

THE DECISION-MAKING PROCESS IN A SMALL, FAMILY-RUN BUSINESS: THE DILEMMA OF THE ROBSONS, FATHER AND SON

PROCESSO DECISÓRIO EM UMA MPE: O DILEMA DE ROBSON PAI E ROBSON FILHO

PROCESO DECISORIO EN UNA MICRO Y PEQUEÑA EMPRESA: EL DILEMA DE ROBSON PADRE Y ROBSON HIJO

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ABSTRACT

Dilemma: a discussion between two managers, from different generations, raised the dilemma of evaluating a decision made. This dilemma focuses on analysing how such a decision affects the interests of the company, the partners, as well as other stakeholders.

Educational objective: to reflect upon the management process in a family business environment, highlighting issues such as decision-making, leadership, power relations, management styles, human behaviour in organizations and strategic planning.

Contextualization: the decision-making process requires transforming data into action; therefore, the quality of the decision is the key for the success of an organization. Paper & Art is a family business, located in Minas Gerais, Brazil, and has seven employees. The teaching case focuses on the story of a father and son who, when running a business in the stationery industry, are faced with challenges that require the need to combine the efforts of those involved, preventing disparities in the objectives of the members from harming the company.

Main theme: the case enables discussions on decision-making processes, decision quality and conflicts between generations in family businesses.

Audience: the case can be applied to business students and in undergraduate or graduate disciplines that involve decisions, power and conflict.

Originality / value: the combination of the efforts of those involved is necessary for the context presented, it could prevent disparities in the members' goals and harm the company. This is the originality of the case.

Key words: Family Business; Decision Making Process; Conflict.

RESUMO

Dilema: a partir da discussão entre dois gestores, de gerações distintas, surge o dilema de avaliar uma decisão tomada. O dilema centra-se em analisar como tal decisão afeta os interesses da empresa, dos sócios, bem como outras partes interessadas.

Objetivo educacional: trazer uma reflexão quanto ao processo de gestão em ambiente empresarial familiar, destacando questões como processo de tomada de decisão, liderança, relações de poder, estilos de gestão, comportamento humano nas organizações e planejamento estratégico.

Contextualização: a tomada de decisão exige a transformação dos dados em ação de modo que a qualidade da decisão seja a peça-chave para o sucesso de uma organização. A *Paper & Art* é uma empresa familiar, localizada em Minas Gerais, Brasil, e possui sete funcionários. O caso de ensino tem como foco a história de pai e filho que, ao comandarem um comércio no ramo de papelaria, se deparam com desafios que exigem a necessidade de combinar os esforços dos envolvidos, evitando que as disparidades de objetivos dos membros prejudiquem a empresa.

Tema principal: o caso possibilita discussões sobre processos decisórios, qualidade da decisão e conflitos entre gerações nas empresas familiares.

Público: o caso pode ser aplicado a estudantes de negócios e em disciplinas de graduação ou pós-graduação que envolva decisões, poder e conflito.

Originalidade / valor: na situação real apresentada, existe a necessidade de combinar os esforços dos envolvidos, evitando que as disparidades de objetivos dos membros prejudiquem a empresa. Esta é a originalidade do caso.

Palavras-chave: Empresa Familiar; Processo Decisório; Conflito.

RESUMEN

Dilema: de la discusión entre dos directivos, de distintas generaciones, surge el dilema de evaluar una decisión tomada. El dilema se centra en analizar cómo tal decisión afecta los intereses de la empresa, los socios y otras partes interesadas.

Objetivo educativo: reflexionar sobre la discusión sobre la gestión en un entorno empresarial familiar, destacando temas como la toma de decisiones, el liderazgo, las relaciones de poder, los estilos de gestión, el comportamiento humano en las organizaciones y la planificación estratégica.

Contextualización: la toma de decisiones requiere transformar los datos en acción para que la calidad de la decisión sea la clave del éxito de una organización. Paper & Art es una empresa familiar, ubicada en Minas Gerais, Brasil, y tiene siete empleados. El caso se centra en la historia de un padre y un hijo que, al dirigir un negocio en la industria de la papelería, se enfrentan a desafíos que requieren la necesidad de aunar esfuerzos de los involucrados, evitando que las disparidades en los objetivos de los integrantes perjudiquen a la empresa.

Tema principal: el caso posibilita discusiones sobre los procesos de toma de decisiones, la calidad de las decisiones y los conflictos entre generaciones en las empresas familiares.

Audiencia: El caso se puede aplicar a estudiantes de negocios y en disciplinas de pregrado o posgrado que involucran decisiones, poder y conflicto.

Originalidad / valor: en la situación actual que se presenta, es necesario aunar esfuerzos de los involucrados, evitando que las disparidades en los objetivos de los socios perjudiquen a la empresa. Ésta es la originalidad del caso.

Palabras clave: Negocio familiar; Toma de decisiones; Conflicto.

INTRODUCTION

This case study presents the history of Paper & Art, a family retail company operating in the stationery supply trade. Its main focus is the conflict that exists in this organisation. The text presents the professional careers of a father and son who work together in the company, as well as the personal characteristics of each, that influence the way they relate to each other and carry out their daily activities.

Organisations are composed of groups that may have different interests. In the organisational context, it is common to combine efforts so that complex interrelations do not harm the company (Freire et al., 2010). Family businesses are a special and particular way of living and working together, but there are also conflicts in these types of organisation (McKee, Madden, Kellermanns & Eddleston, 2014). This suggests that in each family business, based on the context in which it is located, there may be a type of conflict among its agents.

In most cases, a family business is a source of pride for the family and its employees. However, when faced with the prospect of growth of the business, family ownership/control in family business operations is often challenged by the maintenance of family wealth and status (Pounder, 2015).

In the stationery sector, it is well known that there is a higher demand for school supplies in the months preceding the start of a new school year. Therefore, its biggest challenges are to thrive during the rest of the year and to compete with large organisations in the sector that sell via the Internet. Small business owners, like the organisation in this case, are aware of these difficulties, but also understand that success is possible with planning and attention to customer needs. Thus, through the narration of this story, the text points out the conflicts that permeate the daily life of this environment. Paper & Art is located in a rural town in Minas Gerais that has approximately 56,000 (fifty-six thousand) inhabitants, according to data from the Brazilian Institute of Geography and Statistics (2020). The company operates in the tertiary sector, retailing stationery materials. It is located in the busy central area of the town, where most of the retail trade is concentrated. Items sold in the shop include stationery, children's books, photocopies, office supplies, gifts, and computer supplies. There are very few opportunities in which an undergraduate student may encounter conflicts in the family businesses. In view of this, and motivated by a concern that accompanied the authors during their undergraduate studies, this case study reflects on situations of everyday conflict in the organisational environment, seen in common and ordinary situations that involve conflicts of interest between the parties that manage the priority areas of a company. A description of the case is presented below.

THE CASE

Profile of the two partners

In a company like Paper & Art, the identity of the leaders plays a fundamental role in the dissemination of organisational values. Let us look at a brief profile of those involved in this situation!

Robson, the father, 54 (fifty-four) years old, is the patriarch and has a profile that is mostly rational, not very intuitive, and centralising. He feels more at ease in larger negotiations and is responsible for capitalising most of the financial resources of the company, continually reinvesting them into the stationery store in order to increase its assets. Over the nine years since turning the stationery shop into a legal company, he has managed to double his assets several times over. He likes to think long and hard before deciding, although he may sometimes overthink, and let opportunities pass him by, "and then there's no going back". Robson senior has always been viewed by the employees, suppliers and customers as the leading partner.

Robson junior, the son, also known as Junior, is 28 years old and has a highly creative mind. Although he sometimes gets things wrong, often taking decisions impulsively, he is often the one who launches promotions, wins new customers, and promotes the shop on websites. He also has a keen eye for the potential of new products and their placement in the market. He knows which cartoon characters or movies will be successful in the back-to-school period, for example. One of his ideas, which had huge potential, was the 30% off promotion on the prices of backpacks and lunch boxes that had been overstocked. This idea boosted sales by 65% and reduced the costs of high inventory and the depreciation of unsold products by 27%. Junior is seen as a secondary partner. He is the one who puts in most of the labour and technical and marketing skills into the organisation.

While Junior is impulsive and emotional, Robson, the father, is rational and sceptical. They each have distinct personalities, working together and coordinating the same organisational space. These two individuals often come into conflict. Junior delays some decision-making processes of the company and prevents it from professionalizing and growing because he is overloaded and does not delegate tasks to employees, which causes stress. Moreover, he exercises little leadership over the other employees, and has a more passive personality. He is also more of a risk taker. The father, on the other hand, adopts a patriarchal-family management style, marked by charismatic leadership. His personality is conservative and rational, and he is more risk averse. As the largest share holder, it is the father who invests most of the finance into the upkeep of the company and rarely accepts his son's suggested innovations.

The origins of *Paper & Art*, products, and services

The stationery store *Paper & Art* began operations at the end of 1998/beginning of 1999, in a rural town in the Brazilian state of Minas Gerais. Initially, its main activity was making photocopies, and since then, it has become known for the quality of its services and its commitment to its customers. In 2007, the stationery shop gained official company status, when it was legal constituted as a Small and Micro Enterprise (SME, or MPE in Brazil). In that same year, the company transformed its business and assumed its vocation as a stationery store and, today, it offers items of stationery, children's books, photocopies, office supplies, gifts, and computer supplies. It is a family business, and its partners and owners, Robson senior and Robson junior, are its legal representatives.

In order to expand the operations of the business, the partners relied on funding from PROGER (Company Generation Program), which enabled it to become consolidated. The Programme for the Generation of Employment and Income in the Urban Sector (Urban PROGER: Banco do Nordeste Investment) is a programme that supports the implementation, expansion and modernisation or revamping of companies in urban areas, seeking to promote the generation or maintenance of employment and income in the region.

Over the nine years of the stationery shop, the company has solidified its space in the market, and is located on one of the main streets of the town. It constantly endeavours to serve all types of customers and potential consumers, including students, business people, children, and schools, among others. The stationery shop has always relied on two characteristics that are considered especially important: keeping up-to-date with the latest market trends; and ensuring respect for its customers. These attributes are seen in the description of the company mission, vision and values, described in Figure 1.

<i>Paper & Art</i>	
Mission	To continually invest in good service, the comfort of customers and quality of products, affordable prices, product innovation, and ease of shopping for customers.
Vision	To become a benchmark in the stationery market in its town, to increase the number of services with quality attendance, and to invest in relationships with schools, industries, and other companies.
Values	Ethics, reliability, security, commitment

Figure 1. A Description of the Mission, Vision and Values of *Paper & Art*

Source: prepared by the authors based on research data

The job market: the back-to-school cycle and the regular cycle

The partners of Paper & Art have distinguished two periods during the year that mark the seasonal nature of their activities. These periods are determined, respectively, as the back-to-school period and the common cycle.

The back-to-school cycle is the most complicated one to administer, as it requires careful planning of the amount of stock to be purchased, and the prices that the goods will fetch when placed on the shelves, whilst remaining competitive in relation to market prices. In this cycle, it is necessary to plan how to raise financial resources from sales and how to allocate the same resources to honour the company’s commitments, whether in relation to employees, suppliers, partners, or other obligations. This cycle has a complex dynamic that needs to be managed, and the partners’ concerns, in relation to this period, include marketing, temporary competitors with sales of backpacks, lunch boxes and notebooks, human resources, training, and the need to hire new sales clerks during the busy period. It can be observed that the back-to-school cycle requires the right resources and the right structure, at the right time. Figure 2 details the company’s activities during both cycles.

Cycle	Period	Characteristics
1st Cycle: Back to School	December - March	<ul style="list-style-type: none"> • Low prices. • Product differentiation: this is done through investment in physical structure, training of employees and the sale of licensed products, some with images of traditional characters such as Barbie, Mickey and Minnie, Batman and Ben 10, and others that are also commonly sold by the company’s competitors. However, the company differentiates by also offering merchandise with images of characters that are the trends of the year, and that its competitors do not offer, such as: Princess Sophia, Minions, Peppa Pig, Monster High, Max Steel, Iron Man, Captain America, MMA, Cars, Spiderman, Lottie Dottie Chicken. It continually keeps an eye on the latest trends at the Feira Escolar Office Brasil (The Office School Fair, Brazil).
2nd Cycle: The Common Cycle	April - November	<ul style="list-style-type: none"> • The strategy used after the back-to-school period is a hybrid one, i.e., interaction between low prices, good customer relations (tailored service) and product leadership (innovation). However, in this period, the company seeks to offer low prices first and foremost. It takes part in competitive tenders of public agencies and also offers quotes to private agencies. • Low Prices: to participate in competitive tenders and to have good bargaining power, prices are negotiated until all parties are satisfied with the deal. • Comfortable physical layout: the shop is spacious and airy; the products are well laid out and easy to find. • Practical sales: card sales, cash discounts, easy negotiation.

Figure 2. Description of the activity cycles of Paper & Art

Source: elaborated by the authors based on research data

The Common cycle, office supplies:

- ✓ Inventory cost: 10% of the required amount
- ✓ Amount required: R\$ 50,991.23
- ✓ Supplier 1: R\$ 32,499.62 - office supplies
- ✓ Supplier 2: R\$18,491.61 - school products

The strategy employed after the back-to-school period is a hybrid strategy. The employees seek to combine good service with low prices. It is very common, nowadays, for the biggest buyers to be companies looking for office supplies. Other highlights are festive periods, such as Valentine’s Day, Festas Juninas (traditional festival held in June), Children’s Day, and Christmas. At certain times, it is common for customers to search for special paper, gifts and educational toys for children.

The Back-to-School Period:

- ✓ Inventory cost: 10% of the required amount
- ✓ Amount needed: R\$ 70,841.73
- ✓ Supplier 1: R\$ 29,919.98 - notebooks and other stationery products
- ✓ Supplier 2: R\$ 8,346.15 - haberdashery products
- ✓ Supplier 3: R\$ 32,575.60 - backpacks, lunch boxes and pencil cases

During the back-to-school period, which runs from December to March of each year, the store uses a strategy of differentiation, characterized by investments in the image, structure, and layout of the shop, employee training, even if only a little, to serve customers, and a pleasant ambiance in the shop. The partners also invest in product differentiation, seeking to offer different products and services from their competitors, as this is a period of the year when many shops take advantage of the seasonal nature of the market, and also offer school products. Such establishments are affectionately nicknamed "opportunists" or "parachutists" by those at *Paper & Art*, because they only sell stationery products at this time of year.

The back-to-school sales cycle runs from December to March, but for the employees, the planning for this period begins in September, after the latest trends are announced at *Escolar Office Brasil*, an international trade fair for stationery products, offices, and schools. "*Escolar Office Brasil* is the main trade fair for stationery products and annually brings together important companies from the sector to launch a variety of products" (*Escolar Office Brasil*, 2015). The employees therefore study the trends, estimate the amounts to be purchased as stock, survey the inventory, and analyse the company's historical data for this period. Once the new stock has arrived, a market price survey is carried out. This is done belatedly for two reasons: first, it is a family business in which the administration of its activities is mostly done by the partners, placing a high burden of work on them, and secondly, the stationary market is a volatile one. There are companies in the sector that choose to work with products that do not have a license for the characters shown on the merchandise; thus, the cost of a Barbie backpack can range from R\$ 30.00 (unlicensed product) to R\$ 140.00 (licensed product), so an analysis of the merchandise, including a preliminary viewing of the product and its certification, is necessary.

In the town where the stationery store is based, drugstores, supermarkets, gift shops, grocery shops, bars, street vendors, clothing shops, and many others offer basic materials such as backpacks and notebooks during the back-to-school period, and the competition in this period is far greater. Thus, the planning strategy proposed by the *Paper & Art* stationery store is to offer innovative products, excellence in customer service and a layout that enhances the beauty of the product. It is believed that with this strategy, the stationery store can achieve the goal of doubling its sales during the back-to-school period.

Dilemma: Let's share the profits!

Robson senior is always saying that he would like to delegate more authority to Junior, but he believes his son is too immature and, therefore, not ready for such an undertaking. An example of this is the "let's share the profits!" episode.

After a year with low sales at the stationery store in the back-to-school cycle, 2012, when the company narrowly failed to honour its commitments to suppliers, in addition to having 50% higher stock remaining, with the added expenses this entails, the company finally managed to boost its sales in 2014. It should be noted that the greater the availability of a certain product in this back-to-school season, the lower its final price will be.

After this less prosperous time, the father and son decided to put together a sum that they could draw upon in times of crisis. After some time, the goal was both reached and surpassed. Robson senior, as fundraiser, contributed to that goal being reached. Now he was less worried and knew that if something went wrong with sales the following year, he could resort to using the funds. Junior, in turn, was in charge of developing strategies to maintain the level of sales, so that they would not have to touch this fund that had been set aside for emergencies. Junior managed to succeed in his activities, and the contingency fund continued to grow, reaching R\$120,000.00. After so much dedication and hard work raising the funds, in a meeting behind closed doors, Junior became extremely excited about the results of the business and began to consider the possibility of dividing the profits, which included dividing all the capital accumulated in the contingency fund (half for the father and half for the son), as the company was experiencing prosperous times. But Robson senior did not agree to his son's proposal and, losing his patience, he stormed out of the meeting room and headed for

the shop floor of Paper & Art, shouting at his son and criticising his son's management style in front of the employees and customers who were present at the time.

However, Junior was determined to convince his father, and went after him. He tried to argue with his father about how sharing could be beneficial, but his plea fell on deaf ears, and the first-generation status holder would not agree with his son's (second generation) ideas.

TEACHING NOTES

This teaching case aims to provide reflection on a discussion about management in a family business environment. In particular, it highlights issues such as decision-making processes, leadership, power relations, management styles, human behaviour in organisations, and strategic planning. It also establishes in an environment that is favourable for dialogue and dialogicity, such as the classroom, exploring issues that deeply impact on the experiences and the daily life of family businesses. It is important that both teachers and students maintain an open, critical, and reflective attitude to the issues addressed. The case focuses on the story of a father and son who, while running a stationery business, were faced with challenges that required them to combine their efforts in order to prevent differences of opinion from damaging the company.

Educational Objectives

The aim of this case study is to promote discussion of recurring problems in the organisational environment, especially in small, family run businesses. It aims to encourage students to reflect and propose appropriate solutions to the situation in question. Furthermore, it seeks to bring theoretical discussions closer to the practical reality.

This can be a useful teaching case for promoting discussions and debates that are related to power relations and organisational conflicts, people management, the roles of managers, organisational dynamics in family businesses, and decision-making processes, which are often permeated by conflicts of interest, authoritarian forms of management, and the challenges of introducing professional management and promoting specific interests. It is a study that can be read in a few minutes.

This case study can also provide readers with the bases for understanding human behaviour in organisations, based on the problem-solving related to the decision-making process, power relations and conflicts at work. Moreover, it is expected that it will enable students to develop the knowledge, skills and attitudes considered relevant to managerial success, to give them an awareness of the organisational dynamics of a family organisation, and to illustrate expository lessons. With regard to recommended use, the case can be used as didactic material for undergraduate courses in administration, technical courses and further education courses that deal with human behaviour within organisations, power, symbolism and work, strategic planning and decision making. The discussions can be held in groups or individually, so that the students can explore and discuss their understanding of the proposed situation.

It is suggested that teachers encourage prior reading of the case by the students, advising them to note down any points they consider to be relevant. This will enable the class time to be better used for discussing and delving into the problem-situation presented by the teaching case. It is recommended that students have access to the proposed issues only in class as they are being addressed.

When using the case in the classroom, the teacher could divide the class into small groups, with each group discussing the issues presented, thus expanding the possibilities for solutions. After this period of discussion in groups, the teacher can ask each group to present their reflections and ideas, which should then be assessed by everyone. As the teacher is responsible for mediating the discussion, they should always direct students to reflect on the situation presented, together with any theoretical discussions already developed in the course(s). At the end, it is recommended that the teacher returns to the board to clear up any remaining doubts and reiterate important points, in order to establish the concepts and relationships presented and analysed throughout the case. This method can also be used in online classes, as these platforms allow the possibility of creating rooms for group discussion and then returning to class to discuss the case with the whole class.

As the teaching case method implies, rather than giving correct or incorrect answers to the proposed questions, students should be encouraged to suggest ways in which the discussion can provide the learner with an opportunity to learn about the issues inductively.

Data sources

The narrative for this case was built through field notes taken at a stationery store located in the interior of the state of Minas Gerais, in the second half of 2014. The data sources were duly cited and authorised by the owners of the company, but some information was omitted or modified to preserve the identification of the company and its partners. The data was collected through: (1) reports from the owners during the observation period for the construction of this case; (2) notes in a field diary and (3) visits to the *Facebook and Instagram* pages of the company.

DISCUSSION QUESTIONS

- 1) Let us suppose that an organisation is like a stage, with diverging interests, where distinctive styles of governance can be identified, and conflict is the natural condition of every organisation. How do you understand the power relations and organisational conflicts present in this case? Identify these relationships by explaining how and why each one occurs, using examples from the text to make your exposition more coherent, and linking the types of power and conflict that exist within the organisation.

- 2) Robson senior, the main owner-partner, is considered the first generation of the company. Robson junior, in turn, the secondary owner-partner, is considered the second generation of the firm. It is known that most family businesses do not survive into the second generation and only a very small number continue into the third generation. Based on this, discuss how the power relations established in this company, between these two individuals, could lead to inefficiency in the company's decision-making processes and prevent it from becoming professional and surviving in the market through to its second generation.

- 3) The coexistence of two generations of a family (father and son) in the same organisational environment can create situations in which the family culture penetrates the sphere of the company, branding it with their values. These values, in turn, determine specific behaviours of a father and son relationship, where one is in charge and the other obeys, with no opportunity for negotiation. In this sense, which professional management tools could be used to minimise the conflicts of interest between these two subjects?

- 4) Was the decision not to split profits, taken by Robson senior, the best decision? Please justify your response, taking into consideration the interests of growth and continuation in the market.

- 5) Suggest a possible decision that could be taken by both partners that would benefit both the interests of the main partner to reinvest in the company and not renege on commitments to employees, suppliers, and creditors of the company, and those of the secondary partner to enjoy the capital invested in the company.

- 6) Do you believe it is necessary to implement a management system to improve the internal processes of Paper & Art? If so, how should the father and son go about doing this?

- 7) According to the personalities of the characters described, identify how the characteristics of each one interfere in the way they carry out their activities, and how this can create conflicts between them.

- 8) Based on the text "Conflict Management", suggested in the recommended bibliography, identify the possible causes of conflict in this company and their consequences. Also, according to this text, how could the dilemmas at Paper & Art be managed?

- 9) Given the case in question and the concepts studied, explain why conflicts occur in family businesses in general? Are these conflicts harmful to the organisation or can they generate positive consequences?

LITERATURE REVIEW AND ANALYSIS

Conflict and power in small family-run businesses

The family business is, in its many shapes and forms, a valuable tool for the economy of a country. Dieleman and Koning (2020) describe family businesses as organisations in which individuals, related through family ties, exert substantial influence, either through ownership or through important managerial positions. In other words, it is an enterprise that has grown and incorporated its founder's family members (Lanzana, 1999, Gersick, Davis, Hampton and Lansberg (1997). Thus, the transition from the entrepreneurial phase to a family business usually takes place when the children of its founder join the company as employees (Poza, Daugherty, 2020).

Given that family companies are responsible for a sizeable portion of job generation in Brazil, this makes it a truly relevant subject for study. Issues related to succession, professionalisation and the growth of these companies are key in management education. However, this case-problem is based on decision-making issues, focusing on power relations and conflicts arising from centralising decisions that are part of the daily life of the company in question.

In developed economies, family firms are also important. According to Poza and Daugherty (2020), family-owned and family-controlled firms account for approximately 90 per cent of all businesses incorporated in the United States, where approximately 17 million family businesses operate. Freitas and Krai (2010, p. 387) ratify the growing interest in family businesses, claiming that they "have been a frequent object of observation and study due to the development potential they possess, besides the fact that these organisations have contributed a lot and still contribute to both regional and community development". Macêdo (2002, p. 2) states that "in the case of Brazil, the minority of national companies are publicly traded. They are, in other words, family owned". Pereira, et al. (2012), in turn, highlight the economic and social relevance of family organisations, and suggest that it is a locus where various relationships, practices, and control mechanisms (formal and informal) are reproduced.

According to Cunha and Rocha (2015), the Brazilian market presents a series of particular characteristics, regarding company size. The most recent official data from the Brazilian Institute of Geography and Statistics (IBGE), for the year 2011, identified 4.5 million companies that generated 39.3 million jobs. Most of these companies, 99%, are micro and small enterprises (MPEs) and account for 90% of existing jobs. These companies also played a considerable role in GDP generation, generating 20% of the total. In the international family business landscape, one can observe the predominance of the terms *Family Business* and *Family-owned Businesses*, represented by the initials FB. According to the German authors Großmann and Schlippe (2015), *family businesses* are fertile ground for the emergence of conflicts, which are often the cause of disappearance of these firms. Thus, conflicts constitute an essential part of each FB and may have the power to overwhelm its performance, as well as family life, in a destructive way, especially in cases of relationship conflicts. These, when highly escalated, can be seen as a failure of FBs.

The vast majority of businesses worldwide are family-owned or family-controlled. In Europe, Asia, Latin America, and North America, for example, family firms dominate the economy. In the US, meanwhile, some 80% to 95% of all businesses are family-owned. Even large corporations like Ford, Novartis, Samsung, Volkswagen, Michelin, Astra Zeneca, Tyson Foods, Cargill, Ikea, and Wal-Mart can be considered family businesses. Most family businesses, however, are classified as small and medium-sized companies. Thus, as a family business gets older, and the number of family employees and its wealth increases, conflicts will also increase, due to differences in organisational goals and strategies (Alderson, 2015).

Conflicts in family businesses can be tense for several reasons, including interpersonal conflicts caused by rivalry among family members, intergenerational differences, objectives and power struggles. It is therefore necessary to observe the conflict process as a communicative system (Alderson, 2015; Großmann & Schlippe, 2015), in which its effects may cause a series of difficulties in the professional management of the family business. Many of these conflicts arise from a lack of dialogue, discussion, and negotiation between the parties to reach an agreement (Morgan, 2006). Dieleman and Koning (2020) point out that in family businesses, the identity of leaders plays a key role in the dissemination of belief systems within the organisation, especially in the identification of members with such systems. Thus, the identity work of leaders is shaped by personal and organisational values that influence company decisions. However, it is possible that within organisations, members may have multiple identities that conflict (as is the case of the founding partners observed in this teaching case). It is natural for founders in the family to adopt an entrepreneurial identity, promoting unified values across the family and business system, as well as leading to increased entrepreneurial behaviour. However, over time, the family system is extended to include new family members who have different goals and priorities. Thus, as the firm grows and becomes increasingly visible in the industry, it starts to face new pressures to adopt institutionalised values and

norms that may be incompatible with the entrepreneurial vision of the founder members of the family. Consequently, conflicts arise as the generations diverge in their entrepreneurial vision and business objectives. Morgan (2006, p. 182), when considering the political nature of the organisation, states that "organisational schools always imply a political choice" and adds that organisations are not as neutral as they seem. According to the author, it is necessary that organisations be understood as political systems, as this is a way to explore the political meaning of the decisions taken in organisations. Thus, it is understood that power is configured as a social practice, and its mechanisms are sustained by micro-powers, subtly refined and distributed (Pereira, Oliveira and Carrieri, 2012).

The differences in interests among organisational agents proposed by Morgan (2006) imply that when considering the political and non-neutral nature of the organisation, there are power struggles that may culminate in conflicting views. The statement that family businesses are a "fertile environment for conflict" was first proposed by Harvey and Evans in 1994 (Großmann & Schlippe, 2015). Moreover, whilst conflict is inevitable in all organisations, it is especially common in family businesses. However, there are also many family firms that manage their differences well for the benefit of the firm. Conflicts themselves, when viewed as phenomena inherent in any social relationship, are not entirely destructive in nature (Kellermanns and Eddleston, 2004; Kellermanns and Eddleston, 2007; McKee, Madden, Kellermanns & Eddleston, 2014).

The quality of the decision-making process

Family businesses make up the majority of existing companies worldwide (Astrachan, Astrachan, Campopiano, Baú, 2020). Recent research has shown that they tend to act and make decisions in a more ethical way than their non-family run counterparts (Reck, Fischer, Brettel, 2021). A good example of this is that family businesses are more likely to exhibit benevolent tendencies towards the general welfare of society, which in turn promotes ethical behaviour within the organisation.

Decision-making is a process that leads, either directly or indirectly, to the choice of at least one among different alternatives to solve a given problem. Thus, a decision is made when someone makes a choice. The decision can be seen from three perspectives: a) its importance, b) the speed required to make the decision, and c) the degree of individuality, in other words, how much it impacts others around it. The manager must identify some phases that can help in the level of efficiency and effectiveness of the decision, they are: 1) identification of agents and the decision maker; 2) listing alternatives and the feasibility of each one; 3) effectively determining criteria in terms of completeness, operationality; performance, absence of redundancy, and minimum size; 4) evaluating alternatives based on the criteria established; 5) determining the importance of criteria; and finally, 6) evaluating the quality of the decision (Gomes, 2020).

It is known that in organizations, decisions can be made based upon either individual interests or group interests. The first suggests that individuals have their own interests and thus pursue their own objectives, and the second involves reaching a consensus in relation to the interests of the group, in achieving goals that would benefit the group. In the same sense, Braga (1987, p. 38) emphasises that "organisational goals, limitations, roles and personal motives are interrelated variables that can be added to the complexity of the decision-making process". Lindblom (1981) suggests that the decision-making process involves control, power, interaction, and influence and that, in order to understand it, it is necessary to know the characteristics of the participants, as well as the role they fulfil, the authority to which they are subject and the relationships between the members of the organisation. Thus, the decision-making process also involves the recognition of conflicting interests, in which different people seek to promote specific interests (Morgan, 2006).

It was observed that the centralisation of power and the low levels of communication among the agents are weak points that negatively affect the growth of the company. There is no division into departments: even if they are in conflict, only two people manage all the activities of the company, whether financial: fundraising and allocation of resources; human resources: hiring and training; advertising: dissemination and choice of materials, among others. In this centralising dynamic, one of the business partners often clashes with the other employees of the company as he is overworked and does not delegate roles to the employees, which delays some decision-making processes for the company and prevents it from being professional and from growing.

In organisations, an aspect that is constantly evaluated in decision making is the fact that decision makers have limited reasoning. Thus, the understanding of limited reasoning changes the notion that decision making must necessarily be optimal and could, in fact, be just satisfactory. Decision making requires transforming data into action, so that the quality of the decision is key to the success of an organisation. There are four models of decision making: 1) the rational model, 2) the Carnegie model, 3) the incrementalist model, and 4) the unstructured model (Moreira-Guedes and Maia, 2017).

In the rational model, created by Moreira-Guedes and Maia (2017), rationality is viewed as an essential element in decision making and data is processed in a logical manner without leading to optimistic or pessimistic trends (the manager attempts to choose the solution based on more realistic alternatives and rigorous results). In the limited rationality model, proposed by Hebert Simon, it is impossible for the manager to have access to all possible courses of action; therefore he will not be able to evaluate all the alternatives required for the decision-making process (and so the decision is made based on the most satisfactory alternative and not the perfect one).

In the incrementalist model, on the other hand, there is criticism of rationalism, since it is understood that there is more than one correct alternative; it involves a series of alternatives listed after analysis and assessments. Moreover, actions are treated in a flexible manner until the desired level is reached, since the course of actions and objectives may change, and the most appropriate decision is generated by consensus between the parties. The unstructured model was proposed by Henry Mintzberg and emphasizes that managers accumulate knowledge throughout the decision-making process. They may regress and reassess alternatives and, depending on the situation, the decision-making process may be restarted. This means that at the start of the process, the manager has little knowledge of the problem and of the possible alternatives. This model is composed of three parts, identification, development, and selection, and at the end of these steps from support routines, the decision making ensues (Moreira-Guedes and Maia, 2017).

Based on the descriptions of these routines, one can see how the decision by Robson senior, the father, could have taken other directions, especially because he did not allow for the possibility of evaluating alternatives and reaching a consensus among the interested parties.

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A literatura sugerida neste caso poderá auxiliar os alunos a refletirem sobre as questões que serão apresentadas, os textos são facilmente encontrados em portais da internet.

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