THE PHOENIX MYTH! HOW TO PREVENT A JUNIOR ENTERPRISE FROM BECOMING ASHES?

O MITO DA FÊNIX! QUAL CAMINHO SEGUIR PARA NÃO DEIXAR A EMPRESA JÚNIOR VIRAR CINZAS?

¡EL MITO DEL FÉNIX! ¿QUÉ RUMBO TOMAR PARA EVITAR QUE LA EMPRESA JUVENIL SE CONVIERTA EN CENIZAS?

ABSTRACT

Dilemma: This teaching case addresses the impasse of a junior enterprise to prevent members' evasion. There are two paths considered by current members of the company: (i) training the current team of the junior enterprise or (ii) hiring new members.

Educational Goal: To provide the students with a discussion about the people management dilemma in organizations and the development of organizational skills.

Contextualization: The problem occurs in a junior enterprise in Paraíba’s countryside, where members discuss strategies to keep the company’s activities operating.

Key theme: employee turnover.

Public: This case provides insights for undergraduate students, focusing on people management subjects, decision-making processes and entrepreneurship.

Originality: The case has the potential for classroom debate by addressing an actual and typical narrative of the students’ dynamics in their formative process.

Keywords: Junior Enterprise, People management, Entrepreneurship, Employee turnover

RESUMO

Dilema: Este caso para ensino aborda o dilema de uma empresa júnior sobre como evitar a evasão de membros, em que dois caminhos são considerados pelos atuais membros da empresa:
(i) treinar a equipe atual da empresa júnior ou (ii) contratar novos membros para a empresa júnior.

**Objetivo educacional:** Proporcionar aos estudantes uma discussão em torno do dilema de gerenciamento de pessoas nas organizações, bem como o desenvolvimento das competências organizacionais.

**Contextualização:** O dilema ocorre em uma empresa júnior no interior da Paraíba, em que os membros discutem sobre estratégias para manter ativa as atividades da empresa.

**Tema principal:** Rotatividade de funcionários.

**Público:** A aplicação do caso é destinada aos estudantes da graduação, com ênfase nas disciplinas de gestão de pessoas, processo de tomada de decisão e empreendedorismo.

**Originalidade:** O caso tem potencial para debate em sala de aula por abordar uma narrativa real e comum a dinâmica dos estudantes em seu processo formativo.

**Palavras-chave:** Empresa Júnior, Gestão de Pessoas, Empreendedorismo, Rotatividade de empregados.

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**INTRODUCTION**

In 1999, twenty students of the Bachelor of Business Administration course at the formerly Technology Training Center linked to the Federal University of Paraíba founded the junior enterprise “ADM Soluções”. Students envisioned the opportunity to develop professional skills by providing business consulting in Paraíba’s Brejo region, composed of eight cities. This region is characterized by the predominance of low temperatures during the year and preserved nineteenth-century architecture, with ample investment in hotels, inns, condominiums and restaurants, which favour tourist activities, especially in the city of Bananeiras, where is located the company’s main office.

That said, members established in the creation of the company the following statement: “we are the solution to the development of entrepreneurship in our region”. This view was strengthened due to the broad presence of micro and small companies in the region needing professional low-cost support that could contribute to its growth in the market. This scenario remains present according to the perception of members who work in the current management.

Although it has almost twenty years of history, ADM Soluções has been through many crises that prevented its growth, including the closing for two years (2006-2008) – that will be better explained later – and the change in organizational culture (2017), which occurred due to too much focusing on the company’s service sales in the region. On both occasions, the company suffered from members’ evasion.

In 2018, the company president Lucas, due to the high dropout rate of the previous year, was concerned with maintaining the purpose of the company’s founders. He needed to make a decision that could impact the results stipulated for
the year, risking the company’s closure. In this case, the business’s future depended on Lucas’s choice about the two options for conducting the work: i) training the current team and directing all efforts to close new contracts or (ii) planning a new selection process to supply the member’s evasion.

Rising from the ashes

The first three years (1999-2001) were dedicated to the company’s structuring, especially legal issues, such as the CNPJ (Cadastro Nacional da Pessoa Jurídica – National Register of Legal Entities). Junior enterprises are characterized as non-profit associations. As it became regularized, members began to provide services to companies in the region and the compensation for the projects was invested in member’s training. They offered the following services: strategic planning, business planning, marketing planning, financial planning, recruitment and selection of people, market research and organizational diagnosis.

However, they faced the resistance of entrepreneurs in the region, as they distrusted the services performed by students, even with the support of their teachers. With this obstacle, the members got discouraged, affecting the student’s interest in participating in the company. It then influenced the members’ evasion and the stoppage of activities. Given this, in 2006, the company was closed.

After two years of closed doors, the company’s situation upseted Professor Matias - formerly coordinator of the Administration course in 2008. He then started to seek ways to restart its activities. To do this, he invited students with a proactive and committed profile to identify the legal and strategic process for the ADM Soluções return to the market.

The ten students who accepted the challenge decided to contact the former members to understand the company’s closure and the processes needed to open it again. Surprisingly to the new team, the equipment, furniture, materials, documents and the company’s installation were in perfect condition. However, it had a debt of around five thousand reais due to the charges and unpaid taxes in its closure period.

As the company became available to the new team, on Thursday at 14h00 on June 12, 2008, there was a meeting to set up an action plan to develop solutions to pay debts, obtain sufficient financial resources to make new investments, and still have working capital.

Since the company was in debt and could not legally advise due to the charges, students and prof Mathias wondered about the main agenda of the meeting:

- “What are we going to do to raise the money to pay the debts and restart services”.
- “Hm... Selling flowers should be good to capitalise on Valentine’s Day. Right, boys?” – Ana Lúcia.

(TEAM LAUGHS)

- “Well thought, Ana (laughs). But how about selling objects to students? For example, shirts, mugs and personalized items from administration course” – Ítalo – Acting leader of ADM Soluções.
- “I believe it is an excellent idea, but it is not enough. We need something that has regional prominence, that draws the attention of entrepreneurs and thus mark a new cycle of ADM Soluções” – Tamires.
- “In this case, we can promote an event to achieve the necessary repercussion. Companies can invest to promote their brand, the course teachers contribute to invite speakers and obtain free attractions, while students can pay a symbolic fee at registration. Thus, we can sell the suggested objects, as well as disclose the name of the junior enterprise. On second thought, a closing party of the event at Bananeiras Fest should be a good one too. It will draw students’ attention from other courses and so we can sell tickets. What do you think?” – Prof. Matias.
- “Awesome! I liked the proposal. So, with the sponsorship of companies, we can invest in the event, and if we succeed, we can achieve our goals.” – Ítalo.

With the team’s approval, the event called EADM - Encontro de Administradores (Meeting of Administrators) took place on September 7, 8 and 9 of the same year, with the public of 250 students. The investment of local companies
and the involvement of teachers and students of the course and professionals contributed to the event’s success.

- “What a joy. With this event, we managed to bring regional companies closer to the university. We’ll also get enough financial amount to pay off debts and meet the company’s short-term needs. ADM Soluções has risen from the ashes” – commented prof. Matthias with students at EADM’s feedback meeting.

A new bird

The repercussion of the event attracted students’ interest in producing new editions. Then, given the viability and financial return provided by the event, while local entrepreneurs still resisted trusting the consulting service, they decided to maintain the organization of EADM as the main activity of the company, perceived by the members as the potential to develop their professional skills.

Considering this, the competencies and skills of the candidates were aligned for the planning, organization and accomplishment of events, especially EADM. This event required a long time for its realization. The management success rate was directly related to EADM results. The selection process had an average duration of three months, divided into qualifying and qualifying steps, as shown in Table 1:

<table>
<thead>
<tr>
<th>STEPS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental presentation</td>
<td>Candidates are presented with the operation of the company and its areas</td>
</tr>
<tr>
<td>Candidate Integration</td>
<td>It involves interpersonal relationship activities</td>
</tr>
<tr>
<td>Group dynamic</td>
<td>The decision-making ability, conflict management and leadership profile among candidates are assessed.</td>
</tr>
<tr>
<td>Team work</td>
<td>There’s an evaluation of the candidate’s ability to work in teams.</td>
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</tbody>
</table>

Table 1
Description of the steps of the ADM Soluções Trainee Program in 2009-2016

Source: Developed by the authors (2021)

However, this changed in 2017 with the enterprise’s new strategic planning. This shift occurred due to a conflict between the company’s directors and consultants in the second half of 2016. Some consultants, such as Lucas and Sara, argued that the company should focus on consulting services instead of dedicating its efforts primarily to events’ arrangements, an idea defended by the directors. As the last three editions of EADM presented negative financial results, in 2017, the elected executive board decided to close the new editions of the event and direct all efforts to prospecting consultancy projects. It triggered a series of changes and problems.

- “We must focus on our founders’ purpose: to develop entrepreneurship in the region through specialized and quality services” – Said Lucas (Project Consultant 2016) after being elected Project Director for the following year.

The 2017 administration began with several changes. The first was in the company’s organization chart, in which attribution of positions and strategic planning points towards the prospecting of business consulting projects. The new positions arranged were created or adapted due to the situation experienced during this period, although they had no legal validity since it was necessary to change the Internal Regulations and the Company Statute for formalization.

In this new circular configuration of the organization chart, there are four departments: presidency, vice presidency, marketing and people management, which forms the Executive Board. People Management Advisory and Legal and Financial Advisory are part of the Department of Vice Presidency. Consultants are part of the project department. Finally, sales and brand and image advisors integrate the marketing department.

Another change was in the organizational culture, which became an obstacle to the company’s activities management. Members still
had difficulty understanding the enterprise’s new reality. However, the worst was about to happen, which was the implementation of the 2017 trainee program.

Cloudy sky for flight

The changes did not happen with prior planning and the selection process for new members (Trainee Program). Despite the new goal of demonstrating the company’s new organizational culture, with more rigid and more strict challenges, activities and dynamics for the company’s services in the region, there was no success. It was due to the resistance of the students of the course to accept the new guidelines of the trainee program. The process had three steps. The first two aimed to present the enterprise and select through the professional profile the candidates fit for the trainee program (March/April 2017). In the third, the classifieds worked in the company assisting in prospecting and providing services (May/June/July 2017).

Table 2

<table>
<thead>
<tr>
<th>STEPS</th>
<th>DESCRIPTION</th>
</tr>
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<tbody>
<tr>
<td>Departmental presentation</td>
<td>Candidates are presented to the operation of the company and areas.</td>
</tr>
<tr>
<td>Individual interview</td>
<td>Candidates are subjected to specific questions about their professional profile.</td>
</tr>
<tr>
<td>Group prospecting</td>
<td>At this stage, students are divided into groups and led by effective members for practical sales activity.</td>
</tr>
</tbody>
</table>

Source: Developed by the authors (2022)

As a result, even those candidates who demonstrated aptitude for the position gave up before even six months old at the company.

- “We have a serious problem! Our activities are confused. The selection process had many flaws, and people gave up participating in the company. Students still think in terms of events and not projects. How can we achieve goals without people to prospect and execute the projects? I think this is the end of the company.” – Lucas – Project Director (2017 Administration).

- “It’s not like that, Lucas! We decided to follow a new strategy, and it is normal to have some resistance. We just can’t lose the focus. The company spent nine years mostly on events, and we are trying to change this to the true purpose of a junior enterprise, which is the project’s operation, and not behave as an academic centre”. – Sara – Legal and Financial Advisory (2017 Administration).

- “Unfortunately, we don’t even know how to prospect and attract customers to the company, Sara. Without results, how will members feel engaged to stay in the company?” - Caio - Sales advisor

At this point, another problem became evident: members did not have technical skills for sales. Thus, the year ended, and the company did not achieve the goals set. In addition, most members gave up participating in the company, remaining only Lucas and Sara - older members - and Caio, Liz and César, effective in 2017.

Dilemma

With classes returning, the new management of ADM Soluções decided to make the election for the vacant positions. Thus, for the 2018 administration, Lucas would assume the position of president, Sara would be the new vice president, Caio would become the director of marketing, Caesar the director of projects and Liz People Management Advisor.

The concern about the company’s future involves all members, considering the awful performance in 2017. Dissatisfied, Lucas called a meeting for January 23. At the scheduled time, Lucas began the meeting and asked each one to
ponder on the latest events, indicating the viable strategy for the current moment. Caio is the first to position himself.

- “I believe the company needs to sell more projects because we have expenses to buy business materials, uniforms, event registration and travel for the board meeting, which we must participate in once a month. Without money, we are unable to fulfill our obligations. I suggest directing all our efforts to sell our services.” – Caio

The discussion keeps going.

- “But it’s not like that, Caio. How are we going to take on new services without people to perform? I am afraid of not meeting the demands of closed services. We must carry out a new selection process. We are only five. With more people, we can go full force when the process ends. I suggest making a new trainee program.” – Liz

- “You pointed out key points. We must demonstrate our capability to restore the company’s confidence in course students. Additionally, we need to carry out projects to show the results of this new cultural orientation. We are only five. With short but effective training, we can sell and execute projects satisfactorily. Then we can attract the right people to the right position. I agree with Caio to train our team and sell projects.” – César

- “Oh ... they still say that the manager’s life is easy (laughs). I’m laughing so I don’t cry. Well, there’s no wrong viewpoint, but I can’t stop worrying about the number of people in the company. Last year was something impactful due to so much news. Didn’t the failure of the selection process make people open their minds to this new reality? A selection process can immediately allow us to set up a team so fine that waiting for project results for the second half is not such a risky option. Still, we can make candidates demonstrate their skills and bring some project results to the company. I agree to perform a new selection process.” – Sara

- “Any alternative of how can we resolve this impasse? (Silence). Come on, folks. No unanimous solution for this dilemma? (Silence)” – Lucas

- “Lucas, your vote represents the company. All points here are considerable and pertinent, regardless of their positioning. We will follow your decision. Unfortunately, we can only perform one of these paths, and this is a common perception in the team.” – Liz

- “Let’s take a 10-minute break. It’s a time to take some water, because I can’t believe I will have to decide alone on such a serious matter.” – Lucas

After ten minutes, all are gathered again in the meeting room.

- “Well, team. Here’s the deal. Given the seriousness of this decision for the company’s future, I decided to analyze the considerations made here and talk to more experienced people. I will present my position tomorrow through a new meeting. Thank you for your presence. I ask everyone to understand this delicate moment. See you tomorrow.” – Lucas

So, Lucas would need to make a decision and present it to his team the next day. What is the best alternative? Should they train the team to prospect and execute projects or prioritize a new selection process for hiring new members?

TEACHING NOTES

Teaching goal

This teaching case is proper for students of the Bachelor of Business Administration course. The educational purpose is to provide the students with a discussion about the people management dilemma in organizations. The focus is on the case debate and the resolution of the dilemma to enable the development of people management-related skills in organizations, as well as to develop the ability to apply strategy and decision-making tools to consulting firms. The appropriate disciplines to reflect on the case are People Management, the decision-making process and entrepreneurship for addressing the dilemma of the members of a junior enterprise, which seeks solutions to maintain the company’s activities in operation. The case is different by elucidating a typical context to the dynamics of students in business. This aspect can become attractive to debate by incorporating the experiences of students.
2.2 Sources and collection methods

The reported case addresses a real narrative experienced by junior entrepreneurs in the context of Paraíba’s countryside. The data are actual, but we modified people’s and the junior enterprise’s names. The collection of primary data was carried out through semi-structured interviews, aiming to register the facts chronologically. Secondary data were obtained through documentary analysis: projects developed by the junior consulting enterprise and written documents.

Learning goals

1. Ponder on the challenges of people management in organizations;
2. Analyze data and information for decision-making;
3. Understand the role of leadership in organizations.

Questions Suggested

Regarding the case narrative, we suggest the questions listed below. However, the teacher may develop new questions according to the learning demands:

1. Based on the case report, list the key problems that favored members’ evasion in the junior enterprise.
2. How can ADM soluções deal with members’ evasion?
3. In the scenario, what decision should the president (Lucas) take?

Literature review and analysis

The creation of junior enterprises seeks to provide professional practice in business courses in the country. It aims to complement vocational training and to promote future opportunities to students. The Junior Enterprise Movement emerged in the 1960s in France, having reached significant growth in Brazil (around 600 companies) since the first Brazilian junior enterprise created in 1988 by students of the Fundação Getúlio Vargas (Teixeira & Farias, 2021; Ésther & David, 2019). Then, junior enterprises have the intellectual support and infrastructure of the universities to operate. Thus, the management of junior enterprise is held by students without remuneration, but under the professional guidance of teachers. They provide services at a low cost compared to traditional companies, especially for micro and small companies (Teixeira & Farias, 2021).

However, junior enterprises have a seasonal turnover rate of their members. Annually, the company management changes. It can lead to loss of information and organizational vitality. In the first question suggested, students are advised to rescue reports that contextualize the members’ evasion of ADM Soluções, aiming to make the student able to identify factors that may influence even intentional dismissal of companies. In this case, we indicate two moments that should be approached in the debate.

Table 3
Possible answer to question 1

<table>
<thead>
<tr>
<th>Temporal clipping</th>
<th>Excerpts from the text</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>However, they faced the resistance of entrepreneurs in the region, as they distrusted the services performed by students, even with the support of their teachers – Excerpt from section 1.2</td>
</tr>
<tr>
<td>2017</td>
<td>The 2017 administration began with several changes. The first was in the company’s organization chart, in which attribution of positions and strategic planning points towards the prospecting of business consulting projects – Excerpt from section 1.3</td>
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</tr>
</tbody>
</table>

Source: Developed by the authors (2022)
The pieces highlighted in Table 3 (bold) offer argumentation about the main problems involved in members’ evasion. Thus, the teacher can use these terms on the board and discuss how each point affects people management in organizations.

Then, there can be a debate on how a company might avoid a high dropout of members, especially when framed in the category of junior enterprise. As a suggestion for debating question 2, we advise starting a brainstorm in another space on the board. Brainstorming is a technique that captures different group ideas to solve a common problem (Al-Samarraie & Hurmuzan, 2018). Thus, the debate must be guided by the possible ways to deal with evasion. For example, it can involve the socialization process, in which junior enterprises must share with new members their identity and values to ensure rapid adaptation (Rosa & Munhoz, 2015).

In addition, selection practices should not only focus on choosing new members from their knowledge and skills. The filtering of candidates should be sought based on their affinity or not with organizational culture. Thus, the Junior company should not only focus on internalizing the identity of the Movimento Empresa Júnior (MEJ - Junior Enterprise Movement) but also on the development of skills necessary for a business professional (Esther & David, 2019).

Another crucial point is to create a career plan for the ingressing trainees (Picchiai, 2008). The member should understand the possibilities of ascension in positions and develop new skills necessary for the labour market. The formation of competencies through the junior enterprise occurs strongly from the leadership, allowing the intellectual ability to interpret market variables and make strategic decisions (Da Silva Barbosa, Gueiros & Da Conceição Silva, 2019).

Then, the structure of the Trainee program should consider the participants’ learning process, such as social pressures, time reconciliation and idealized expectations about the process. Thus, it will be possible to have an assertive trainee that positively impacts the process of socialization and legitimation (Silva, Costa & Dias, 2016).

Finally, question 3 requires students to point out which decision the president (Lucas) should make. Thus, the teacher can encourage the class to reflect on the answers to previous questions and evaluate the written positions, as directed by Alberto and Silva (2018). They suggest that students should assume the role of the protagonist and reflect on the possibilities of resolution of the case. Then, on the board, the teacher can list the class answers and students linked to each answer. Although there is no right decision about the problem, the teacher may close the debate by reading the following report from one of the subjects participating in this research.

“After much reflection and talking to the members of the company and the movement, the president decided to train the team and direct all efforts to capture new projects. He understood it was necessary to strengthen the image of a productive and active company in consulting activities to arouse the interest of other students in the course and faculty. Thus, the members accepted the decision. In March 2018, we managed to be the first Paraíba company to achieve the goals set by the federation. In addition, at the end of management, we hit a record in our history of closed projects and revenues in one year. Regarding the members’ evasion, we managed to circumvent this situation by attracting new members in May to disseminate the results. There were more than 15 students who remained to work in 2019. It was not an easy year, but we made history at the company. From the contacts with current members (2022), the activities follow active in the prospecting of business consulting projects.” (Interviewed N)

This excerpt corresponds to the outcome of the case dilemma.

Class plan

For the application of this case for teaching, it is
suggested that the environment be properly prepared:

i. We suggest that the case narrative be sent individually to students by the adopted learning environment or even printed so that it can be read and answered outside the classroom.

ii. Explain to students the dynamics of the case for teaching, its purpose and to praise the possible competencies and skills that can be developed by involvement with the analysis and resolution of the guiding questions.

iii. The chairs should be organized as a circle to facilitate discussion, and the moderator (teacher) should ask students to discuss the case and solve the questions.

iv. Materials valuable to facilitate the experience: frame, brush, notepad, cartolins and colored pencils to organize the positions related to each question.

v. In the classroom, students must have the narrative of the case and the notes and positions of the questions printed or digital.

vi. Then divide a 120-minute class into two parts: a) In the first part (60 minutes), students should resolve questions in small groups of 3 or 4 people, unifying group answers; b) In the other 60 minutes remaining, promote a debate in the large group. The class can address the convergences and divergences of the case’s responses.

vii. Small groups can be identified by the theoretical authors who underlie the discussion: Group 1- Chiavenato, Group 2- Robbins.

viii. The moderator can use the delivery of individual and group positions and student participation for evaluation. From the experience with cases, students feel more stimulated if the activity provides 0 to 3 points for the unit evaluation. In addition, the case with practical application also stimulates this participation, as it will be very typical for other students to know and/or participate in the context reported in the case. It is noteworthy that there is no correct answer to the questions. However, one should be aware of the tools and their proper way.

Application report

In February 2022, the case was applied. This process was attended by 07 undergraduate students in Business Administration, 03 post-junior of the company presented in the case and 01 teacher of the Administration course. Administration students contributed to answering the questions suggested in the teaching grades. The company’s post-judges participated in the narrative of the case. Thus, they analyzed the writing and order of facts that occurred and reported the outcome of the case dilemma for teaching. Finally, the guest teacher evaluated the coherence of the case narrative, the learning objectives and the suggested questions. In both evaluations, we obtained a positive result, and the recommended changes were accepted and modified in the original text. Contact with application participants and the dynamics of shipping and receiving the requested points occurred through the WhatsApp messaging application.

As a result, we conclude that the questions are consistent and clear to the target audience. In addition, the present case showed potential for students’ debate and involvement. Therefore we recommend the application.

Acknowledgments

Paraiba State Research Foundation (FAPESQ) and Research Group on Learning, Management and Education (AGE)

3 SUGGESTIONS AND REFERENCES


of brainstorming techniques in higher education. Thinking Skills and Creativity, 27, 78-91.


