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THE FORCED EVOLUTION OF MUNICIPAL ORGANIZATIONAL MANAGEMENT IN COLOMBIA: AN ANALYSIS OF THE IMPACT OF FISCAL DISCIPLINE RULES (1991-2023).

Luis Alfonso Moreno Corredor; Doctor en Relaciones Internacionales; Magíster en Relaciones Internacionales Iberoamericanas. Universidad Pedagógica y Tecnológica de Colombia. luisalfonso.moreno@uptc.edu.co. ORCID: https://orcid.org/0000-0001-8462-7940 .

Luis Carlos Nova Santos; Magíster en Marketing Digital y Comercio Electrónico, Magíster en Administración; Administrador de Empresas. Universidad Pedagógica y Tecnológica de Colombia. luis.nova01@uptc.edu.co. ORCID: https://orcid.org/0000-0002-0978-1320.

Laura Mariana Bermudez Ocampo; Magister en Administración; Administradora de Empresas y Contador Público. Universidad Pedagógica y Tecnológica de Colombia. laura.bermudez@uptc.edu.co. ORCID: https://orcid.org/0009-0007-9372-9069.

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Abstract

This document examines the profound transformation of organizational management in the municipalities of Colombia between 1991 and 2023. It is argued that the initial decentralization framework promoted a reactive organizational management model, focused on the political execution of spending and supported by a system of lax fiscal incentives. Through a comparative documentary analysis, this initial model is contrasted with the organizational responses to the strict fiscal discipline rules subsequently imposed. The study demonstrates that these regulations functioned as a control architecture, forcing a metamorphosis in the key dimensions of organizational management. As a result, planning shifted from being an optional strategic exercise to a long-term financial obligation; the organizational structure was compelled to align with revenue collection capacity; and control and performance systems became critical managerial tools. It is concluded that the contemporary Colombian municipal organizational management model is the direct outcome of a process of forced adaptation to an environment of scarce resources and high economic regulation.

Keywords:

Organizational Management, Organizational Change, Fiscal Discipline, Public Management, Municipal Administration.

Introduction.

Decentralization in Colombia, promoted by the 1991 Constitution, represented a profound transformation of the State and a large-scale experiment. This process challenged the institutional capacity of more than a thousand municipalities by transferring new and complex administrative and fiscal responsibilities to them. While it generated advances in access to public services and local participation, it also revealed limitations, inequalities and risks of political capture (Steiner et al., 2002) (Eaton, 2006).

Despite the challenges, its impacts have been significant, especially in education and health. Autonomy allowed municipalities to adapt services to local needs, resulting in increased school enrolment and access to health for the most vulnerable populations. These improvements are due to both increased resources transferred and more efficient local investment. In fact, municipalities that are classified as certified with greater autonomy achieved better educational outcomes by hiring more qualified teachers, and under certain conditions, decentralization contributed to a more equitable distribution of health resources among municipalities with different income levels (Faguet & Sanchez, 2009) (Elacqua et al., 2021).

However, the original design of the system, characterized by a progressive increase in national transfers without rigorous oversight of the efficiency and sustainability of spending, generated counterproductive incentives. Among these, the so-called "fiscal laziness" stood out, understood as the lack of initiative by municipalities to strengthen and dynamize their own tax sources, a phenomenon that became a recurring problem that weakened fiscal autonomy and local financial sustainability (Bonet et al., 2017). Thus, the initial model responded more frequently to short-term political logics, sacrificing the principles of efficiency and good public management (Razzaq et al., 2018) (Widanti, 2022).

In this context, organizational management in the public sector is defined as the systematic set of integrated planning, structuring, direction, and control processes, aimed at transforming public resources into goods and services that satisfy citizen demands (Whorton & Worthley, 1981) (Fernandez & Rainey, 2006) (Felício, Samagaio, & Rodrigues, 2020). From this perspective, the fundamental problem is to understand how successive fiscal reforms in Colombia have modified the predominant paradigm of organizational management in municipalities, driving an evolution from a traditional, political-administrative model to a more technocratic and financial one, with an emphasis on austerity, transparency and efficiency (Hansen, S., Houlberg, K., & Pedersen, L., 2014) (Ch, R., Shapiro, J., Steele, A., & Vargas, J., 2018) (Ocampo, 2020).

The thesis is that the establishment of strict rules of fiscal discipline, beyond being mere technical or accounting adjustments, functioned as an exogenous regulatory shock or catalyst that profoundly transformed municipal management (Jaimes, 2020) (Arbeláez et al., 2021). This new regulation forced local administrations to reconfigure their organizational structures and processes, making financial sustainability and accountability indispensable conditions for their operation and subsistence in an environment of limited resources and growing citizen and state surveillance. Consequently, tax legislation was positioned as the main catalyst for a transition towards more strategic and technocratic management models at the territorial level (Martínez, 2019) (Márquez & Rutkowski, 2020).

During the first decade after decentralization, the predominant organizational management model in Colombian municipalities was characterized as eminently reactive and strongly permeated by local political culture (Elacqua et al., 2021). The diagnoses of the time showed multiple structural and organizational weaknesses, manifested in the key dimensions described below (Faguet & Sanchez, 2009) (Criollo, Malheiros & Alfaro, 2019) (Mainali, Tosun & Yang, 2021):

- Planning: A marked absence of strategic tax collection plans and a chronic local fiscal deficit were identified, demonstrating that planning was disconnected from effective financial sustainability. Municipal development plans were perceived more as aspirational lists than as functional management instruments (Márquez & Rutkowski, 2020) (Martínez & Poveda, 2021) (Ortiz et al., 2022).
- Organizational structure: There were high operating expenses and a negative political influence on administrative decision-making, which indicated that the organization

responded more to political and clientelistic pressures than to technical criteria of efficiency and economic capacity (Avellaneda, 2012) (Hernández, 2016).

- Control systems: Administrative corruption, impunity for the waste of resources, and the accumulation of delinquent portfolios were symptoms of ineffective and formal internal control systems, with low managerial effectiveness to ensure transparency and efficiency in fiscal management (Mainali, Tosun & Yang, 2021) (Carreri, & Martínez, 2021).

- Organizational culture: The manifest lack of interest in the tax collection process, even to the point of lacking basic elements such as paperwork to process collections, and the absence of a culture of savings and austerity reflected a short-term organizational culture that was reactive and tolerant of significant fiscal risks (Petrovsky & Avellaneda, 2013) (González, 2021) (Martínez, 2023).

Although this organizational model was able to function in a context of growing resources and abundant transfers, it proved to be unsustainable in the medium term. This inefficient and fragile environment laid the structural foundations that motivated the wave of subsequent fiscal and administrative reforms that would shape a new stage in local public management in Colombia (Cabral & Scipioni, 2016) (Ramirez & Isaza, 2020) (Carreri, & Martínez, 2021).

Methodology

This study is based on a qualitative-interpretative paradigm and uses a longitudinal and comparative documentary analysis design (1991-2023). The choice of this approach is not merely instrumental, since it responds to the intrinsic nature of the object of study, this being the "forced evolution" of municipal organizational management seen as a historical process, socially constructed and embedded in a corpus of formal texts (laws, decrees, reports). Therefore, understanding them requires a hermeneutical analysis that allows us to interpret how these documents not only described, but prescribed and, ultimately, catalyzed change (Altheide & Schneider, 2013). Documentary analysis, as Bowen (2009) argues, is the ideal method to examine data that are stable, not reactive, and that contain the language and mandates that shaped the phenomenon.

The longitudinal design is structured in two diachronic phases for comparison, delimited by the regulatory inflection point represented by the imposition of fiscal discipline, thus allowing its impact to be isolated and analyzed:

Phase I - Reactive Management Model (1991-1999), which corresponds to the initial period of decentralization, characterized by the implementation of increasing transfers in an environment of lax supervision and fiscal conditionality.

Phase II - Forced Adaptation Model (2000-2023), which begins with the entry into force of the fiscal control architecture and encompasses the successive reforms that consolidated a sustainability regime, marking the organizational reconfiguration.

To guarantee the robustness and validity of the findings, a heterogeneous documentary corpus has been selected, organized into three categories that allow a systematic methodological triangulation (Denzin, 2012; Yin, 2018):

1. Normative-Legal Sources: They constitute the independent variable of the analysis. It examines the text of the key laws that defined and altered the rules of the fiscal game (Law 60/1993, Law 136/1994, Law 617/2000, Law 715/2001, Law 819/2003) and their subsequent reforms (Law 1551/2012, Law 2294/2023). Content analysis focuses on identifying and codifying prescriptive mandates such as obligations, prohibitions, new planning and reporting requirements, and sanctioning regimes imposed on local governments.

2. Diagnostic and Academic Sources: To reconstruct the organizational model of Phase I, a systematic review of the academic literature on decentralization and public finance in Colombia is used, which allows contextualizing the findings within the academic debate and validating the representativeness of the initial diagnosis.

3. Official Sources: To measure the dependent variable, reports, data, and evaluations published by key government entities such as the Ministry of Finance and Public Credit, the National Planning Department (DNP), and the Office of the Comptroller General of the Republic are analyzed. These documents provide empirical evidence, both quantitative and qualitative, that allows contrasting the normative "should be" with the "being" of real management.

The analysis process is carried out through a directed content analysis and a diachronic conceptual mapping (Hsieh & Shannon, 2005), whose procedure is developed in the following three steps:

1. It is based on a predefined and deductive coding scheme, derived from the key dimensions of organizational management identified in the literature (Strategic and Financial Planning, Organizational and Expenditure Structure, Control and Accountability Systems, and Collection Culture and Practices).

2. The analytical process is materialized considering the four dimensions, in a diachronic analysis matrix, which allows systematically contrasting the initial state of management during Phase I, documented in the diagnostic sources, with the prescriptive mandates of the Normative or Regulatory Catalyst that defined Phase II and, finally, with the evidence of the subsequent organizational response. obtained from official reports and grey literature of the post-Reformation period.

3. Finally, the validity of inferences is strengthened by triangulation, seeking the convergence of evidence between the different sources.

This systematic crossover not only allows us to demonstrate that the organizational change occurred, but also provides solid evidence to support the aforementioned central thesis considering that this transformation was an adaptive and forced response to the new fiscal regulatory architecture, rather than the result of an endogenous process of modernization.

Results

The findings of this study are synthesized in a central analysis that illustrates how the introduction of a robust fiscal control architecture was not a mere administrative adjustment, but acted as the main external catalyst that completely reconfigured organizational management in municipalities.

This regulatory framework forced a fundamental transition, transforming the structural weaknesses that defined initial management, such as dependence on transfers and lack of planning, into the new pillars of modern management. These new imperatives include spending discipline, long-term financial planning, and strategic prioritization of own collection, characteristics that define the operation in Phase II today and are detailed below.

Table 1. Diachronic Analysis Matrix

The Forced Transformation of Municipal Organizational Management (1991-2023)

Organizational Management Dimension	**PHASE I** **Reactive Management Model** ***(Initial Status)* (1991-1999)**	**POLICY CATALYST** ***(Catalyst of Change Agent)*** **(2000 onwards)**	**PHASE II** **Forced Adaptation Model *(Response Organ. Observed)*** **(2000-2023)**
Strategic and Financial Planning	Fiscal Disconnection: Development Plans seen as "wish lists" without budgetary anchorage. Short-termism: Focus on the 4-year political cycle, ignoring long-term sustainability. Chronic Deficit: Planning failed to prevent structural financial imbalances.	Law 819 of 2003 (Fiscal Responsibility Law) Mandate of the Medium-Term Fiscal Framework (MTF): It imposes the obligation to develop a Fiscal Framework with a horizon of 10 years. Mandatory Goals: Requires establishing and meeting quantifiable primary surplus targets. Sustainability Analysis: It requires projecting the viability of the debt before contracting it.	Technical Planning: The Mandate of the Medium-Term Fiscal Framework (MFMP) becomes the technical and financial axis of municipal management. Mandatory Foresight: Administrations are forced to adopt a long-term vision. Condition to Operate: A solid MFMP becomes an essential requirement for the approval of budgets and access to credits.

Organizational and Expenditure Structure	Bureaucratic Hypertrophy: Expansive administrative structures, influenced by clientelistic logics. Excessive Expenses: High operating expenses without correlation with the ability to generate own income. Political Discretion: The size of the administration was primarily a political decision.	Law 617 of 2000 (Fiscal Consolidation Law) Expenditure Limits: Establishes strict ceilings on operating expenditure as a percentage of Free Destination Current Revenues (ICLD). Rigid Categorization: Links the salary and administrative structure to the fiscal category of the municipality. Personal Sanctions: It contemplates direct consequences for mayors who fail to comply.	Anchoring to Fiscal Reality: The organizational structure is tied to real economic capacity. Imposed Austerity and Administrative Rationalization: Mandatory restructuring processes were promoted to adjust the organizational structure to the new fiscal reality. Technical Decision: The creation of positions and salary adjustments become a technical-financial calculation.
Control and Accountability Systems	Formal and Ineffective Control: Internal control offices were perceived as symbolic and with low managerial impact. High Perception of Impunity: Corruption and waste with few visible consequences. Inefficiency in Collection: Chronic accumulation of delinquent portfolio.	External Conditionality Framework: Law 358/97: Links the debt capacity to fiscal solvency indicators (the "traffic light"). Forced Transparency: Mandatory reporting on platforms such as the FUT is consolidated. Consequences of Non-Compliance: Laws 617 and 819 establish a credible sanctioning regime.	Control as a Strategic Function: Good fiscal performance becomes a "key" to access resources and credit. Professionalization of Collection: The treasuries and offices of coercive jurisdiction are strengthened. Accountability for Results: Compliance with fiscal indicators becomes a central metric of management.
Tax Culture and Collection	"Fiscal Laziness": Manifest disinterest in strengthening one's own taxes. Culture of Dependency: Exclusive focus on the management of national transfers. Counterproductive practices: Recurrent use of tax amnesties that discouraged payment.	Creation of Indirect Incentives: Laws 617 and 358 make the ICLD (own income) the critical variable that determines the capacity for spending and indebtedness, creating a direct reward for the fiscal effort. It is not obligatory to collect, but it is rewarded to do so.	Prioritization of Collection: The strengthening of own revenues becomes a managerial priority by necessity. Tax Modernization: Processes of updating cadastre and tax statutes are undertaken. Pursuit of Self-Reliance: Transition from a culture of dependency to one that values financial autonomy as a management tool.

Source: Result of the analysis carried out

From Aspirational Planning to Mandatory Financial Foresight.

The documentary analysis reveals that the planning dimension was perhaps the one that underwent the most profound and structural transformation. The findings demonstrate a forced evolution from a short-term planning model, disconnected from fiscal reality, to a long-term financial foresight paradigm that is technically rigorous and legally binding (Sánchez & Cárdenas, 2015).

During the first decade of decentralization, municipal planning was characterized by a systemic gap between political ambitions and actual fiscal capacity. The strategic diagnosis of the time, which serves as a baseline for this study, is categorical in identifying a "marked absence of strategic tax collection plans" and a "chronic local fiscal deficit" as symptoms of this dysfunction. Municipal Development Plans, although formally mandatory, were perceived in practice as aspirational documents, "wish lists" or instruments of political legitimation, rather than as functional management tools (Bonet & Ayala, 2017) (Ch, R., Shapiro, J., Steele, A., & Vargas, J., 2018).

This local diagnosis is aligned with broader academic analyses, such as those of Faguet (2012) and Bonet et al. (2017), who point out that the focus of municipal management in this phase was focused on the execution of expenditure from national transfers, rather than on the construction of an endogenous and sustainable planning capacity. Planning, therefore, was reactive and contingent on the political situation and the availability of external resources, lacking a long-term strategic component that would consider the sustainability of one's own finances.

Faced with this systemic unsustainability, the legislator introduced a regulatory catalyst with Law 819 of 2003, whose Article 5 imposed the Medium-Term Fiscal Framework (MFMP) as the central instrument of territorial planning. This mandate was not a simple procedural adjustment, but a fundamental redefinition of the logic of planning, by requiring in a prescriptive manner.

As a first measure, a prospective horizon of ten years, forcing administrations to transcend the four-year political cycle and consider the intertemporal consequences of their decisions. Second, the establishment of quantifiable primary surplus targets, introducing for the first time an explicit and auditable financial performance indicator at the heart of planning.

Finally, a detailed projection on the sustainability of public debt and sources of financing, requiring a technical analysis of the capacity to pay before incurring new liabilities.

This framework was subsequently reinforced by Law 2294 of 2023 (National Development Plan), which added a new control lock by requiring municipal councils to explicitly verify the consistency between the annual budget and the MFMP goals. Overall, this normative architecture transformed planning from a discretionary political act to a technical-financial exercise with direct legal consequences.

Documentary evidence after 2003 demonstrates a generalized, albeit forced, organizational adaptation to this new paradigm. The first observable evidence is the systematic adoption and publication of the MFMP by municipalities, becoming a standard public document on their transparency portals (Mainali & Yang, 2021).

Beyond mere formal compliance, the reports of entities such as the National Planning Department (DNP) and the Ministry of Finance and Public Credit show the institutionalization of the MFMP as a central management and control tool.

Territorial fiscal performance analyses began to use compliance with MFMP goals as a key indicator to rate the financial health of municipalities. Crucially, the MFMP became an indispensable requirement for accessing resources from the financial system; no credit institution today approves a loan to a municipality without analyzing the coherence and viability of its Medium-Term Fiscal Framework.

In short, planning ceased to be a peripheral and political component of management to position itself as its technical and financial core. The MFMP not only imposed a new methodology, but also reconfigured power relations and decision-making processes, making fiscal sustainability a condition of possibility for municipal operation and investment.

The Rationalization of the Organizational Structure.

The documentary analysis shows that, together with the planning, the structure of the municipal organization itself was subject to a forced reconfiguration. There is a transition from an expansive structural model, determined by political logics, to one that is rationalized and constrained by the real economic capacity of the municipality (García & Robinson, 2015).

During the initial period of decentralization, the organizational structure of many Colombian municipalities expanded in a way that was disconnected from their fiscal base, characterized by high operating expenses and negative political interference in decision-making as structural weaknesses. This suggests that the organizational design responded more to logics of power and patronage than to criteria of economic rationality or efficiency in the provision of services (Avellaneda, 2012).

Administrative organization, in this context, was not seen as a means to achieve development goals, but as an end in itself for the distribution of income and jobs. The creation of decentralized positions, secretariats and entities was politically justified, generating a bureaucratic hypertrophy that consumed a growing portion of resources, mainly from national transfers, without necessarily translating into an improvement in management.

The response to this structural unsustainability was Law 617 of 2000, known as the "sanitation law" or "traffic light law". This regulation acted as a structural surgery by imposing a fiscal straitjacket that inexorably linked the size of operating expenditure (mainly payroll and general expenses) to the volume of the Free Destination Current Income (ICLD) of each municipality. The mechanism was triple and forceful (Rubiano & Alirio, 2016) (Carreri, & Martínez, 2021.

This analysis mainly evidences the imposition of a Percentage Limit, where maximum ceilings of operating expenses were established as a percentage of the ICLD, varying according to the category of the municipality (the lower the category, the higher the percentage allowed, but on a smaller income base). Likewise, the creation of a Rigid Categorization System, which forced municipalities to classify themselves annually in one of seven categories (Special to Sixth) based on their population and, crucially, on their ICLD, thus determining the salary ceilings for their mayors and the applicable spending limits.

In the same way, there is evidence of the establishment of a Credible Sanctioning Regime, which contemplated personal sanctions for presidents who failed to comply with the limits, including the possible loss of office, which turned compliance with the norm into a matter of political survival.

This regulatory design eliminated much of the political discretion in the configuration of the administrative structure, subordinating it to a mathematical formula based on one's own fiscal performance. Post-2000 documentary evidence shows a direct and inescapable organizational response to the mandates of Law 617. Reports from the Ministry of Finance and Public Credit and the Office of the Comptroller General of the Republic reveal a general trend towards stabilization and, in many cases, a reduction in the operating expenditure indicator on ICLD, especially in municipalities that were above the legal limits.

Beyond the aggregate figures, numerous administrative restructuring processes were documented in territorial entities, which included the abolition of positions, the merger of secretariats, and the liquidation of deficit-making decentralized entities in order to comply with the forced "diet" imposed by law (Ramírez & Isaza, 2020).

The most profound impact was the internalization of the indicator of Law 617 as a fundamental managerial constraint. In practice, the decision to create a new job or to adjust salaries is no longer an act of political will but a technical calculation that must consider the impact on the spending limit. The organizational structure, therefore, was anchored to the real capacity to generate its own revenues, forcing the administrations to be more efficient in their collection or more austere in their configuration, thus transforming one of the pillars of municipal management.

The Evolution of Control Systems.

The analysis reveals a fundamental transformation in the function and effectiveness of control systems. These evolved from formal mechanisms, largely decoupled from decision-making, to strategic tools indispensable for the operational viability and access to resources of the municipality (Benavides & Manosalva, 2016) (Elacqua et al., 2021).

In the pre-reform period, internal control systems in local governments were perceived as weak and, in many cases, purely symbolic. A series of symptoms of this systemic inefficiency are identified: administrative corruption, impunity for the waste and misuse of public goods, and the accumulation of delinquent portfolios. These were not isolated problems, but manifestations of an organizational environment where control mechanisms failed to influence managerial behavior or guarantee the protection of the treasury.

The literature of the time corroborates this view, noting that internal control offices often lacked the independence and resources to exercise effective oversight (Mainali, Tosun

& Yang, 2021). Its function was often limited to the verification of formal requirements, with no real impact on the efficiency of spending or the optimization of collection. This structural weakness fostered a culture of high fiscal risk and low accountability, eroding citizen trust and financial sustainability.

The fiscal control architecture that emerged after 2000 did not focus on directly reforming internal control offices, but on creating an ecosystem of external conditionalities that made the results of fiscal control inescapable. The regulatory shock occurred through three interconnected mechanisms:

1. Linking Indebtedness to Solvency: Law 358 of 1997, and its subsequent articulation with Law 617, established a system of "traffic lights" that conditioned the ability of a municipality to contract new loans to objective indicators of solvency (debt/current income) and sustainability. This directly linked discipline in spending and debt (a result of control) to a critical need for investment: access to capital.

2. Increased Transparency and Mandatory Reporting: The consolidation of standardized reporting platforms, such as the Single Territorial Form (FUT), forced municipalities to make their financial information public on a regular and systematic basis. This created a "panopticon" effect, where fiscal performance was constantly monitored not only by national control bodies, but also by academia, the financial sector, and citizens.

3. Direct Consequences of Non-Compliance: The regulatory framework established clear consequences (political, administrative, and financial) for poor fiscal performance, making the lack of control have a tangible political and managerial cost.

Documentary evidence from Phase II shows that municipal administrations quickly internalized this new logic. Control systems are no longer a formality but a strategic function. This was manifested in several observable changes such as the improvement of the Fiscal Viability Indicators, whose reports by the Ministry of Finance and Public Credit show a generalized improvement in the solvency and debt sustainability indicators of the municipalities throughout the 2000s. Fiscal performance, measured by these indicators, became an indispensable letter of introduction for the management of resources.

In the same way, it was manifested in the strengthening of Portfolio Management, in response to the pressure to improve revenues and liquidity indicators, many administrations strengthened their treasuries and, crucially, their offices of coercive jurisdiction. Investment in the recovery of the delinquent portfolio, previously seen as an effort with low political return, has become a rational financial strategy to improve overall fiscal health.

On the other hand, Control as a Strategic Asset, in practice, rigorous compliance with tax rules and obtaining a good performance rating became a strategic asset. They became the key to access to commercial bank credits, to co-financing resources from the Nation and to favorable risk ratings, all essential elements to execute development plans. Thus, internal control and fiscal discipline were merged into a single function aimed at guaranteeing not only legality, but also the survival and investment capacity of the organization.

The Transformation of the Fiscal Culture.

The culmination of the desk analysis reveals that forced changes in planning, structure, and control converged to catalyze a transformation in the most intangible but fundamental dimension of management: fiscal culture. An evolution is observed from an organizational culture of dependence, characterized by "fiscal laziness", to one that, by necessity, prioritizes the strengthening of collection and the search for financial self-sufficiency.

The initial post-decentralization period was marked by what the literature has consistently called "fiscal laziness" (Bonet et al., 2017). This was not simply an administrative failure, but a cultural trait ingrained in the incentive structure of the system. There is evidence of a manifest lack of interest in the tax collection process, to the point that some municipalities lacked such basic elements as stamped stationery to manage collections. The dependence on growing national transfers, which were not conditioned by the own fiscal effort, created an environment where the strengthening of local taxes, such as property taxes and industry and commerce, was not a managerial priority.

This culture was manifested in practices such as the granting of recurrent tax amnesties, which eroded payment discipline, and in the chronic outdated cadastre and taxpayer bases. The organization, as a whole, operated under the assumption that the flow of external resources was sufficient and guaranteed, relegating the tax function to the background.

It is crucial to note that none of the major tax reforms directly forced municipalities to "collect more." There was no prescriptive mandate that imposed collection goals. However, the regulatory shock worked in an indirect but extraordinarily powerful way, completely reconfiguring the incentive system. The fiscal control architecture, analyzed in the previous sections, made the Unallocated Current Revenues (ICLD), i.e., own revenues, the critical variable of the managerial equation:

- Law 617 of 2000 made the ICLD the denominator for calculating the operating spending capacity. Increasing the ICLD meant, directly, being able to have a more robust administration or pay better salaries.
- Law 358 of 1997 (reinforced by Law 617) used current revenues as the denominator to measure borrowing capacity. Improving tax collection translated into access to more credit for investment.

In this way, the legislation created a tangible and direct reward for the fiscal effort. Strengthening one's own tax collection is no longer an option but the most rational strategy, and often the only one, to expand managerial, political, and financial room for maneuver.

The documentary evidence of Phase II shows a progressive but significant change in organizational behavior in relation to tax management. Studies by the DNP and Fedesarrollo after the year 2000 began to register an upward trend in the share of own income within the total income of the municipalities, reversing the trend of the previous decade.

At the level of management practices, numerous cases of municipalities were documented that, as a direct response to fiscal pressures, undertook for the first time serious processes of modernization of their cadastre, updating of their tax statutes and implementation of more efficient collection management systems. Tax management became professionalized, and municipal treasuries gained prominence within the organizational structure. The decrease in the frequency of mass amnesties and the increase in investment in technology for fiscal management are other indicators of this cultural change.

It can be said that "fiscal laziness" did not disappear because of a voluntary change of mentality, but because the regulatory environment made it unsustainable. The new control architecture forced municipal organizations to "discover" the strategic value of their own taxes, catalyzing a transition, still ongoing, from a culture of dependency to one of fiscal self-sufficiency, not out of ideological conviction, but out of pure need for survival and operability in a highly regulated system.

Table 2. Comparative analysis of validity and regulatory changes.

Analyzed Norm	State at the beginning of 2023	Current rule(s) that replace or modify it	Main changes from the original text	Related Link
Law 14 of 1983 (territorial fiscal strengthening)	Partially in force. Articles on cadastral appraisal and property rates have lost their purpose or were modified by subsequent tax regulations	Law 223 of 1995, Law 1430 of 2010, Law 1607 of 2012 (property tax and ICA reforms), Tax Statute (Compiled D. 1625/2016)	- Cadastral readjustments are carried out today using IGAC and POT methodology. - Property rates: they are governed by ranges art. 4 Law 44/1990 and can be differentiated by stratum. - ICA adopted progressivity caps and sectoral exemptions.	Congress of the Republic of Colombia. (1983). Law 14 of 1983. Official Gazette 36.288.
Law 12 of 1986 (transfer of VAT to municipalities)	Partially in force. Percentage structure de facto repealed by the creation of the General System of Participations (SGP)	Legislative Act 01/2001, Law 715 of 2001, Law 1176 of 2007	- VAT ceased to be transferred as an "assignment" and became part of the GSP. - Territorial participation now depends on population, poverty and performance variables.	Congress of the Republic of Colombia. (1986). Law 12 of 1986. Official Gazette 37.310.
Law 60 of 1993 (powers and fiscal location)	Repealed in its entirety by art. 113 Law 715 of 2001	Law 715 of 2001; Decree-Law 028 of 2008 (expenditure control)	- It replaces the "fiscal situated" by the GSP. - It redefines competencies and creates departmental funds for health and education.	Congress of the Republic of Colombia. (1993). Law 60 of 1993. Official Gazette 40.987.
Law 136 of 1994 (municipal regime)	Effective with reforms	Law 1551 of 2012 (municipal modernization)	- It expands on the principles of autonomy and planning. - Introduces Project Bank and associated management figures.	Congress of the Republic of Colombia. (2012). Law 1551 of 2012. Official Gazette 48.483.
Law 190 of 1995 (Anti-Corruption Statute)	In effect; reinforced by Law 1474 of 2011 and Law 2195 of 2022	Law 1474/2011 (Anti-corruption Statute); Law 2195/2022 (transparency)	- Strengthens standard specifications, fiscal control and disciplinary expiration periods.	Congress of the Republic of Colombia. (1995). Law 190 of 1995. Official Gazette 41.777.
Law 617 of 2000 (reorganization of expenditure and categories)	Effective with adjustments	Law 1551 of 2012 (art. 129-137); Decree 2106 of 2019 (simplification)	- Updates operating limits according to current income of free destination. - Requires annual categorization by Oct. 31.	Congress of the Republic of Colombia. (2000). Law 617 of 2000. Official Gazette 44.188.
Law 715 of 2001 (appeals and powers)	In effect; partially modified	Law 1176 of 2007 (art. 3-4 SGP); Law 1977 of 2019 (APSB area)	- Introduces four GSP participations: education, health, APSB, general purpose. - Art. 4 Law 1176 redefines sectoral distribution. - 1977 Law requires coverage and quality monitoring of APSB.	Congress of the Republic of Colombia. (2001). Law 715 of 2001. Official Gazette 44.654.
Law 819 of 2003 (fiscal responsibility)	In effect; Modified in 2023	Law 2294 of 2023 art. 325 (National Development Plan 2022-2026)	- Mandatory territorial Medium-Term Fiscal Framework for all categories since 2005. - Law 2294 updates deadlines and adds obligation to compliance strategies.	Congress of the Republic of Colombia. (2003). Law 819 of 2003. Official Gazette 45.243.
Law 1176 of 2007 (SGP development)	In effect; Modified	Law 1977 of 2019 (APSB order for payment)	- Creates APSB exchange and general purpose regime. - Law 1977 imposes FUT-SUI report and technical assistance.	Congress of the Republic of Colombia. (2007). Law 1176 of 2007. Official Gazette 46.854.
Legislative Decree 678 of	Partially enforceable; arts. 6, 7, 9	Judgment C-448/2020 Constitutional Court	- Authorized payment facilities and temporary use of own resources.	Presidency of the Republic. (2020). Decree

2020 (COVID-19 relief)	unenforceable (Sent. C-448/2020)		- Court annulled massive condonations and FONPET dissavings for violating autonomy and art. 48 CP.	678 of 2020. Official Gazette 51.320.

Conclusions

This study has shown that the recent history of local public management in Colombia is the chronicle of a profound and forced organizational change. The transformation observed between 1991 and 2023 was not an endogenous process of modernization, but the result of a forced evolution, catalyzed by a strict architecture of fiscal discipline that functioned as a regulatory catalyst. Far from being a simple set of accounting adjustments, this regulatory framework was the main instrument of an institutional reengineering that forced municipal administrations to abandon a reactive management paradigm, permeated by short-term political logic, to adopt one anchored in economic rationality and long-term financial viability. The management model that is observed today is, consequently, the direct product of this coercive adaptation, where the public manager has become, by obligation, a financial manager.

The findings reveal a systemic metamorphosis across the four key dimensions of management: planning became forward-looking, organizational structure became anchored to collection capacity, fiscal control became a strategic asset, and culture shifted from dependence to prioritization of own revenues. This transformation has significant implications. For public management theory, the Colombian case offers a robust empirical example of coercive isomorphism, demonstrating that a regulatory environment can be more powerful than the voluntary pursuit of efficiency in shaping organizational behavior. For public managers, the practical implication is that technical competence in fiscal matters is no longer a desirable quality, but an indispensable condition for governing, where true autonomy lies in mastering the rules of the game.

Looking ahead, these findings are critical for policymakers. The effectiveness of fiscal "corsets" in stabilizing finances is undeniable, but it poses a new challenge: how to balance this necessary control with the flexibility required to foster innovation. Any future reforms, such as those proposed to redesign municipal categories, will have to be evaluated with a double lens, analyzing not only their economic merits, but also the new demands they will place on organizational management. The great lesson of recent decades is that the law not only regulates, but fundamentally shapes the organization, and the sustainability of decentralization will depend on how future rules continue to shape the ability of administrations to be efficient, transparent, and adaptive.

Finally, this study presents limitations that open important avenues for future research. Given their macro-institutional nature, quantitative research is required that explores the heterogeneity of the impact of these norms, as well as comparative case studies that analyze the causal mechanisms at the micro level and the role of factors such as local leadership. In addition, ethnographic studies are needed to unravel informal practices of resistance or adaptation. The pending agenda is to explore a new generation of reforms that, without sacrificing the discipline achieved, promote the quality of spending and innovation, investigating how to build a system that combines control with flexibility, the true frontier of the debate on territorial public management in Colombia.

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