

DISGNOSTIC CONTABLE FINANCIAL ECONOMIC AND ADMINISTRATIVE D E LAS ORGANIZATIONS OF THE POPULAR AND SOLIDARITY ECONOMY OF ECUADOR

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Abstract: *The organizations from the real sector of the Popular and Solidarity Economy are relevant and transcendent institutions by the dynamization of the economy of the country, its products and services are the reference for the acceptance of the people, their coverage and presence have generated change in the matrix Productive sectors of strategic sectors and seek to combine good living with collective participation. It has served to apply the group economy, generating strategies of expansion of market allowing to apply the priority of the work on the capital and of the collective interests on the individual ones.*

The loyalty of its members is the main way that the organizations implement in this new millennium, has created diverse ways and strategic tools that generate management in the involved and actors of each way of associativity that the nonfinancial sector has.

The development of the present investigation allowed to demonstrate the application by the organizations of the principles stipulated in the current legal framework of Ecuador (Organic Law of Popular and Solidarity Economy, LOEPS), the appropriate way of structuring an organization of Popular Economy and Solidarity within the Non-Financial Sector that allows an effective administration for its economic development and of its members, so that it can fulfill its fundamental objectives such as the search for a good life and the common good

The organizations that are part of this sector have undertaken new strategies to generate permanence and satisfaction in each activity that the members perform, seeks to increase the gears of development and become the differentiator of the national economic system; Self-management and fair trade are of high priority; the quality of the administrative models used is their current strategy in the structure of real sector of the associations and/or cooperatives.

The partner or partner will be the main actor of the organizations, and its best ally with the implementation of the system proposed by the control body that is the Social Balance.

Key Words: *Administrative Models, Real Sector, Non-Financial Sector, Popular and Solidarity Economy, Social Balance.*

INTRODUCTION

The history of cooperativism through time appears from a global approach guided by values such as: common action, collectivism and solidarity that have passed from generation to generation in society. When the capitalist system appeared, a gap opened towards the development of an agrarian and industrial economy that brought great problems, which gave way to utopian socialism being these raised ideals of cooperation.



In the mid-nineteenth century is where the idea of integrated cooperativism of values, principles and ideologies truly begins to develop. Charles Gide one of the masters of economic sciences is credited with initiating the construction of the system of cooperation, coordinating the opinions of the pioneers of Rochdale, one of the cooperatives founded in 1844 where the profits generated by economic action were distributed to each of the members. In this way the foundations of modern cooperativism and likewise the International Cooperative Alliance are formed, with the main objective of propagating the cooperative principles as well as the principles of universal cooperativism.

Thanks to the Canadian journalist Alfonso Desjardins comes to America in the nineteenth century the idea of cooperativism, especially the creation of savings and credit cooperatives as financial institutions, which after a few months expanded to other countries such as Asia and the United States, also facilitating the development not only of savings and credit cooperatives, but also agricultural, housing and consumer cooperatives.

Today cooperativism represents one of the greatest achievements for modern society, developing banking systems as one of the most important in the world, in the same way the development of the popular and solidarity economy is encouraged.

The Cooperative Identity

According to (Izquierdo, 2005) cooperativism contains its basic foundations from which it develops and extends over time, thus specifying cooperation, collective action, humanism, and social economic inclusion.

To do this, it is essential to examine the elements that make up the collective identity (principles, values and the cooperative enterprise).

Cooperative Principles

(Left, 2005) It determines the following principles:

- Voluntary and open partnership
- Democratic administration by partners
- Economic participation of partners
- Autonomy and independence
- Education, training and information
- Cooperation between cooperatives
- Interest in one

The first three principles basically refer to the typical internal dynamics of any cooperative; The last four affect both the internal functioning and internal relations of cooperatives. (Left, 2005)

The Values of Cooperativism

According to (Izquierdo, 2005), the values of cooperativism spread, self-help, self-responsibility, democracy, equality, equity and solidarity and from the tradition of the founders, the ethical values of honesty, openness, social responsibility and concern for others.

Self-help is based on the belief that anyone can and should strive to control their own destiny, cooperative members believe, then, that full individual development can only take place in association with other people. As an individual, each is limited to what he can do and do. Through joint action and mutual accountability, more can be achieved, in particular by increasing influence in the market and with governments. (Left, 2005)

People likewise develop through cooperative action because of the skills they gain in providing the progress of their cooperatives; to the knowledge they manage to acquire from their associate colleagues, to all the ideas that are grouped together regarding a larger and more developed society of which they are a part. In the same way, cooperatives are founded on equality, where members have the right to participation, the right to be informed, the right to be heard and the right to intervene in any decision that the cooperative takes.

So is equity, too, is the way associates are treated. They should be treated fairly in what is described to the reward they receive for their participation in the cooperative, i.e. through the distribution of surpluses.



In addition, solidarity represents a significant value in cooperativism, this value ensures that common action is not just a covert form of self-interest. A cooperative is not only a grouping of members, but it is a collectivity.

The associates have the great responsibility to ensure that all of them receive the fairest possible treatment, where the general interest is never weakened and the effort and fair treatment of all the people who are part of the cooperative always remains.

Development

The Popular and Solidarity Economy

The vision was born from 2006 with the government of Rafael Correa Delgado, which is constituted in promoting the predominance of the human being in the economy and society.

The Ministry of Economic and Social Inclusion (MIES), led the process of construction of the legal and institutional reform and at the same time approved the new Constitution of the Republic of Ecuador, for the promotion of the popular and solidarity economy.

This involved the repeal of the 1966 law on cooperatives and the issuance of the Organic Law of the Popular and Solidarity Economy.

A profound conceptual change is raised in the new legal framework in which the conception of the social market economy, current in the 1998 constitution, is abandoned to be awarded that of the popular and solidarity economy, while in the social market economy the production of products and a quantitative vision of progress prevail. In the social economy, the human being who ceases to be a commodity predominates. You get a new view of the economy.

The new legal and institutional framework

The Organic Law of the Popular and Solidarity Economy rules and collects the nature and function of all community sectors, associatives, cooperatives, popular economic units, among others, and has as its object, the development of the constitutional norms that establish that the Ecuadorian economic system is social and solidary, forcing the State to make visible, promote, provide and control organizations in this sector, structural and self-managed by their own partners.

In the field of legal and constitutional changes, the inclusion of the popular and solidarity economy sector obtains characteristics of historical significance, a fundamental normative consideration of the Constitution of Ecuador where the importance of cooperativism is enshrined.

The principles of the popular and solidarity economy contemplated in the Law are related to those of cooperativism, in terms of identity, self-management, social and environmental responsibility, solidarity and accountability. In this context, the implementation of the new legal framework will propel the cooperative sector to its historical principles that justified its creation.

Another important aspect of the Organic Law of Popular and Solidarity Economy points to the establishment of a new institutionality linked to supporting the popular and solidarity economy sector currently known as the Non-Financial Sector.

The new institution of supervision and control is the Superintendence of Popular and Solidarity Economy (SEPS) which will cover the supervision of the entire system of popular and solidarity economy. In the case of credit unions, control of all cooperatives will be unified.

The change of model represents a unified control of the cooperative sector that reorients it towards principles with social content. Previously, the supervision of the Superintendency of Banks and Insurance involved institutional practices arising from the control of the private banking system, among which those related to the Basel Rules stand out. Moreover, the SBS eliminated the social aspects of the cooperative system, conditioning them exclusively to private financial practices.

Organic Law of Popular and Solidarity Economic

OF THE SCOPE, OBJECT AND PRINCIPLES.

Art. 1.- Definition. - For the purposes of this Law, popular and solidarity economy is understood as the form of economic organization, where its members, individually or collectively, organize and develop processes of production, exchange, marketing, financing and consumption of goods and services, to satisfy needs and generate income, based on relations of solidarity, cooperation and reciprocity, privileging work and the human being as the subject and purpose of their activity, oriented to good living, in harmony with nature, over appropriation, profit and the accumulation of



capital. (Superintendence of Popular and Solidarity Economy, Organic Law of Popular and Solidarity Economy, 2011)

Art. 3.- Object. - (Superintendence of Popular and Solidarity Economy, Organic Law of Popular and Solidarity Economy, 2011) The purpose of this amendment is to:

- a) Recognize, promote and strengthen the Popular and Solidarity Economy and the Popular and Solidarity Financial Sector in its exercise and relationship with the other sectors of the economy and with the State;
- b) Promote the practices of the popular and solidarity economy that are developed in the communes, communities, peoples and nationalities, and in their productive economic units to achieve Sumak Kawsay;
- c) Establish a common legal framework for natural and legal persons that make up the Popular and Solidarity Economy and the Popular and Solidarity Financial Sector;
- d) To institute the regime of rights, obligations and benefits of the persons and organizations subject to this law; and
- e) Establish the public institutions that will exercise the leadership, regulation, control, promotion and accompaniment.

Art. 4.- Principles. - (Superintendence of Popular and Solidarity Economy, Organic Law of Popular and Solidarity Economy, 2011) establishes that the persons and organizations covered by this law, in the exercise of their activities, will be guided by the following principles, as appropriate:

- a) The search for good living and the common good;
- b) The priority of labour over capital and of collective interests over individual interests;
- c) Fair trade and ethical and responsible consumption;
- d) Gender equity;
- e) Respect for cultural identity;
- f) Self-management;
- g) Social and environmental responsibility, solidarity and accountability; and
- h) The equitable and solidary distribution of surpluses.

Administrative approach: The administrative principles were born with the need to achieve proposed goals, which were discovered again and again by several authors who aimed to achieve the desired objectives, among them we can cite Taylor, Deming, Maslow, among others.

As a consequence and general definition it can be said that it is the technique that follows a process for the realization of certain action, which will be carried out with planning, organization, direction and control. There are several theories and schools on the approach to administrative management below are some of them.

Classical approach to management: (Stoner, Freeman, & Gilbert, Administration, 1996) Scientific management was concerned with raising the productivity of the firm and the individual worker. The classical theory of management arose from the need to find guidelines for managing complex organizations. The two most representative authors of the Classical School are Frederick Taylor and Henry Ford.

Emphasis is placed on tasks, times and movements come into study. Eliminating useless processes or management, from that the study begins for the way to carry out each activity.

The scientific management founded by Taylor constitutes the first attempt to formulate a theory of management, the concern to create a science of management and the emphasis of tasks, refers exclusively to the rationalization of the work of the workers, then focuses on the definition of principles applicable to all situations of the enterprise. On the other hand, Henry Fayol, pioneer of classical theory was concerned with defining the basic functions of the company, the concept of administration (plan, organize, direct, coordinate, and control) and the so-called general principles of management as universal procedures, applicable in any type of organization or company. For Fayol, there is a proportionality of the administrative function, which is distributed at all levels of the company.



The main emphasis of the scientific theory was the tasks of the workers in minimizing the times and in the theory just in time, to which corresponds to the theory of classical concerned in defining the planning, organization, direction, coordination and control focuses more on the reality that today is treated in the evolutionary world of telecommunications administrative functions are divided according to the hierarchical level of the company "between the higher the level of command, the higher the level of responsibility and decision-making power."

Humanistic approach to management: (Stoner, Freeman, & Gilbert, Administration, 1996) The new administrative conception sought to reconcile and harmonize two basic functions of the organization: the economic function, produce goods and services to ensure external balance and social function, provide satisfaction to participants to ensure internal balance.

As a tool it contributes to:

- The analysis of the work.
- Study the adaptation of the worker to work.
- Study the adaptation of work to the worker.

Among the most representative authors of the new administrative conception are Abraham Maslow, Frederick Herzberg, Douglas Mc Gregor, Kurt Lewin, Warren Bennis, Edgar Schein.

For the new administrative conception, behavior is assumed to be the way an organization responds to the environment.

Currently the present approach is applied in the analysis of the worker, being as a fundamental part of the process, where their involvement and results will be rewarded with incentives, motivations, group dynamics among other aspects that involve the individual and feel part of the organization.

Holistic Approach to Management: (Stoner, Freeman, & Gilbert, sixth edition) Neoclassical theory is exactly of the classical school. In the historical course of administrative theories, the classical approach was not fully replaced. It resurfaces fully expanded, revised and improved with neoclassical theory. Peter Drucker is its main exponent.

The main features of neoclassical theory:

1. Emphasis on administrative practice
2. Relative reaffirmation of the classical postulates
3. Emphasis on general principles of management
4. Emphasis on objectives and results
5. The eclecticism of neoclassical theory
6. Administration as a social technique

Bureaucratic approach: (Raft, 2001) According to Max Weber it is an organization consolidated by formal norms, rational norms, legal, written and exhaustive norms; born from the need of different organizations to better order their activities tries to vindicate the workers and maintain the rationality of the organizations.

It is the opposition of classical and humanistic theories since they have extremist views on the focus on the organization, which is why the rational model is formed with variables and behaviors applicable to the organization.

Contingency approach: or (Chiaventao, 2007) called situational approach, the word contingency does not provide security in the execution since it may be uncertain or eventual depending on the circumstances that surround it, the mentioned approach does not reach organizational effectiveness following a single organizational model, since there is no single and varied model that can meet the varied objectives of the organization.

From the theory, visualization is shifted from inside to outside the organization, with emphasis on the environment and environmental demands on organizational dynamics. An attempt is made to analyse the relationships within and between subsystems. The vision is directed above all to organizational designs and management systems appropriate for each situation that arises.

Contemporary approach: It (Smith, 2007) contains four perspectives (humanistic, classical, quantitative and modern) It seeks to solve problems of all kinds of organizations, relies on behavioral sciences, although it analyzes man in his organizational context. It is recognized that the



administrative process is dynamic and evolving and must change according to the organizational environment.

Every organization has common characteristics that you should know:

1. Goal orientation
2. Identifiable borders
3. Social interaction
4. Structured system of activities
5. Own culture

a.- Theory of organizational balance: (Lafuente, 1995) It is related to its members and the contribution to the goals set and achievements obtained, it is also essential to have the fair and equitable treatment of the organization, based on aspects such as:

1. Incentives or incentives
2. Usefulness of incentives
3. Contributions
4. Usefulness of contributions.

The participants in the organization are all those who receive incentives from it and bring contributions to its existence. We can classify them as:

1. Employees
2. Investors
3. Suppliers
4. Distributors
5. Consumers

b.- Theory of the acceptance of authority: (Chiaventao, 2007) The present theory is opposed to the classical ones (Taylor, Max Weber, among others). According to Barnard it manifests itself as a psychological phenomenon through which orders and decisions from higher levels are accepted under certain conditions.

It distinguishes four types:

- Objective authority.- Manifests itself in respecting his immediate superior for himself and his position.
- Subjective authority.- The understanding of an order depends.
- Position authority.- It is defined by the formal organizational position
- Directing authority.- It is attributed to certain men for their capacity for knowledge and understanding.

The theory emphasizes a lot in organizational communication since if the orders are not understandable in their entirety, authority is not generated.

Management theories: Management and (Smith, 2007) organizations are products of their time and their historical and social context. The evolution of management theories offers an approach to understanding the determining criteria according to each organization.

Management is a set of activities aimed at using resources efficiently and effectively in order to achieve one or more objectives or goals of the organization.

There are several definitions that can be classified as follows:

Classical Theory: The organization is conceived as a structure, as an objective is the search for the efficiency of organizations. For Fayol the main aspects of the theory are treated in: division of labor, authority and responsibility, unity of command, unity of direction, centralization and hierarchy or scalar chain. There is a proportionality of administrative functions that must be distributed among the different members of the organization.

It proposes that all companies can be divided into six groups of functions: Technical, commercial, financial, security, accounting and administrative. The normative approach of Classical Theory makes the principles of management more visible in all organizational situations.

Each function indicates 5 basic axes: Plan, organize, direct, coordinate and control, they constitute the administrative processes.

As a tendency goes from the general to the particular as Henry Fayol as a major exponent, the main aspects he deals with are: division of labor, authority, responsibility, unity of command, unity of direction, centralization, hierarchy, or scalar chain.

For Fayol administration is defined as:

- **Plan.** - Visualization of the future to program action plans.
- **Organize.** - Build the material and social organism of the company.
- **Direct.** - Guide and control the staff.
- **Coordinate.** - Link, unite all actions.
- **Control.** - Verify that the previously drawn up is executed according to what is proposed.

Human Relations Theory: (Chiaventao, 2007) It brings a new language to management since it deals with motivation, leadership, communication, informal organization, group dynamics, among others. It leaves aside the old concepts of authority, hierarchy, rationalization of work, general principles of administration, among others.

The behavior of the groups depends on the style of leadership and supervision since the person who executes it influences his subordinates to achieve loyalty and raise quality standards.

In some respects the theory of human relations is opposed to scientific management since the factors considered decisive and crucial by one school will not be properly addressed by the other and variables that one considered important were almost ignored by the other.

Table No. 1

CHARACTERISTICS AND PREMISES	CLASSICAL THEORY	THEORY OF HUMAN RELATIONS
Basic Approach	Adaptation of man to machine and vice versa	Adaptation of man to the organization and vice versa
Men's model	Financial Advantage Maximizer	Motivated by non-rational feelings and criteria
Concept of organization	Set of bodies, positions and tasks	Role Set
Person's behavior	Taylorian atomism, acts as an individual	Lacking group support and participation, acts as a member of social group

Source: Organizational Management

Prepared by: The Authors

Despite criticisms about management, the theory of Human Relations opened new spaces in two well-defined orientations. The first is the human equation "the success of companies depends directly on people" since the way the company treats and manages human talent is the secret of success and competitiveness. The second orientation is the new role of the manager who must know how to communicate, lead, motivate, and lead people.

Structuralist theory: (Chiaventao, 2007) It means a split in the theory of bureaucracy and a slight approach to the theory of human relations, representing a critical view of formal organization. It aims to be a synthesis of classical and human relations theory, inspired by the approach of Max Weber and Karl Marx.

It shares organizational objectives such as economic viability but at the same time can become incompatible with the way profits are distributed within the organization.

Structuralism is focused on the whole and for all parts in the constitution, generating interdependence of them. Having a multi-pronged approach involves:

- Formal and informal organization.
- Salary and material rewards with symbolic and social rewards.
- All the different hierarchical levels of the organization
- The different types of organizations
- Intra-organizational analysis and inter-organizational analysis



Theory of management composition: (Chiaventao, 2007) Or Behaviorist theory, brought a new conception of the behavioral sciences, the abandonment of the normative and prescriptive positions of previous theories. The emphasis remains on people, but within the organizational context.

The present theory began Herbert Alexander Simon, thus being the most marked theory as an influence on the behavioral sciences in management, it is recognized in some as the organizational psychology of management, based on the new propositions of human motivation, the administrator must know the appropriate mechanisms to be able to direct people immersed in organizations.

The theory of behavior emphasizes decision-making power, based on the information it receives from its environment, it must have the emphasis on people with a more descriptive and less prescriptive approach, with bipolar dimensions, relativity of theories of motivation, organization as a decision-making system and tendentious vision as the most important aspects of that humanist and democratic theory.

Theory of Organizational Development: It (Chiaventao, 2007) arises as a set of ideas of man, organization and environment with the purpose of facilitating the growth and development of organizations. It is basically constituted in three stages: data collection, organizational diagnosis and intervention action.

The theory of OD is a democratic and participatory alternative in order to renew and revitalize organizations that cannot be wasted.

Administrative principles: (Fourth, 2008) These are guidelines that should be of orientation for the simplification of work, they should not be considered rigid and inflexible since they can be adapted to the field that requires it.

Principles according to Taylor:

- Planning principle.
- Principle of preparation.
- Principle of control
- Principle of execution.

Principles according to Fayol:

- Authority and responsibility
- Discipline
- Control unit
- Steering unit
- Subordination of private interest
- Centralization
- Hierarchy
- Order
- Equity
- Stability
- Initiative
- Staff union
- Remuneration
- Division of labour

Principles according to Terry: It is based on administrative management, since the theory of behavior affirms the style of leader, success lies in it since its influence will be on organizational behavior, considering that these can be variable and sensitive to the needs of the worker and his environment.

- Management relationship between bosses and managers.
- Degree of acceptance of leadership in the group.
- Defining tasks
- Determination of actions

Principles according to Emerson: Popularizing scientific management, leads the first work on selection and training of employees, the principles promoted are:

- Draw up a well-defined plan, according to objectives
- Establish the dominance of common sense
- Provide competent guidance and supervision
- Maintain discipline
- Impose honesty in agreements, that is, social justice at work.
- Keep accurate, immediate and adequate records.
- Set remuneration proportional to work
- Establish standardized standards for work
- Set standardized rules for operations
- Give precise instructions
- Establish attractive incentives to increase performance and efficiency.

Administrative models(Stoner, Freeman, & Gilbert, Management, 2006)

They are clearly models that each company adapts to its environment according to the needs and objectives of the same, the functions of the models is to compare and predict according to the importance of designing them specifically for the organization and its variables.

It is a task that must analyze the internal and external environment to select the appropriate model. The implementation involves the design of appropriate organizational structures and control systems in order to put into action what is proposed.

Valuation involves goals, opportunities, and threats external to the organization, such as internal strengths and weaknesses. The objective is to assess whether the suggested approach is appropriate and complements the needs and capabilities of the organization.

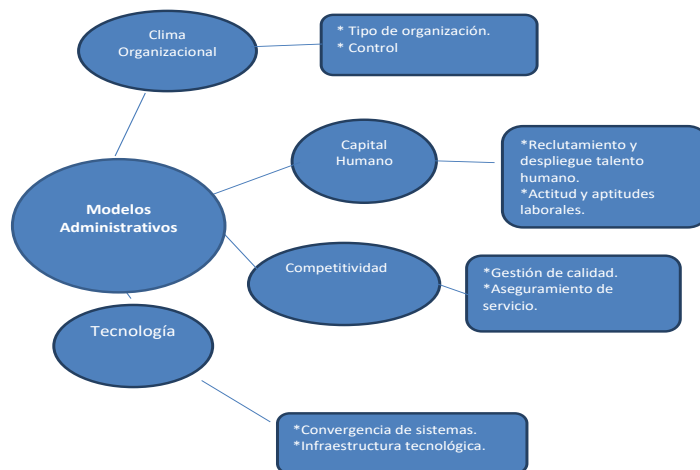
The characteristics of the models are:

- Applicable to produce an expected change
- For its application, the use of different tools is required.
- They are models applicable to various types of company
- Your model changed according to the tools used

For the selection of a model the validation must be exhaustive since the same model can not be applicable throughout the organization, that is why there must be a commitment first from the management and later from all the collaborators of the same so that the tools used are measurable and valued according to the use that is required.

There are several models that are born from the classics, contemporaries, but above all the classic maintains its validity since they are adaptable to the company with the purpose of promoting, maintaining and boosting its effectiveness.

Chart No. 1



Prepared by: The Authors

Below are some of the models currently applicable:

Benchmarking.- It is a systematic and continuous process to evaluate products, services and work processes of organizations that are recognized and that aims to make organizational improvements, the analysis of possible trends in the market that seeks innovative ideas with trends in the company. (Spendolini, 2005)

There are five stages:

1. Determine what to do
2. Build a team
3. Identify partners
4. Collect and analyze information
5. Act

Some organizations use it as a fundamental part of the process, others as an active mechanism that serves to update modern practices to the company in order to stay updated on trends and consumer preferences.

Reengineering.- It is the radical redesign of the processes of the company, achieving dramatic measures within the cost, quality, speed of service. Change can occur both in the structure or culture of the organization. (Forneas, 2008)

Reengineering first determines what a company should do, then how it should do it. Three classes of companies undertaking reengineering can be classified; The first are companies that are in serious difficulties, if it is the case that their costs are higher than that of their competitors.

Secondly, companies that are not in serious difficulties, but that the administration detects that serious problems are coming as customer service is in decline, and they openly complain about the quality of service received. The third type is the companies that are in optimal conditions, without visible difficulties neither now, nor on the horizon, their management demonstrates energy and aspirations.

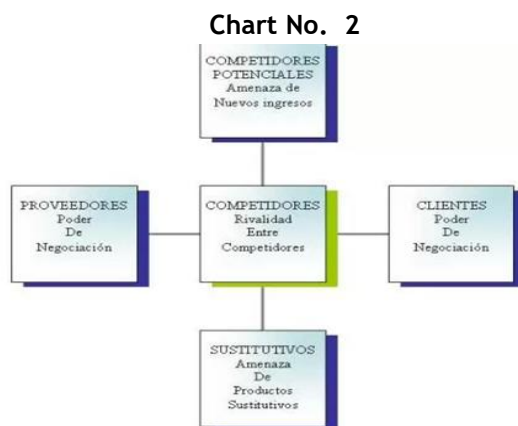
Reengineering is not quality improvement, nor quality management, quality problems and reengineering share some common themes.

Reengineering is starting over, rejecting popular beliefs and received assumptions, reinventing new approaches to the fundamental structure.

Porter's 5 forces.- His main theory based on strategic management in which methods applied in the creation of competitive advantages are analyzed. (Ferre, 2009)

The strategies developed are not beyond maximizing resources to overcome the competition, having a well-developed plan there is the highest percentage of winning market and surviving in it.

With Porter's 5 forces model, it allows an external analysis according to the sector it belongs to. It also influences the competitive strategy of a company that determines the consequences of long-term profitability, by combining a better analysis of results is achieved in order to take advantage and discover opportunities.



Prepared by: The Authors
Fountain:(Guizar Montufar, 2013)

- 1.- The rivalry between competitors
- 2.- Threat of entry of new competitors
- 3.- Buyers' bargaining power
- 4.- Negotiating power of suppliers
- 5.- Threat of entry of substitute products

Coaching (J D Roman, 2008).- It is the method of directing, instructing and training a person or group of them in order to achieve a goal set. Defining business coaching can be said to be the set of effort and techniques to lead a certain group to carry out activities effectively and efficiently in order to obtain the desired results.

Coaching is a process defined as a starting and arrival point, the essential point is the potential of the person or group of people, which affects the success or failure of the model to follow, the person must manage their own resources, identify the problems by themselves for self-help.

It is clear that the strength of Coaching is one of the physical skills of contemporary leadership, due to such profound and rapid changes that are generated, this causes a learning that is implemented in the dynamics of work.

Basic characteristics of Coaching:

1. The vision is concrete, based on facts.
2. There is interactivity, who talks the most should be the coachee
3. The responsibility is joint not only of the coach
4. The form is specific, there is a structure
5. Respect is something permanent, the important thing is the coachee

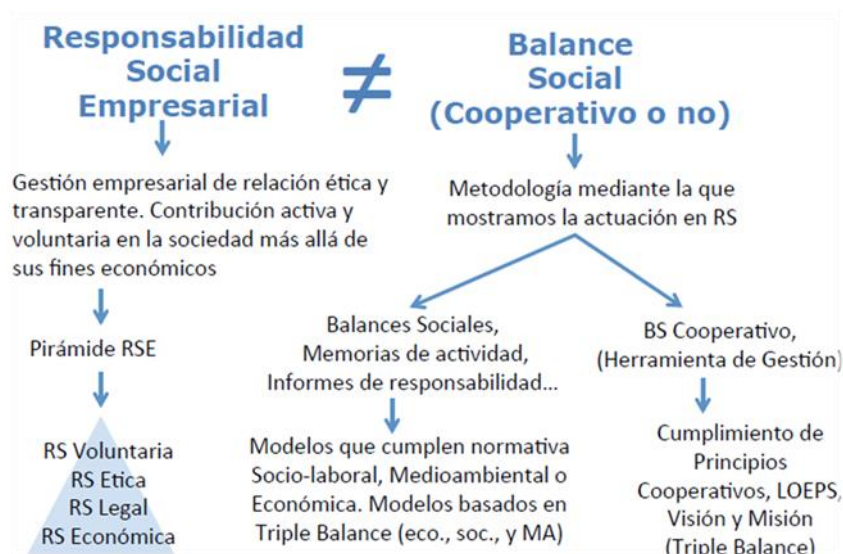
Basic elements of Coaching:

1. Values
2. Results
3. Discipline
4. Previous training

Balance Social

The definition based on social and solidarity responsibility of organizations that will consequently base its study on the application of dimensions and indicators grouped within a methodology that will be called social balance.

Chart No. 3



Fuente: SEPS 2014

Through this tool, the social responsibility of the entity is quantified-qualified in dimensions such as environmental, economic and social, through a public characteristic report and these are framed

in principles and values described in the International Cooperative Alliance (ICA), in the Organic Law of Popular and Solidarity Economy (LOEPS) and in the Principles of Good Living, relating this whole set of principles with the mission and vision of the organization.

Table No. 2

Principios ACI (7)	Principios de LOEPS (8)	Principios Buen Vivir (10)
Membresía abierta y voluntaria.	Búsqueda del Buen Vivir y del Bien Común	Unidad en la diversidad
Control democrático de los miembros.	Prelación del trabajo sobre el capital y los intereses colectivos sobre los individuales	Ser humano que desea vivir en sociedad
Participación económica de los miembros.	Comercio justo, ético y responsable	Igualdad, integración y cohesión social
Autogestión e independencia.	Equidad de género	Cumplimiento de derechos universales y la potenciación de las capacidades humanas
Educación, formación e información.	Respeto a la identidad cultura.	Relación armónica con la naturaleza
Cooperación entre cooperativas.	Autogestión	Convivencia solidaria, fraterna y cooperativa
Compromiso con la comunidad	Responsabilidad social y ambiental, la solidaridad y rendición de cuentas.	Trabajo y un ocio liberadores
	Distribución equitativa y solidaria de excedentes.	Reconstrucción de lo público
		Democracia representativa, participativa y deliberativa Estado democrático, pluralista y laico

Prepared by: The Authors

Fuente: SEPS 2014

When analyzing social responsibility and social balance, it is to base and study important issues such as the creation of shared value and the sustainability of organizations to be the axis in the contribution with their internal and external stakeholders. Additionally, the social balance is also related to several terms such as social report or social audit; however, the important thing lies in the argumentation of the indicators and application of the tool through macro dimensions.

The analysis of the social balance sheet and the different models is referred to European companies. Currently, specific models are developed from the perspective of the social and solidarity economy so that they are applicable in the economic, political and social environment of organizations.

The support of public administrations plays an important role in the application and use of new models of administration in the social and solidarity economy. The creation of a model of social balance adapted to specific situations must be channeled by issues of will rather than obligation. It is necessary to work on the promotion for the fulfillment of the social balance not as an obligation but as a form of positioning.

In Ecuador, the Organic Law of Popular and Solidarity Economy (LOEPS) in the Second General Provision obliges organizations in this sector to present the social balance. The Superintendence of Popular and Solidarity Economy (SEPS), in its role of control, creates a tool whose purpose is to apply management in organizations under the perspective of using this instrument to improve the functionality of the organizations that make up the solidarity and social sector of Ecuador.

The Constitution indicates that the economic system is social and solidary, that is, when changing from a social market model to a social and solidarity model, the way of conceptualizing the economy takes a radical turn of 360 degrees since it is based on other principles that are different from traditional economic ones.

Therefore, a social economy cannot be measured with tools and mechanisms that are designed for capital economies. The need to create the social balance as a tool, which shows the results and actions that the popular and solidarity economy carries out, is part of its identity.

Therefore, for two distinct economic models; on the one hand, the capital economy; and on the other, a social and solidarity economy, it is necessary different tools to measure results.

The social balance is that tool of periodic use that is not necessarily elaborated and applied under the formula of a traditional accounting balance (accounting equation)

Table No. 3

No.	EJES DE COMPARACION	ECONOMIAS CONVENCIONALES	ECONOMIAS SOLIDARIAS
1	Racionalidad económica y valores	Maximizar y acumular de forma privada las ganancias	Respeto a la pluralidad de principios de institucionalización con permanencia racional solidaria
2	Estructura organizativa, propiedad, gestión y tamaño entidades	Sociedades anónimas, propiedad de accionistas	Diversos tipo de estructuras organizativas sin fines de lucro. Propiedad de sus miembros o de la comunidad
3	Brecha de ingresos entre trabajadores y directivos	Desiguales, diferencias entre la remuneración mínima y la mas alta	Equitativas, repartición igual de excedentes
4	Transparencia y redición de cuentas	Informes según la normativa financiera	Realización de balances sociales, enfoques multistakeholders
5	Perfil de los usuarios	Con fines de lucro. Buscan grandes volúmenes de negocios y altas rentabilidades	Orientación a poblaciones excluidas por las finanzas convencionales. Practicas financieras mas conscientes, éticas, socialmente responsables
6	Comportamiento en situaciones de crisis	Patrones especulativos, huidas de capitales, riesgo sistémico	Mantienen la oferta de servicios crediticios, Morigeran las crisis

Prepared by: The Authors

Fuente: SEPS 2014

With these guidelines, the need to design a model of social balance according to the reality of organizations in Ecuador has been cemented.

The Ecuadorian social balance model is based on the eight principles of the LOEPS, the ten principles of Good Living and the seven principles established by the ICA (As described in Graph No. 2).

From the fusion and combination of the same we obtain 7 macro dimensions that become the principles of the social balance model applied in Ecuador:

1. The priority of labour over capital and collective interests over individual interests
2. Equitable, voluntary association with respect for cultural identity
3. Self-management and autonomy
4. Economic participation in solidarity and equitable distribution of surplus
5. Education, training and communication
6. Cooperation and integration of the popular and solidary economic sector
7. The social and solidarity commitment community and environmental.

Table No. 4

	Empresas de la Economía de Capital	Empresas de la Economía Social
Finalidad	Maximizar las ganancias y beneficios	Satisfacción de necesidades y prestación de servicios que las cubran
Beneficios y excedentes	Se distribuyen en beneficio del propietario del capital	Se ahorran en beneficio de la prestación de servicios para los socios, también se pueden repartir entre ellos
Dirección	Recae sobre el Accionista o Gerencia	La ejercen los socios colectivamente en Asamblea
Representatividad	Se ostenta en función del capital aportado	Cada miembro posee un voto que no depende de la cuota de aportación al capital
Objetivos	Marcados por el accionista principal en función de la maximización del beneficio	Establecidos por los socios en asamblea para satisfacer sus propias necesidades
Competencia / Cooperación	Competencia en el mercado	Inter e intra cooperación
Responsabilidad Social, Corporativa y Medio Ambiental	Filantropía	Compromiso y forma de gestión
Propiedad	Individual y en función del capital aportado	Colectiva, Unidad Domestica

Prepared by: The Authors

Fuente: SEPS 2014

ANALYSIS

After the application and analysis of the conceptualization of theories, models, tools and approach of the administration defined by several authors and experts, the social balance has been cemented as a tool for administrative management.

The process for the implementation of a Social Balance methodology has been based on the entity after an analysis and internal debate between the governing bodies, where the stakeholders (partners, managers and employees), are the managers to obtain results that allow analysis and weighting in search of harmonious improvement in all macro dimensions.

Through this tool, the members of the organization within the relevant body for this purpose (General Assembly or General Meeting) will decide and agree to derive the layout of the processes of the cooperative or association, so that the model can be implemented mainly through the systematization of the processes of the information, will allow the programs and activities framed in the Operational Plan and Strategic Plan of the organizations to have their own budget and focus on complying with the principles established in the Law, ACI and Good Living.

As a policy of administrative management of the cooperative or association, it will allow to institutionalize the application of the Social Balance. Within the conceptualization proposed in this research and merged with the mandate established in the current legal framework, the Social Balance becomes a tool and administrative technique, the implementation and use in the organizations of the Non-Financial Sector will lead us to correct omissions in the practice of cooperative governance and operate based on compliance with values and principles in favor of the members of the entity. Its implementation in organizations determines the application of parameters that allow social growth and sustainability of the members, becomes structured and organized management by the



administration and / or management of organizations, thus becoming a management tool to a compliance and monitoring element.

The use of the Social Balance tool will determine what are the actions programmed by the entity to cover and comply with the social purpose of the organizations of the real sector, applied in the true principles of the social economy and a cooperativism of good practices, taking into account the values, mission and vision of the entity.

Understood and used the Social Balance as a management tool for the entities of the popular and solidary economy of the Economy, it inevitably becomes a pillar for the decision-making process, allowing through it, the choice of the best option always directed towards the fulfillment of the objectives of the entity, At the same time, this decision-making process will become cyclical and feedback to stakeholders, and through tools that allow the correction of deviations in management. In the application and prioritization of using it as a tool, it will be possible to comply with the macro dimensions and elements that make up the model developed by the SEPS; in order to be of global utility and not only be linked to obtaining results from the previous year, so that it becomes a philosophy that directs its actions as an organization in favor of a community and society, giving balance in its activities to elements that every day a country demands for a common good.

RESULTS

Within the analysis of the tool we propose to some of the concepts, elements and aspects that should be contemplated at the time of application and action of the Social Balance, these are detailed below and allow to describe topics that organizations should prioritize when using the model proposed by the Control Body:

- **Data related to associative consumption by the organization.** These represent values whose destination will be the realization of purchases by the cooperative or association at a preferential price, that is, lower than the market average, generating benefits in total of its members, or in turn delivering a specific purchase plan for the benefit of all Total members.
- **Comprehensive or associative marketing data.** It presents a degree of difficulty when estimating and quantifying the individual production of the members of the organization and of the entity itself; In the search to harmonize and balance the benefit of competitiveness and price, this will collect the individual production of the members of the cooperative or association, as well as that of the organization, and the commitments acquired by each of the partners, so that through this to be able to make joint sales in search of a better price that increases their Revenues.
- **Budget for associative solidarity programs.** This factor establishes the granting of certain aids in case of extreme need duly justified, directed preferably towards the whole community, and not only towards the members of the cooperative or the entity. This element includes all those quotas or solidarity contributions made by the organization to its partners and employees.
- **Social benefit programs. They are the** primary activities that through the budget are prioritized and established with their own economic item under the condition of mandatory compliance, dissociating from the results obtained by the organization. These are distinct from activities framed in associative solidarity. Under this parameter, social benefit programs are established in detail in the budget, determined among the main ones: food benefits, school supplies for the children of the partners, medicine, among others.
- **Sectoral integration programmes.** This component seeks to direct the organization towards the promotion of which sector develops more than aid, cooperation between entities of the same sector as of the various sectors of the real and financial solidarity economy.
- **Funds (solidarity).** Establish the contribution by the members of the cooperative or association, of a monthly fee or extra fee depending on the circumstance, this will be reflected as a deposit and can be used only at extremely necessary times and for solidarity purposes, it should be noted that they will not be able to benefit from the use of these resources in a personal capacity, the established purposes will always be solidary.

CONCLUSIONS

With the present study and after the analysis carried out, it is demonstrated that the new Constitution of Ecuador recognizes the various forms of organization in the economy of the real sector of Ecuador, among others public or private, mixed, family, domestic, autonomous, community, associative and cooperative organizations. Of the details the last six forms of organization belong to the popular economy, and of them the last three form the great gear of the popular solidarity economy.

Thus allowing to comply with the provisions of article 283 of the Constitution of the Republic that establishes: *"the economic system is social and solidary and is integrated by the forms of public, private, mixed, popular and solidary economic organization and the others that the Constitution determines"* additionally determines *"The popular and solidarity economy will be regulated in accordance with the law and will include the cooperative, associative and community sectors."*

Within what has been described, the organizations of the popular economy are characterized by: "satisfying needs and generating income, based on relations of solidarity, cooperation and reciprocity, privileging work and the human being as the subject and purpose of their activity, oriented to good living, in harmony with nature, over appropriation, profit and accumulation of capital."

The Social Balance and the model proposed by the SEPS include elements grouped into macrodimensions that converge in the applicability of the LOEPS and allow compliance with the provisions thereof:

- (a) The search for good living and the common good;
- (b) The priority of labour over capital and of collective interests over individual interests;
- c) Fair trade and ethical and responsible consumption;
- (d) Gender equity; and
-) Respect for cultural identity;
- (f) Self-management;
- (g) Social and environmental responsibility, solidarity and accountability;
- h) The equitable and solidary distribution of surpluses.

By reference to the diagram presented, this application tool called Social Balance covers the entire popular economy, particularly its solidarity sector, integrates associations, cooperatives and communities and their interest groups as Popular and Solidarity Productive Economic Units.

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