental factors as organizational culture, structure, and governance (vision, mission, values, beliefs, cultural norms, leadership style, hierarchy and authority relationships, organizational style, ethics, and code of conduct: Gomez-Mejia, Makri, and Larraza Kintana, 2010; Stewart, Hitt, 2012). Furthermore, they are peculiar about how they treats organizational capability (existing human resources expertise, skills, competencies, and specialized knowledge): They are unique also in managing organizational knowledge (Chirico, 2008; Chirico, Salvato, 2008) and in setting organizational objectives (Berrone et al., 2012; Chua, Chrisman, & Sharma, 1999). Moreover, family owners-entrepreneurs often show peculiar self-centred leadership style, potentially in contrast with project leader's management action (if the project leader doesn't belong to the family especially). In addition, family business literature clearly shows family firms are particular in managing relationships with most important stakeholders (Berrone et al., 2012; Oomen, Ooztaso, 2008; Sadkowska, 2017) and in managing procurement processes.

In a nutshell, family firms usually show a lower level of *professionalization* and *managerialization* (Stewart, Hitt, 2012) in comparison with non-family ones, and this fact can easily undermine project and knowledge management practices. From this point of view, family businesses represent an entirely unique arena. For instance, regarding the knowledge sharing practices, project team and, more in general, [small] family firms seem to be in a favourable position, due to their (small) size and strong everyday relationships among family members (Bjuggren et al. 2001; Kogut & Zander, 1992), therefore knowledge transfer is favoured in these firms (Sirmon & Hitt, 2003). Moreover, several factors such as commitment, confidence, trust, reputation, and strong sense of identity can play a role in making knowledge sharing easier during business succession between involved generations (Cabrera-Suez et al., 2001; Sirmon & Hitt, 2003; Zahra et al., 2007).

However, in spite of this favourable situation, literature highlights that within family firms the knowledge sharing process often fails: an important reason for this is the lack of consideration for the organizational and interpersonal context influences (Carter & Scarbrough, 2001; Martinez-Barroso et al., 2013; Voelpel, Dous, & Davenport, 2005). Project management practices, by definition strongly based on quality, time and cost objectives, may be negatively affected by the overlapping enterprise-family, which emphasizes contextual, cultural non-economic aspects.

The overlapping between ownership and management is a pivotal contextual characteristic: since the seminal study of Levinson (1971), literature has suggested that there should be increased conflict in family businesses compared to non-family because of the underlying role conflict when family members work together. Moreover, the lack of managerial skills of family businesses (Cagliano, Spina, 2000) can hinder the adoption of advanced managerial practices such as those required by project management. For all these reasons, the family business becomes a particularly challenging context for project management. However, from a methodological point of view, the peculiar nature of family firms challenges scholars, and

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