



RESEARCH ARTICLE

THE ADMINISTRATIVE AND ORGANIZATIONAL CONDITIONS OF THE COMPANIES

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ARTICLE INFO

Article History:

Received 21st December, 2017
Received in revised form
27th January, 2018
Accepted 17th February, 2018
Published online 28th March, 2018

Key words:

Organization, Administration,
Companies, Conditions,
Planning, Direction.

ABSTRACT

In the following article a consideration is made around the administrative and organizational conditions that companies must have, regardless their corporate purpose is, whether public, private, large, medium or small-sized (among other characteristics), but that are addressed to remain and endure in time. Those administrative and organizational processes of the companies are acknowledged as fields of interest. From the beginnings of humankind, the administration has been consolidating as the energizing element of the company, therefore it is known that its object of study is the organization, and from this perspective the administration and the organization can be considered as a system, in which internal and external factors proper of the business activity interrelate. The bibliographic review that was carried out allowed to understand the different concepts that have been collected around the administration and the organization, not as independent scenarios, but as those that feedback and counterpart each other regarding the objectives that are to be achieved. One of the factors that influence the companies' development the most is the financial factor. Hence, correspondingly to its good management, companies will be able to face new business challenges, through innovation investment not only in the physical processes, but also in human development. Therefore, the identification, definition and implementation of financial indicators allow entrepreneurs to make short-, medium- and long-term decisions, as well as to define their sales and production policies at prearranged times.

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Citation: Sandra Lucia Aguirre Franco and Yanier Alberto Hernández Trujillo, 2018. "Favorable outcome for both mother and fetus after successful management by ruptured diaphragmatic hernia in pregnancy", *International Journal of Current Research*, 10, (03), 66728-66732.

INTRODUCTION

It has always been considered that the administration and the organization are linked one to the other, therefore, when writing about administration, the organizational environment where the company operates must be considered. Consequently, the political, social, economic, managerial and technological conditions, among others, lead management correspondingly to the context in which it is located. It is well known that the administration involves planning, organization, direction and control processes, and that the organization consists of marketing, production, finance and personnel functional areas; thus, when the administrative and financial processes of the organizations are subject of analysis, it permits to have a systemic and integral glance of the enterprise on its whole, internally and externally.

One of the most relevant factors in the organization's performance is the human talent. Therefore, thanks to its decision-making power the company could endure over time despite the fact that a wrong decision, may lead to the company's shutting down. It should be noted that all the administrative and organizational processes are supported by the managerial skills the company manager or administrator has, to generate innovation and development in each one of the processes that are carried out within the company and which must significantly meet the environment requirements.

Theoretical approach

Many are the bibliographic resources about Management and the organization, and it is for this reason that this study is not intended to deliver a new theory or a postulate on the matter, but to make a reflection about the importance of administrative and organizational characteristics of today's businesses, which have been permeated by change, technology and the new expectations of customers, among other factors that lead these processes not to be static but dynamic.

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The bibliographic study has allowed to embrace a broader outlook over the fact that administration and the organization cannot be separated, but to be considered as an "interrelated set of parties that seek the same goal". Since the beginning of humanity, the administration has been defined in terms of four specific functions: planning, organization, direction and control (Bernal Torres, Sierra Arango, 2013), which are articulated to the functional areas of the organization, where the processes of production, marketing, finance and human resources take place (Hernández and Rodríguez, Palafox de Anda, 2012), those, bonded one to each other, aim to meet the demands and changes in the environment, as well as the objectives and goals which had been already set by the company. Although, it should be noted that these processes are continuously subject to evaluation by other authors' contributions who at the same time retake the contributions made by Fayol (1841-1925), who awarded greater importance to the company understood in a comprehensive manner, and not focused on productive factors, as it was proposed by Taylor (1856-1915).

(Hernández and Rodríguez, Palafox de Anda, 2012). The administrative processes become the starting point for the organizations performance (Koont'z O'donnell, 2013), from their creation and thanks to their constant evolution, companies can effectively adapt to the socio-economic, political and technological changes that the business environment requires; as a result, the establishment of goals, objectives, programs and strategies leads to their mission and vision achievement. From the managerial and administrative perspectives, these scenarios must be addressed in an integral and systemic way, for the identification and administration of the necessary resources to achieve what has been proposed, over and above to establish and reach the expected levels of efficiency, efficacy and effectiveness. Other author who has been contributing to the development of administrative processes that allow employers and managers to make decisions regarding administrative tasks, understood as "all planning, organization, management and control activities, essential for the production of goods and the provision of services" (Chiavenato, 2013), then again, he refers to the importance that represents for the organization, the relationship generated between the people that take part of it, as well as the different interactions and interrelations established with the external environment (clients, suppliers and competitors, among others).

Authors such as (Arbaiza Fermini, 2014), who refers to the importance of the relationship between the administration and the organization, from the concepts of coordination and communication that should be present between each one of the functions and areas that make up the organization; similarly, he recognizes the importance of human development within organizations, based on their actions, behavior, commitment and sense of belonging, you can estimate its durability in the business environment to which it belongs. This is how the question "How is a company organized from its very inception?" arises (Arbaiza Fermini, 2014), and therefore, correspondingly to the question the need to identify and characterize the administrative and organizational processes arises. If each one of the elements described above are taken into account, they can be established as the path to the objectives, goals, purposes, plans, programs and strategies setting up, which unquestionably allow decision-making inside the companies, like it also allows satisfying the environment

demands. For (Blanckard., 1996), the company's mission should not be taken as a treaty that is drafted between the directive body of the organization behind closed doors; contrary to that, it has to be built between all the people the organization involves.

Illustration 1. Administrative vs. Organizational Processes Relationship



Source: Designed by the authors, supported by the referred bibliography

Table 1. Elements of the administrative process

Planning	Visualizes the future and traces the future of the company's action.
Organization	Unites and harmonizes all the acts and collective efforts of the company
Direction	Leads and directs the company's human resources.
Control	Verifies that everything happens in accordance with the rules established and imparted by the company.

Therefore, the settled work teams must adopt the company's development and growth strategies proposal as main objective, plus carrying out the current processes improvement, with a futuristic vision. Involving employees in the decisions and actions that the company must take to improve, allows the tasks that are being performed to generate value; Thus, communication and integration processes do not only take place in informal groups formed outside the organization but also, in those that are internally generated among the areas that comprise it. For its part, the recognition of the organization collaborators, must not only be seen as those who work doing repetitive tasks, but as one of the company's competitive factors; hence (Urdaneta B, 2012), describes the competitiveness of workforces, when he proposes that collaborators do not have a "work plan" but a "life plan", they do not have "short term goals" but "long term goals", they do not work for "a salary", but for a "life goal, articulated to a business plan", among other factors that intend for organization competitiveness.

Academic debate

The company development is determined by the degree of recognition and utilization it gives to administrative and organizational processes. The determination of the administrative processes: Planning, organization, direction and control, permit the company, once it has established its goals and projections, to lean on these administrative processes in

order to achieve its objectives. In the same way, the company must keep into account that correspondingly to its interaction and integration with the organizational factors: marketing, production, finance and personnel, it would be able to accomplish its social purpose, a situation which requires efforts not to be read independently, but in an integral approach. Thanks to the development dynamics that have been taking place in the different economic sectors, and to the demands and expectations from customers of today's companies, which have to be understood as productive, competitive, innovative and value generators; it is established that the administrative and organizational processes, likewise, should enter into these dynamics of change, always favoring the efficiency and effectiveness of their processes and procedures. (Kast, 1995)

It is known that the organization involves a series of elements and variables to work efficiently, and those variables allow managers to make effective decisions regarding the management of their technical, financial and physical resources, these last, which are handled by the staff generating value in order to effectively meet customers' needs, market expectations and changes in the environment. Thus, from the modern management approach, the correlation and the existing coordination between organizational processes and the administrative processes are read comprehensively.

For (Gaytán, Cortes, 2015), *"The success or failure of companies is inherent to multiple factors, therefore it is crucial to have instruments that can foresee the company's failure in order to know the sustainability, solvency and financial situation of companies"*.

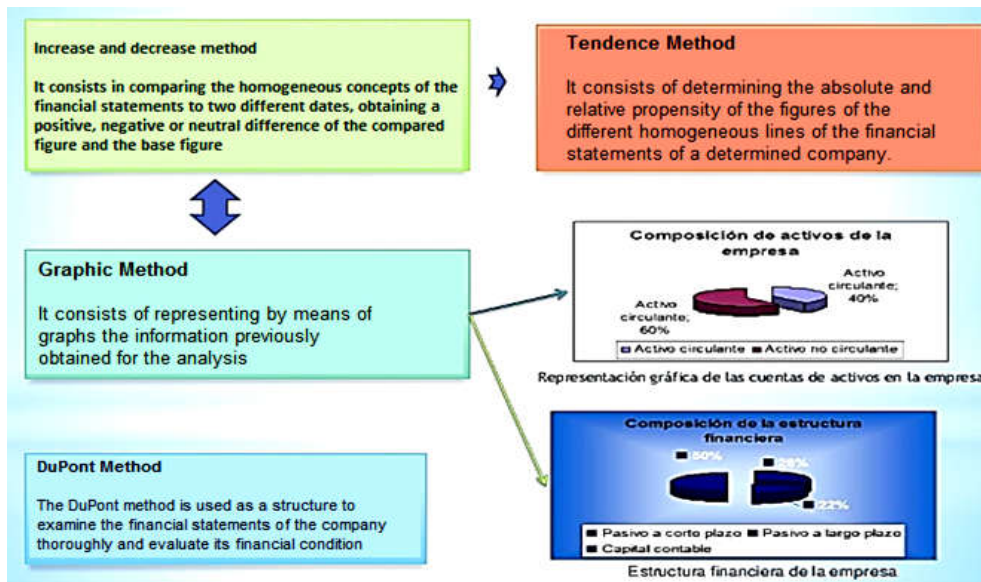
The existing models try to identify potential insolvency situations, by explaining the factors that provide more information about business failure. Most studies are impregnated with variables of an economic nature, mostly extracted from the basic financial statements. In general, the economic and financial diagnosis of companies is carried out by analysts using the so-called "ratios model", which is based on the estimation of a series of relevant indicators, originated from the company's financial statements, and subsequently they are subjected to a stage of analysis and comparison, where the analyst must provide certain reflections and considerations about the state of a company. (Altman, 196)

According to studies carried out by Altman (1993) and Downes (1991), exposed in Altman, EI, (1968) "Failure occurs when the average return on investment is below the cost of capital or, what's more, because said profitability is lower than the returns obtained by similar investors. The company is unable to achieve a rate of return that would allow it to continue in that line of business to justify the capital invested. Bankruptcy is identified with a negative net worth: when the total of liabilities exceeds assets and therefore, there is no equity". The works developed to diagnose and predict the failure of companies are obtained as a result of research on accounting data and economic-financial indicators to calculate the successes and inaccuracies in decision-making, identified through financial reasons." In accordance with the studies that have been done, about the administrative and organizational endeavor of companies, the following information has been compiled: Economic sectors have been consolidating as competitive sectors, thanks to the business dynamics of the region, besides significantly adopting the growth perspective

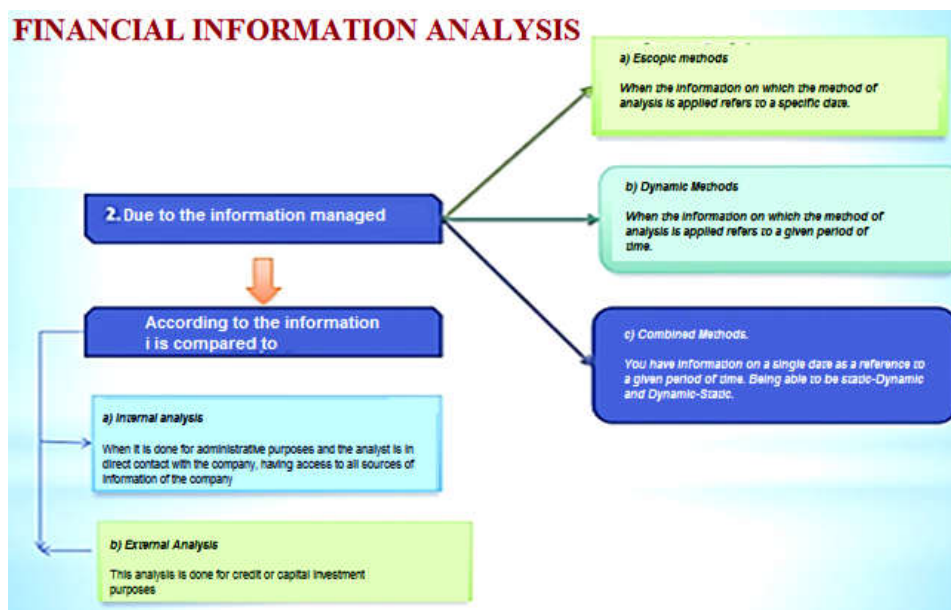
that comes with the signing of free trade agreements, economic agreements, among other factors that require them to be competitive and perpetuate in the business environment. Employers have established administrative processes, not as a fad like the recent graduates of administrative programs tend to do and who consider that what they learned in the university can be equally applied in every company, but taking into account that if the company is large, these processes are carried out from the perspective of continuous improvement; if the company is a medium-sized one, then, it is in the process of growth and positioning, therefore the administrative processes provide a strengthening dynamic to organizational processes, in such a way that it makes it possible to redesign other processes and procedures; In the case of small companies, which are gaining ground on the market, these elements become the support for doing things well.

- The large, medium and small companies that make up the business fabric of the different economic sectors recognize the administrative and organizational processes, such as the ones that allow them to shape their own business processes.
- All companies, whether large or small, consider that the identification and definition of their organizational processes allow them to have greater control of the processes that are carried out, without neglecting the administrative processes.
- The identification of administrative processes helps companies have a defined north to easily face the changes that take place in the business context where they operate better than those which have not identified them yet.
- Business projection decisions, which depend on the administrator or manager, contribute to the generation of participation scenarios and sectorial integration, to meet the demands made from the global market.
- Companies recognize their mission and vision as elements for business development that has been consolidating in the region, as the elements that support decision-making in the medium and long term, similarly, the recognition by all people and collaborators allows a collaborative culture to be generated.
- Companies that traditionally have a clear structure of their administrative and organizational processes, have been guarantors of innovation and development processes, considering this strategic scenario for investment in technology, to guarantee its permanence in the market, besides being able to cope to the its new demands, to the challenges raised by globalization and competitiveness among others.
- The allocation of resources is done in a cyclical manner correspondingly to the way these resources have been consolidating. Hence, to the extent the knowledge variable is incorporated into the companies' daily tasks, these are gaining value; therefore, the raw material waste, times due to machinery damage and lack of sound decision making issues, among others, are reduced and more efficient responses are given.
- The administrative processes characterization that is made is done parallel to the company's work, and especially, to role of each one of the functional areas that conform it, strengthening therefore the processes of participation and business integration.

- Then again, the companies, which according to the state of development and permanence in within itself, have elevated from less to more in the implementation of administrative processes, although the areas that conform the companies are recognized, they are not well structured, which leads to decision making on the go, poor optimization of resources, very high staff turnover, among others without being able to consolidated their market operations, or their services provision.
- The decision making continues to be a very own responsibility to the management, administrator or the entrepreneur himself, who does not still have a large number of collaborators due to the established organizational structure, which makes him become the one who sometimes carries out several of the production, marketing, personnel and financial activities. A very common situation within the services companies, while concerning manufacturing companies, there are sometimes two or more people, who are the ones in charge of the processes one for production and another one for marketing.
- With reference to the financial scope, it is a task being carried out by an external person to the organization, who, although being hired by the same employer, does not have a decision power.
- Small businesses are characterized by being companies that are observed from the family context, their start up is marked by a family need, their permanence in the business sector ranges between 2 and 3 years, which leads to a non strengthened business dynamic. The administrative and organizational processes are considered as not necessary since "it is just the beginning" but, as they consolidate in the market, the processes are organized, their utility is evidenced and the processes are consequently implemented step by step.
- The design of an organizational structure is not considered at first, thus being a family company in its first stage of development, all roles without distinction are performed by all the members involved, but in the way the company positions in the market, it changes its legal status, takes the first steps towards its formality and towards the processes designation.



Source: Taken from (Solis, 2014) Analysis of Financial Information. (Accessed on October 10, 2017)



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The financial analysis must be carried out taking into account several fronts

- Time.
- Internal analysis.
- External analysis.
- Projections.
- Factors interrelation and integrality.

Time: The time must be considered, from the historical and current point of view the traditional and present schemes must be observed, but above all, the future conditions based on the short-, medium-and long-term basis should be developed and taken into account.

The internal analysis: The reality of the company or organization must be identified and diagnosed. The administrative, marketing, production, financial, innovation aspects, among others, must be taken into account as well and the analysis must be supported on the administrative process incidence (planning, organization, direction and control) over the corresponding areas.

The external analysis: It is considered as fundamental and highly important that the company or organization performs recognition of their immediate and "distant" environment, because it is the one where the changes are being applied and these changes directly influence the company, to the extent of making its existence unsure, at a certain time. From this scheme strategies to address the emerging situations can be presented.

Projections: The organization should be intended from different areas and from the organizational scope as a whole, taking into account the company stability and growth; these projections must be technically established and should not be made based on subjective hypothesis but based on objective technical analysis. The data and financial analysis allow determining the company's objective reality, both in the present and in the future, based on the analysis of financial reasons. This result can only be determined if, and only if, the different organizational factors that influence the business are taken into account.

Integrality: All the previously analyzed variables must be taken into account and an integral decision-making process must be created, which allows choosing the ideal way to face the present business situation.

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