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Administrative systems, situational leadership and decision-making in local economy management

Sistemas administrativos, liderança situacional e tomada de decisões na gestão da economia local

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Abstract

Administrative systems and decision-making must be constantly studied in order to assess the strategic thinking of the administration with regard to its management and ability to achieve the competitiveness of organizations, however, the themes exposed in local economics are imprecise and little depth, therefore, the study knew the administrative system, the situational leadership style and the factors that affect the decision-making of a managerial type, with a quantitative-descriptive methodology, applying the questionnaire and the inquiry technique to 64 organized entrepreneurs in a sample stratified by economic sectors of Ocaña, it is concluded that in the business sector 70% have an administrative system of an authoritarian-coercive type, where more than 60% of service entities promote the participatory system, contrary to the sector of commerce and construction, finally, the timing and projection of the investment are important factors in the decision-making process.

Keywords: Decisions. Management. Situational Leadership. Administrative Systems.

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Resumo

Os sistemas administrativos e a tomada de decisões devem ser estudados constantemente, a fim de avaliar o pensamento estratégico da administração no que diz respeito à sua gestão e capacidade de alcançar a competitividade das organizações, no entanto, os temas expostos nas económicas locais são imprecisos e pouco aprofundados, por isso, o estudo conheceu o sistema administrativo, o estilo de liderança situacional e os fatores que afetam na tomada de decisões de tipo gerencial, com uma metodologia quantitativo-descritiva, aplicando o questionário e a técnica de inquérito a 64 empresários organizados numa amostra estratificada por sectores económicos de Ocaña, conclui-se que no sector empresarial 70% apresentam um sistema administrativo de tipo autoritário-coercitivo, onde mais de 60% das entidades de serviços promovem o sistema participativo, ao contrário do sector do comércio e da construção, finalmente, o tempo e a projeção do investimento são factores importantes no processo de tomada de decisão.

Palavras-chave: Decisões. Gestão. Liderança Situacional. Sistemas Administrativos.

Introduction

In the last 20 years, organizations face the greatest challenges of the 21st century, where artificial intelligence, technological globalization, hybrid structures and new market demands, generate in administrative science and in businessmen, an interest in recognizing strategic actions that allow them to correctly direct resources in the face of change management.

Strategic thinking is recognized from acting of business management, through its competencies and skills to structure an innovative and sustainable approach to processes, also, of its capacity for adaptation and solution, above all, of its constructivist, feasible, credible and realistic management system (Mendoza & López, 2015), therefore, the strategic thinking of new and future managements, should focus on creating innovative scenarios with strategic planning (see Table 1) that can give them the capacity for adaptability and adaptability to information systems, big data, competitive surveillance and the current demands of the administrative megatrends, for this reason,it is essential to make strategic decisions that allow responding or solving a problem or opportunity for improvement and generate greater impact where it is possible to set goals and seek the most appropriate alternatives for their resolution (Losada, 2019).

While it is true, Robbins (1987) and Paul Moody (1983), cited by (Solano, 2003) indicate that decision making (simple or complex) is a closed circuit, since before providing a verdict, awareness is made regarding the problem, then, a recognition of the problem is made, then, the alternatives and consequences are analyzed to critically evaluate each one, to later select the solution and implement the decision and finally make the feedback of the process.

Stage	Associated question	Strategic planning steps
Perception	What seems to be happening here?	To visualize the situation of the company, the participants and the environment, seeking to foresee the future.
Comprehension	What possibilities do we face?	Allows the identification of strategic and capabilities.
Reasoning	What are we going to do about it?	The process in which a core strategy is decided upon and appropriated or implemented.

Table 1. Phases of strategic thinking.
Source: The table presents the phases of strategic thinking proposed by Castañeda (2001) cited in(Mendoza & Lopez, 2015).

In this order of ideas, administrative systems and decisions must give rise to processes or solution alternatives that allow challenging the needs or problems with internal and external opportunities, correctly articulating the resources and organizational capabilities, thus achieving the fulfillment of corporate goals and objectives, supported within the framework of the organization's strategic planning. However, the top management of many organizations do not know or do not recognize the administrative management system that prevails in them, especially the strategic pillars that can help or align the decision making correctly on the existing resources in them.

In consideration of the above, the study allows identifying the types of administrative systems and the situational leadership style of Ocaña's businessmen, as well as the types and factors that affect the decision-making process of Ocaña's businessmen.

Now, in the research and scientific framework of strategic thinking for the years 2019, 2020 and 2021, more than 150 words organized in 7 clusters are valued, taking as references the studies exposed in the SCOPUS database, which align which variables support the current

managements from their administrative systems, by means of the following concurrence analysis:

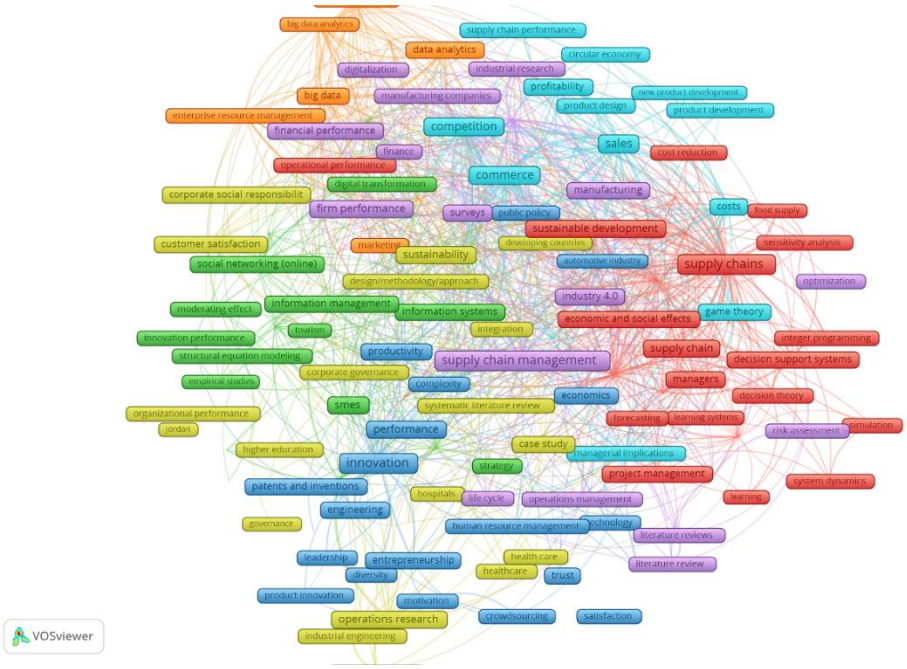


Figure 1. Concurrency analysis through the VOSviewer program.
Source: Elaboration obtained by the authors through the VOSviewer program.

Within the parameters of the study, a concurrency assessment is carried out to evaluate the frequency and strengths between words according to strategic thinking. Through this study, it is possible to visualize the importance of studying the following variables: management, customer satisfaction, company sustainability, innovation, risks or management and evaluation risks, decision making, work or social networking, performance, competition, financial performance, Big Data, costs, knowledge sharing and systematization.

Finally, for the business sector, the constant economic and technological changes are a challenge that forces them to be increasingly analytical to maintain a good level of competitiveness, therefore, strategic thinking becomes the foundation in strategic decision making, however, it is necessary that those who exercise the role of leader, enhance creativity in order to counteract the threats that are generated in the internal and external context of the organization; based on the fact that thinking is complemented by creativity (Zuñiga & Reina, 2010) (Román, 2010).

Theoretical Framework

This section supports the theoretical references by recognizing the main contributions to the business field:

2.1 Rational or Bounded Rationality Theory

The scientist Herbert Simon indicates that the theory of bounded rationality within an organization, is composed of factors of the framework and micro environment, recognizing from them the expectations or non-conformities between the subjects (company-state-customers-suppliers), therefore, the structure of a decision is imparted from the need and in favor of it, recognizing the solution alternatives to the problems presented (Fonseca, 2013).

2.2 Decision Theory

The theory approach highlights the importance of performing an analysis when making a decision and it is there when it is necessary to determine what type of decision-making model is the most appropriate, an issue that raises and leads Meacham (2004), cited by (Rodriguez & Pinto, 2018), where the descriptive model should be recognized and studied when it is focusing on the behavior of people, leaders or collaborators who make decisions. Followed by the prescriptive when identifying what actions can or cannot be executed by the same organization, valuing all the factors inherent in it and finally, the normative, where the decision maker is oriented according to the guidelines, conditions and requirements that are regulated in the company.

On the other hand, a description of the most internationally recognized decision-making models in the field of science is presented most recognized in the field of science at the international level:

Model	Description
RationalModel	* Focused on processes. Focuses on needs identification and information analysis. * Focused on bounded rationality. This model focuses on preventing uncertainty from generating hasty decision making, hence, rules are one of the main components to prevent information from being manipulated.
Process Model	This model focuses on the phases and routines for decision making, therefore, monitoring the processes is fundamental to make a decision..

Political Model	The political has a great influence on this type of model, as well as on perception, search and selection.
Anarchic Model	Emphasis on informational and perceptual processes.
Model of Phases and Rational Decision-Making Processes	This model consists of four stages: preparation, analysis, determination of alternatives and final decision.

Table 2. Decision-making models
Source. The table contains information on innovation models for the analysis of information for decision making.
Source: Adapted from (Rodriguez & Pinto, 2018).

Guy	Characteristics
System 1 Exploitative-Authoritarian	There is no trust in the work team or with its collaborators.
System 2 Benevolent-Authoritarian	A system based on responding to the orders and demands of management, but many times the collaborators can contribute, intervene and support them, in the spirit of compliance.
System 3 Consultative	The management or organization sets goals with general or special orders that are presented to the collaborators, so that they can, from their role, make their own decisions on how to carry out their tasks.
System 4 Participatory	Management has complete confidence in its work team, which decision-making is decentralized, in turn, a friendly environment prevails, mutual trust, high communication and great collaboration.

Table 3. Administrative systems
Note: Likert systems are organized.
Source: (Vázquez Martínez & Guadarrama Granados, 2001).

2.3 Situational Leadership Theory (TLS)

The theory allows relating the effectiveness of leadership with the ability to diagnose a situation and to respond to any situation according to its behavior, from which it values four styles of direction or control, in accordance with the behavior of support or relationship or behavior to the task (Sanchez, 2000).



Ordering (S1) Leader who gives specific instructions and follows up on activities.

Persuade (S2) Leader who explains to subordinates the decisions made by the immediate leader.

Participate (S3) Leader who shares ideas to plan one or more decisions through dialogue.

Delegate (S4) Collaborative leader who works

Figure 2. TLS effective leader behavior
Source: Behavior of the effective leader (Hersey et al., 1998) cited in (Sanchez, 2000).

Methodology

The research with a descriptive line of quantitative approach based on the verification of the characteristics of social phenomena, relating to a conceptual framework according to the focus of study of decision-making and the administrative system, allows the research process to have objectivity, deduction and standardization of results (Bernal, 2010). For the general recognition of the companies according to their economic activity in Colombia, we proceeded to stratified random sampling, in order to classify or distinguish in subgroups the administrative system and decision making.

The following table lists the variables involved in the construction of the results, under the design of the research objectives:

Categories	Dimensions	variables
Business Dynamics	active companies	years of operation market coverage business barriers Strategic Alliances
Administrative systems	Leadership Type	Classic leaderships
	Type of Administration	Situational leadership Administrative systems
Decision-making process	Decision typology Decision Factors	Administrative Marketing ManagementCompetition Technological development (Big data) Knowledge exchange (Innovation and development) CSR Customer satisfaction Quality

Table 4. Matrix of variables operation.
Source: Own elaboration.

For the development of the project, we will work with the number of companies supported by COMPITE 360, which its report indicates 5498 active companies, organized as follows: 3146 in the commerce sector, 164 in construction, 274 in transportation and 1914 classified in other activities (Colombian business information, 2022).

MAXIMUM MARGIN OF ERROR ADMITTED	**9.0%**
POPULATION SIZE	5,498
Size for a confidence level of 85%	64

Table 5. Definition of the sample
Source: Own elaboration.

3.1 Sample Applied

$$\text{ni} = n\ X \frac{Ni}{N}$$

Formula used:

N: Number of elements of the population
n: Number of the target sample
Ni: Elements of the strata

Once the formula is applied, the following sample is obtained:

Sectors	identification or classification	Total companies	Fraction	stratum sample
1	trade sector	3,146	57.2%	36
2	construction industry	164	3.0%	2
3	transport sector	274	5.0%	3
4	other activities	1,914	34.8%	23
total 5498				**64**

Table 6. Stratified sample calculation
Source: Own elaboration based on COMPITE 360 report.

Applying stratified sampling, a fraction or proportion of all the companies is obtained, achieving a sub-sample of: 37 from the commerce sector, 2 from construction, 3 from transportation and 23 classified in other activities, achieving the inclusion of the elements of the full sample.

Results

4.1 Business Characteristics of the Local Economy of Ocaña

In Ocaña's economy, the organizations or companies are grouped in the category of micro and small enterprises; therefore, it is important to focus management on the growth, development, and expansion of their economic activities.

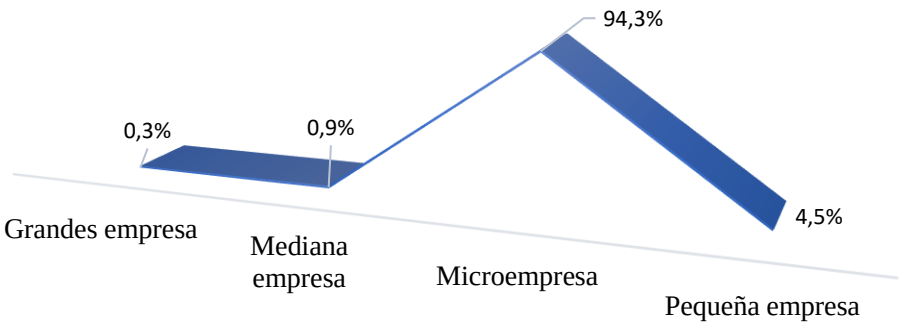


Figure 3. Size of organizations in Ocaña.
Source: Prepared by the authors based on information from (Ocaña Chamber of Commerce, 2022).

According to the Ocaña Chamber of Commerce report, more than 90% of the companies are micro-enterprises, followed by 4.5% of small companies, and finally, less than 3% represent medium and large companies in that locality. Next, they are evaluated according to their years of operation, under the defined sample:

Descriptive statistics

years of operation

No.	Valid	63
	lost	1
Half		7.98
Median		5.00
Fashion		1

		Frequency	Percentage	valid percentage	Accumulated percentage
Valid	1	10	15.6	15.9	15.9
	2	1	1.6	1.6	17.5
	2	8	12.5	12.7	30.2
	3	5	7.8	7.9	38.1
	4	6	9.4	9.5	47.6
	5	7	10.9	11.1	58.7
	6	2	3.1	3.2	61.9
	7	1	1.6	1.6	63.5
	8	2	3.1	3.2	66.7
	9	2	3.1	3.2	69.8
	10	6	9.4	9.5	79.4
	12	3	4.7	4.8	84.1
	13	2	3.1	3.2	87.3
	14	1	1.6	1.6	88.9
	twenty	2	3.1	3.2	92.1
	22	1	1.6	1.6	93.7
	30	1	1.6	1.6	95.2
	40	3	4.7	4.8	100.0
	Total	63	98.4	100.0	
lost	System	1	1.6		

Total	64	100.0		

Table 7. Years of operation of the companies
Source: Prepared by the authors based on SPSS program analysis.

Based on the descriptive analysis, it is evident that more than 30.2% of the companies in Ocaña have been operating in the local economy for one year, and that many of them have been in the market for more than 5 years.

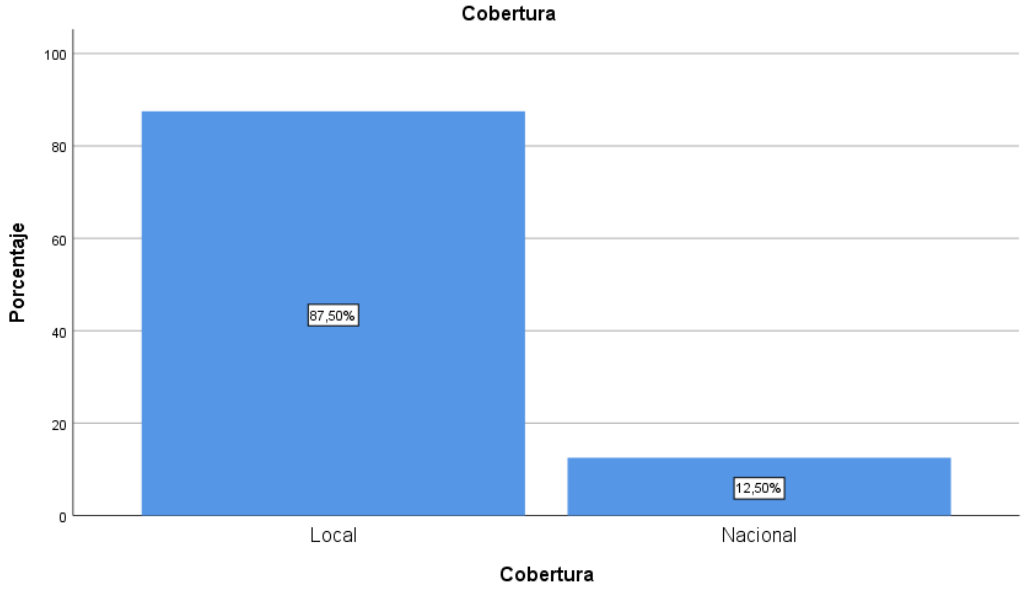


Figure 4. Market coverage
Source: Authors' elaboration based on SPSS program analysis.

The 87.50% of companies cover or serve the market at the local level, ie their marketing and distribution process is focused on the same territory; on the other hand, 12.50% cover the national territory; finally, no organization has activated trade at the international level.

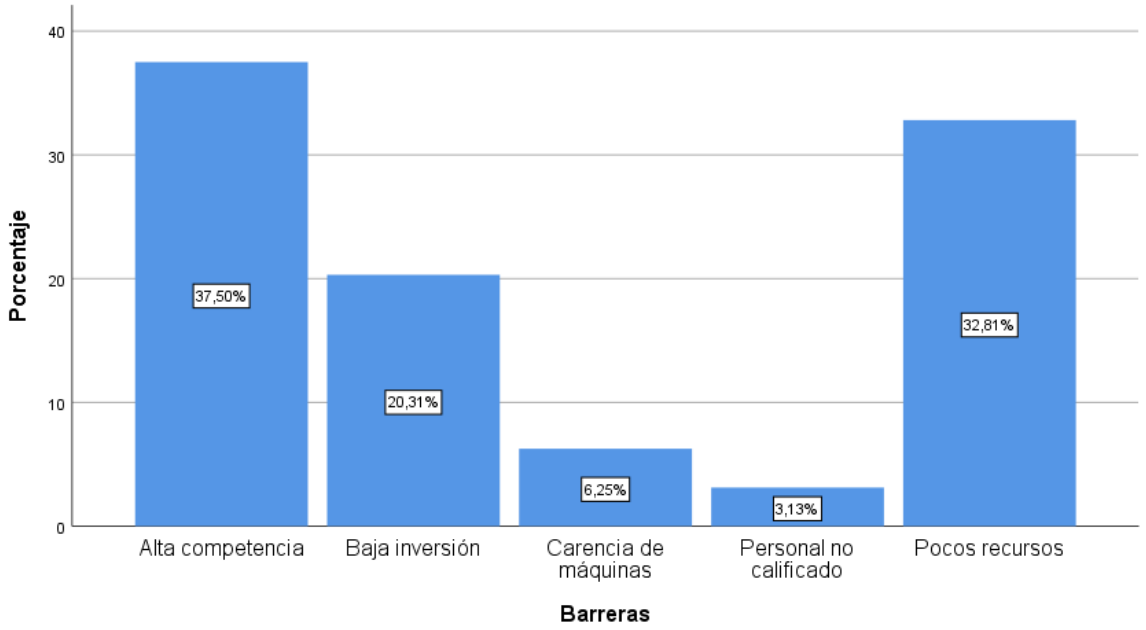


Figure 5. Market barriers
Source: Prepared by the authors based on SPSS program analysis.

Based on the results and by means of the figure, it is evident that competition is strong or high, due to the fact that it is a small market; on the other hand, it is observed that there is no investment and there are very few resources to promote research and innovation (more than 52%), which indicates that this limits its growth and development. Finally, it is mentioned that there are no qualified personnel for the positions or occupations in the sector (3.13%) and there is a lack of machinery to expand production (6.25%).

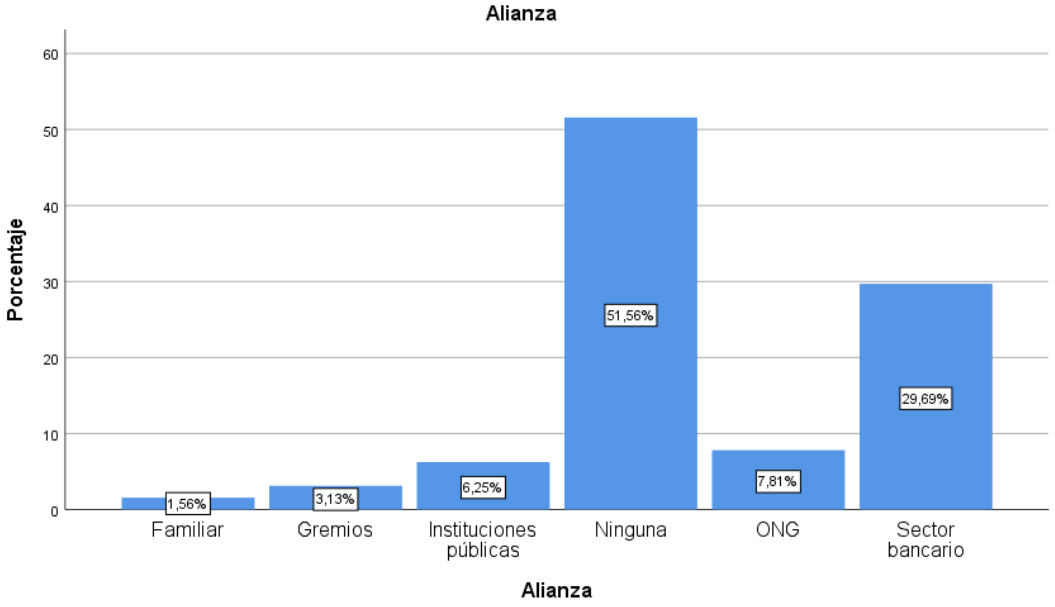


Figure 6. Strategic alliances
Source: Authors' elaboration based on SPSS program analysis.

In terms of strategic alliance processes, Ocaña's companies do not promote collective actions and cooperation with institutions of any activity or corporate name (equivalent to 51.56%), on the other hand, it is determined that the banking sector is a key source of leverage and with them, financial operations have been carried out, finally, less than 10% of the companies articulate with unions, public institutions or NGOs.

		Authoritarian-Coercive			
		Frequency	Percentage	valid percentage	Accumulated percentage
Valid	YEAH	fifty	78.1	78.1	78.1
	NO	14	21.9	21.9	100.0
	Total	64	100.0	100.0	
		Authoritarian-Benevolent			
		Frequency	Percentage	valid percentage	Accumulated percentage
Valid	YEAH	twenty	31.3	31.3	31.3
	NO	44	68.8	68.8	100.0
	Total	64	100.0	100.0	
		Advisory			
		Frequency	Percentage	valid percentage	Accumulated percentage
Valid	YEAH	22	34.4	34.4	34.4
	NO	42	65.6	65.6	100.0
	Total	64	100.0	100.0	
		participatory			
		Frequency	Percentage	valid percentage	Accumulated percentage
Valid	YEAH	18	28.1	28.1	28.1
	NO	46	71.9	71.9	100.0
	Total	64	100.0	100.0	

Table 8. Types of Administrative systems
Note. Type of administrative systems identified in entrepreneurs. Source: self made.

The table relates information on administrative systems, showing that more than 70% of the business population is coercive authoritarian and therefore, decisions are centralized, structured by top management and only represent their actions according to the criteria indicated by the same. On the other hand, it is evident that 28% of managers encourage consultation through participation and the desire to listen in order to make decisions, especially in the majority of companies in the service sector.

4.2 Situational Leadership Style

The determination of the situational leadership style is presented and valuing the score obtained from the model, the managements in the sectors of the local economy, have a high relationship of the processes (productivity, efficiency and effectiveness), for this and in the

spirit of guaranteeing sustainability, credibility and recognition of the company, seeks to persuade and sell the best identity of the entity to its collaborators and clients in the midst of non-fortuitous or favorable situations or high fundraising, therefore, delegates and clearly explains what tasks (satisfy and sell) are required under the circumstances.

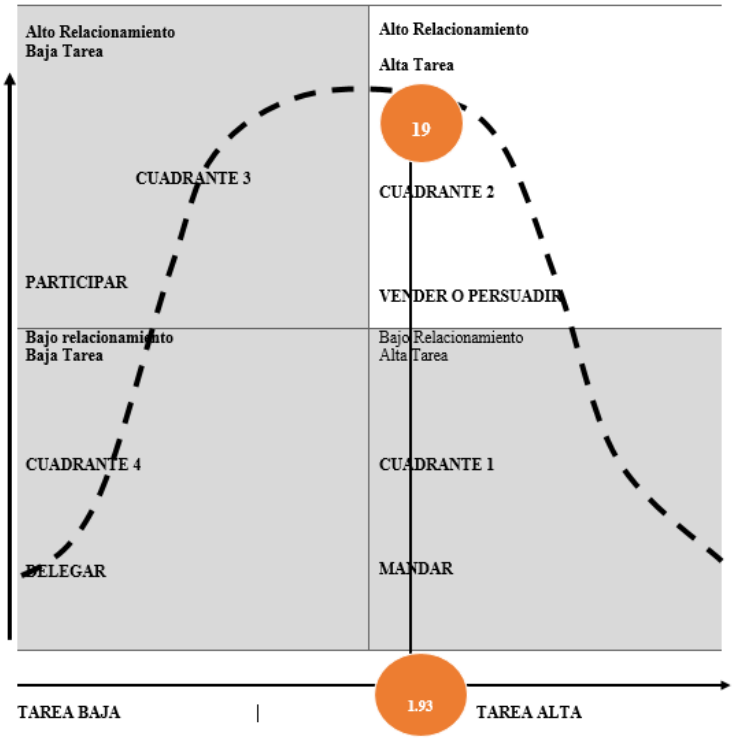


Figure 7. Analysis of situational leadership in management
Source: Elaboration by the authors based on the theory of Situational Leadership

Now, the most preponderant integrated leadership is "Sell" or "Persuade", where there is the characteristic of greater orientation towards the task and interpersonal relationships, however, in the degree of ability and disposition it is of a low moderate level, due to their interest in obtaining results or achieving tasks.

Finally, it is determined that there is a high relationship between persuasive situational leadership with the authoritarian administrative system, because there is a high relationship with the company's resources and a clear designation from its authority to achieve the development of specific tasks awarded to the work team.

4.3 Factors that Influence the Decision-Making Process

The managements are in charge of exerting permanent influence on the other members of the company that conduct their actions in the fulfillment of the business purposes in the

midst of the high competitiveness of the market, for this reason, it has led managers to develop skills for decision making; decisions that allow adapting to the conditions and demands of the client and the market (Castillo, Del Canto, Fernandes, & Barbosa, 2014). With what has been described, an exhaustive analysis of the report issued by the instrument is achieved, thus recognizing the following 13 factors of high incidence in decision-making (FITD) of active managers in the local economy:

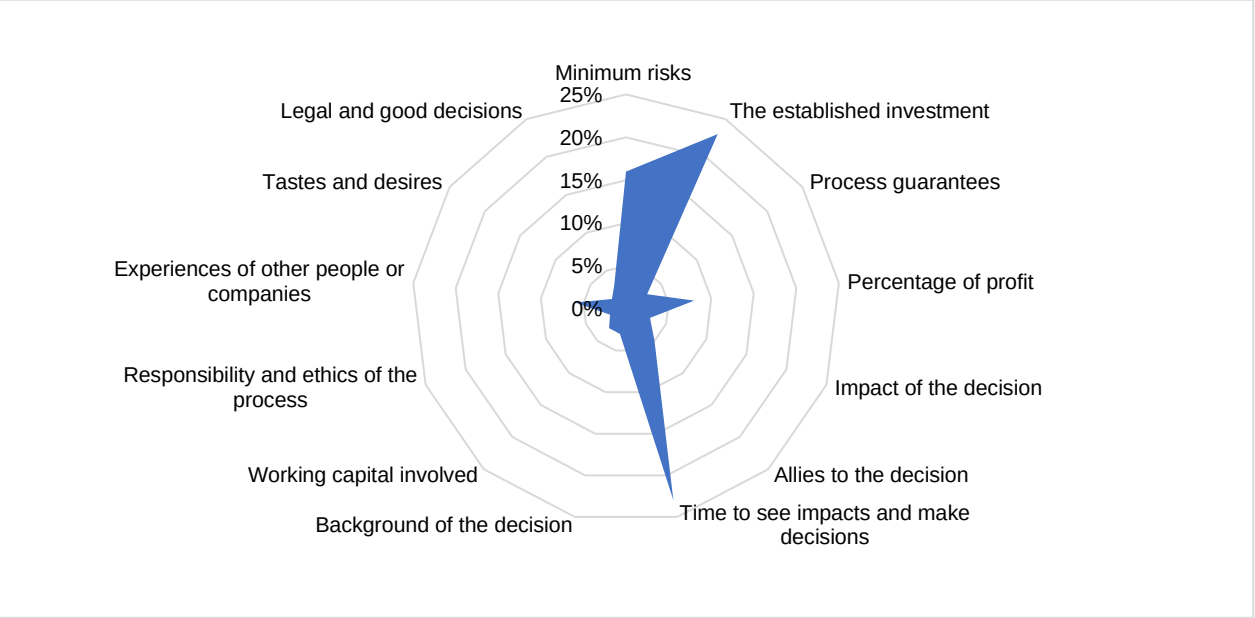


Figure 8. Factors of high incidence in management
Source: Elaboration by the authors

Faced with the results, the factors that influence decision-making are: time by 23% since the employer considers it key that the destination of the resources be reflected as soon as possible and guarantee the expected impacts (Quick and effective decisions), on the other hand, decisions based on the projection of the investment, by verifying how much money, what resources, what profitability, what benefits and what guarantees are available from it, however, the risk, a key factor in the decision-making process and identified in the study, where senior management states that the best decision will be studied against all the risks that exist so as not to make mistakes. Finally, on scales of less than 10%, it is valued that the percentage of benefits not only economic, but also social, environmental, business and cultural,

Conclusions

In the context of local economies, managers from strategic thinking have a great interest in contributing to the development of the regions, promoting competitiveness and

guaranteeing permanence in a very limited business dynamic, where the presence of strong competitors is constant (37 .5%), the investment or technical, technological and personnel leverage is not positive, therefore, decisions are focused on the permanent struggle to attract markets, obtain the best profits and seek to satisfy the needs of its regular customers, causing (51%), have no interest in working in synergy or in alliance with companies and external entities.

Based on the administrative systems, it is argued that 65% of the service sector reports a participatory administrative process, in terms of commercial (78%) and construction (58%) organizations, they permanently apply an authoritarian-coercive system, where delegation is low, decisions are centralized and processes are recognized to guarantee minimal errors or risks in the development of activities, therefore, there is no priority in promoting empowerment for staff and allowing autonomy to decide against the functions that your work team has.

From the model structured in the theory ofSituational Leadership (TLS) isdetermines in the management of the local economy, the presence of the management style called "persuade or sell" with a high adaptability, between the relationship with its clients and with the tasks delivered.

Finally, it is determined that the factors of high incidence in decision making (FITD) are risk control, the benefits to be obtained, the recognition of cases or successful experiences, the management and surveillance of the investment, valued in turn, in time and the impacts (social, environmental, economic, among others) caused by the decision; Once these factors have been analyzed, in the decision-making process, fear, uncertainty and distrust or insecurity of the existing or new process for organizations within local economies are reduced, mitigated or controlled.

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