



The Benefits of Implementing Corporate Social Responsibility in Mipymes in Medellín

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ABSTRACT

The purpose of this essay is to propose which would be the benefits that MSMEs in the city of Medellín would have with the implementation of Corporate Social Responsibility practices, both in the financial field, brand recognition in the market and positioning in the city, for this it is relevant to frame several relevant concepts on the subject in question, such as the historical review of Corporate Social Responsibility, this review will establish some conceptual definitions of academics of Corporate Social Responsibility. Then a brief description will be made on the subject of MSMEs in Colombia and specifically in Medellín.

INTRODUCTION

Historical Review of Corporate Social Responsibility

Different authors have addressed the issue of Corporate Social Responsibility throughout history, however, they still do not agree on its origins, Bowen (1953) cited by (Pabón Serrano, Gómez Niño, Mera Ramírez, & García Gómez, 2014) He first mentioned the term in his work "Social Responsibilities of the Businessman"; Other authors such as Córdoba (2007) cited by (Pabón Serrano, Gómez Niño, Mera Ramírez, & García Gómez, 2014) recognizes that since the 19th century there were already experiences of Corporate Social Responsibility, such as, for example, in the case of the cooperative movement of the agricultural sector in Spain, whose main purpose was to support the families of workers, providing them with schools, health centers, and places of recreation and leisure.

In Colombia several foundations were created in the second half of the 20th century, according to (Vergara & Vicaría, 2009) Around the 1960s, the first foundations in the country were created, among them the Carvajal Foundation (1962) and the Corona Foundation (1963), both in Medellín. Additionally, in this decade the academy and businessmen discussed for the first time the concept of Corporate Social Responsibility, which tended to guarantee the well-being of workers, their families, their social environment and cared for the environment. Additionally (Pedrahita Savogal, 2014) He adds that the Barranquilla Foundation, today Mario Santo Domingo, was established in 1960, as was Codesarrollo in Medellín, the Foundation for Higher Education FES in Cali, as was the Antonio Puerto de Boyacá Foundation in 1964.

Besides (Vergara & Vicaría, 2009) They add that in the 1980s, ANDI elaborated the first Social Balance model, based on the French model. For its part, "the Colombian Center for Public Relations (Cecorp) holds a congress in Medellín where attention is drawn to the need to: Incorporate the concept of CSR in the decision-making process; achieve economic objectives in ethical and social terms; make social investments and act in the public interest (p, 95).

Corporate Social Responsibility

Before delving into definitions of Corporate Social Responsibility, it is worthwhile to frame what it really is not; In this sense, it is important to specify that Corporate Social Responsibility does not have to do with isolated actions of assistance, nor philanthropy, nor altruism, nor is it making eventual donations to foundations, in order to improve the corporate image; Corporate Social Responsibility must be understood as a remuneration that companies have with society, the environment, their employees and their families, in addition, it tends to improve the living conditions, constant over time of its interest groups. This means that it must come from the top management of the company and be immersed in its principles and values, that is, it is not something ephemeral and superficial.

For the Spanish Association of Accounting and Business Administration (AECA) (2013) cited by(Giraldo, Kammerer, & Ríos, 2016)Corporate Social Responsibility is "the voluntary commitment of companies to the development of society and the preservation of the environment from their social composition and responsible behavior towards the people and social groups with whom they interact" (p.124), summarize the spirit and feeling of true Corporate Social Responsibility. (Bateman & Snell, 2005) cited by(Orellana Murillo, 2019)adds that "the socially responsible company maximizes the positive effects on society and minimizes its negative effects.

When it is mentioned that Corporate Social Responsibility maximizes the positive effects of the company, it is important to highlight that the benefits obtained are for employees and their families, the environment, customers and suppliers and the environment, but also for the company itself. company, every time it manages to improve its reputational position in an increasingly competitive market, sales and/or services will improve and therefore its finances, that is, it is a relationship where there are reciprocal benefits between the company and the interest groups.

According to the (Commission of the European Communities 2003) quoted by(Arias Alzate, Ramírez Gómez, & Vásquez Arango, 2008)Corporate Social Responsibility is "the voluntary integration, by companies, of social and environmental concerns in their commercial operations and the relationship with their interlocutors.

According to (Boston College) quoted by(Vergara & Vicaría, 2009), "A company that applies corporate citizenship understands that its own success is determined by social well-being and therefore takes into account the impact that its actions have on all stakeholders, including employees, customers, communities, suppliers and the environment". In addition, in the words of (Herrera and Quintero 2008) cited by(Arias-Guiral, 2017)Corporate Social Responsibility is the state of awareness of the company in which, for its decision making, it commits to do the right thing, at the right time, in the right place, and with the right means to obtain the right results, within of a sustainable development framework that respects the balance between society, nature and business profitability. When it is said that Corporate Social Responsibility is a state of consciousness, it is pertinent to infer that this state of consciousness has permeated from senior management to the most operational levels of the organization and that it is also immersed in its DNA, that is, that Corporate Social Responsibility is embedded in its mission, vision, corporate values, principles and policies.

Corporate Social Responsibility in Colombia

It is important to mention that Corporate Social Responsibility in Colombia should not be a commitment and competence only of large organizations, especially taking into account that the productive muscle of the country is focused in large percentage on MiPymes and medium-sized companies, according to with the(Py+ Portal, 2016)99.6% of the companies in Colombia are micro, small and medium-sized companies, of these 94.7% are micro-enterprises and 4.9% are small and medium-sized companies, this means

that there are 2,500,000 micro, small and medium-sized companies in Colombia that they generate 67% of the country's employment, in addition, a third of the gross domestic product is generated by this type of company.

The national government presents more updated figures for 2019 in relation to Mipymes, the former Minister of Labor, Alicia Arango Olmos (Ministry of Labour, 2019) Within the framework of the "1st Congress on Safety and Health at Work for Small and Medium Enterprises - MiPymes", he recalled the importance of MiPymes in the country, because, according to DANE figures, they represent more than 90% of the national productive sector and generate 35% of GDP and 80% of employment in all of Colombia. For the city of Medellín, the figures are very similar in terms of the proportion of job creation in the city.

According to the above information, it is pertinent to mention that MSMEs are the driving force behind the country's economy, they support the state's tax base, they also contribute to overcoming poverty and reduce the gaps in social inequality.

MiPymes in Colombia, and especially in Medellín, are familiar with issues of social inclusion, overcoming poverty, entrepreneurship, caring for the environment, resilience, overcoming crises and difficulties, however, they are far from understanding the scope of carrying out Corporate Social Responsibility projects, which are born from the strategic direction of the companies, among other things because they would not know how to start with a project of this type and they think they would be alone in this work.

In relation to this last issue, referring to the fact that the administrators and owners of these companies would not know how to start or that they would be alone in the project, it is important to note that there are currently many organizations that support the development of Corporate Social Responsibility practices. In Latin America, particularly in Colombia, Fenalco Solidario's purpose is to work with businessmen and society, in carrying out responsible actions that contribute to sustainability and harmony with the planet.

Corporate Social Responsibility in Medellín

Some companies that have managed to implement Corporate Social Responsibility practices in Medellín, under the supervision of Fenalco Solidario Regional Antioquia, according to the portal (Solidarity Fenalco, 2019) They are: Antioquia Cancer Center, Liceo Salazar y Herrera, Durespo, Comdisllantas, Cutis, Tecnas, Premium Plaza, Calzakids, Porcival, Cekar, Medellín Lottery, etc. It can be seen that, as there are large companies that have implemented Corporate Social Responsibility, there are also small, medium, and micro-enterprises. The important thing is to make the decision to venture into this challenging but satisfactory project, which, for example, Fundación Carvajal and the Grupo Corona have managed to develop over time.

Corporate Social Responsibility in Carvajal

In accordance with(Vergara & Vicaría, 2009)The Carvajal Foundation implements Corporate Social Responsibility practices taking into account all interest groups, for example, with shareholders they tend to generate attractive profitability in order for the organization to grow and last over time, it is important to highlight that The Foundation Carvajal, is the main shareholder of the Carvajal Organization. Some of the programs that Fundación Carvajal develops to attend to the needs of its employees and family members and its community are: Social housing and urban environment program. Primary health care program. Educational program. Basic Community Services Program. Microenterprise business development unit. Broadcasting program. In addition, it develops some programs with the community such as: Knowledge apple project, Propal Foundation. Share Campaign "Sponsor Plan".

Experience of Corporate Social Responsibility in Corona

The Corona Foundation, which has implemented different projects over time that satisfy the social needs of its stakeholders, among the most important are, for example: Optimization of resources (Good water management in all its cycles: consumption, recirculation and discharges, Implementation of clean technologies, processes and products that reduce the collection, emission and recirculation of natural resources, Greater efficiency in the use of energy and the search for environmentally friendly sources, Optimization of raw materials, Recycling and waste management, Restoration of the ecosystem and native species, Environmental awareness and, Environmentally responsible suppliers Initial, basic and secondary education (Provision and support for educational institutions, Leadership, Quality of Education,Strengthening of technical education.), Training for work and entrepreneurship (business training and training), Housing improvement (CORONA awards, business models with less favored populations), Health and Safety (Industrial Safety- Occupational Health (OS) Life and Personal Development of employees (Leadership and Employability: train employees so that they can develop inside and outside the Organization, extra-legal benefits and welfare programs granted by the CORONA Organization to improve the quality of life of its workers.) , Support to special populations (Reinserted, Disabled, Mothers head of family.)business models with disadvantaged populations), Health and Safety (Industrial Safety- Occupational Health (OS). Life and Personal Development of employees (Leadership and Employability: train employees so that they can develop inside and outside the Organization, Benefits extralegal and welfare programs granted by the CORONA Organization to improve the quality of life of its workers.), Support for special populations (Reinserted, Disabled, Mothers head of family.)business models with disadvantaged populations), Health and Safety (Industrial Safety- Occupational Health (OS). Life and Personal Development of employees (Leadership and Employability: train employees so that they can develop inside and outside the Organization, Benefits extralegal and welfare programs granted by the CORONA Organization to improve the quality of life of its workers.), Support for special populations (Reinserted, Disabled, Mothers head of family.)Extra-legal benefits and welfare programs granted by the CORONA Organization to improve the quality of life of its workers.), Support

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In relation to the MiPymes that have managed to implement Corporate Social Responsibility practices in Colombia, in reality there are many, however, it is worth making a special recognition to the Agrosolidaria Confederation Colombia sectional Bogotá, which according to (Alonso Molina & Polanco Pulido, 2017) From its mission and vision, it should be noted that the basis of everything must be sustainable and environmentally friendly community finances from small producers, almost all of them linked to rural areas. Said Mipyme has within its direction four principles that characterize it as they are, the development of the solidarity economy, the premise of promoting fair and responsible trade, the commitment to a family economy, and agroecological production. (Alonso Molina & Polanco Pulido, 2017).

Corporate Social Responsibility in the Colombian Agrosolidarity Confederation can be evidenced from two main dimensions, social and environmental, in social terms training processes are carried out with producers that allow them to improve their quality of life, these trainings revolve around the optimization of resources and processes. With consumers, being distributors for the entire city, there is a desire for equality in the possibility of access to the products that are offered, compared to the environment, the issue of agroecology is evidently consistent with CSR, however, this has been difficult due to the competitiveness that exists in the market in terms of sale prices. In the same way, by not using toxic elements in the processes and promoting polyculture, environmental sustainability is guaranteed to some extent. Likewise, in the distribution processes, the aim is to reuse as much as possible in the packaging of the products. (Alonso Molina & Polanco Pulido, 2017).

In Medellín, Calzado⁷⁰ has very successfully ventured into Corporate Social Responsibility practices, ratifying the social and environmental commitment in eight areas of interest such as: Environment, state, community and society, clients and consumers, suppliers, competition, employees and shareholders, obtaining the Fenalco Solidario Certificate. (Shoes⁷⁰, 2020). Success Story of Corporate Social Responsibility with the Propal Foundation. The Propal Foundation, attached to Carvajal, is a private, non-profit social enterprise, founded in 1991, with the aim of contributing to improving the quality of life of the inhabitants of the Guachené-Cauca and Yumbo municipalities. -Valle del Cauca, municipalities of influence of the production plants of Carvajal.

LITERATURE REVIEW

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METHODOLOGY

Corporate Social Responsibility in SMEs in Medellín

Many companies in Medellín, from different production sectors, have implemented Corporate Social Responsibility standards, however, it has been shown that there are limitations, barriers and risks that prevent MiPymes from dabbling in this type of project, in words of (Poveda Hernández & Ramírez Sánchez, 2016), there are real difficulties for SMEs, faced with the challenge of being generators of sustainable development. Among those that should be mentioned are the following: the misinterpretation or perception of the concept; the lack of visionary personnel or leaders with the political and strategic will to implement responsible actions; financial limitations; lack of business experience owners; the low strategic projection and not having great purchasing power. All these factors, to varying degrees, cause uncertainty when carrying out CSR activities. These doubts, above all, revolve around the possible negative incidences on profitability, in addition, some owners of MiPymes have the belief that they must allocate large amounts of resources for its implementation and there are no evidence of short-term financial benefits, some of these MiPymes They are family businesses, where the owners or administrators are empirical and do not give great importance to the issue, others see it as an additional workload, which would not lead to obtaining income, it is also evident in the managers and owners of these MiPymes, fear of being left alone in this task, that is, without accompaniment.

RESULT AND DISCUSSION

Pulpa y Papel SA

The Propal Foundation seeks to generate social development from community participation and permanent generation of inter-institutional alliances with entities of the national, departmental and local order. The Propal Foundation implements its Corporate Social Responsibility practices, from the following work fronts.

- **Health**

- o PS. The IPS Fundación Propal offers quality health services with a high human sense, through a portfolio of services at levels 1 and 2 outpatient clinics, which includes general and specialized medicine, dentistry, diagnostic and therapeutic support. Strategies are designed to achieve patient adherence to prevention and promotion programs.

- o Community Health. The population of distant villages is served, minimizing the geographical barriers present in rural areas. In order to facilitate care for the rural community, extramural medical conferences for prevention and promotion are held in coordination with the municipal Health Secretaries. The actions are focused on general medicine care, medication delivery, Pap smear taking, oral hygiene, deworming, fluoridation and educational talks.

- o Basic sanitation. It intervenes in the improvement of the hygienic and environmental conditions of the region, generating integral solutions to the basic needs of the community, this is achieved, executing projects to improve sanitary infrastructure in homes, emphasizing sustainability through education in hygienic and environmental habits.

- **Early Childhood**

The Propal Foundation, within the framework of the state policy "De cero a siempre" in alliance with the ICBF, executes the development training program and comprehensive care for children between 1 and 5 years of age in the modalities of: Child Development Center (CDI), Grouped Households and Traditional Households in the municipalities of Puerto Tejada, Villa Rica and Guachené in the department of Cauca. In addition, it develops two complementary programs with the community such as:

- o Family school. Designed for parents and guardians of children and its purpose is training in parenting guidelines, discipline without punishment, psychosocial support through the application of parenting skills workshops.

- o Knowledge Project. Through an alliance established with the Carvajal and Limmat Foundations of Switzerland, work is being done to qualify community mothers and educational agents in the municipalities of Puerto Tejada, Villa Rica and Guachené.

• **Income Generation**

The Income Generation program supports and manages productive initiatives in partnership with municipal administrations, seeking to help micro-entrepreneurs and entrepreneurs in the region improve family income, developing strategies that respond to the needs of the environment. The four most outstanding Income Generation projects are:

- o Formation and strengthening of productive units for the municipality of Villa Rica.
- o Young to good.
- o Strengthening family businesses in the municipality of Guachené.
- o Young Cauca.

• **Program and Good Neighbor**

For the inhabitants of the neighboring community of the village of El Guabal in the municipality of Guachené, the El Buen Vecino program was created jointly with the Community, Propal and the Propal Foundation for more than 15 years. The focus of the program is the active participation of the community seeking the empowerment and sustainability of the actions in the social lines: health, education, employment, income generation and environment. The good neighbor program focuses its actions on four main fronts that are listed below.

- o Health line.
- o Education line.
- o Employment line.
- o Income generation line.
(Propal Foundation)

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CONCLUSION AND RECOMMENDATION

Final Considerations

In an increasingly competitive market, in which the consumer is also increasingly critical of the conditions of the companies that produce goods and services, in relation to the care of the environment and the treatment of their interest groups, it is important for MiPymes to make a difference, implementing Corporate Social Responsibility programs, this competitive differentiation is one of the main benefits that these companies have. In addition, we can list other competitive advantages such as improving the work environment, obtaining tax exemptions, improving the relationship with its surroundings and environment; It is pertinent to mention that consequently with the above, sales are increased and the finances of the company are improved.

Finally, it is important to note that, although there are already incentives for MiPymes, in relation to the implementation of Corporate Social Responsibility projects, both the state, compensation funds, universities and banks should focus on this type of companies, in order to grant them some additional benefits, for example, of a tax nature, in banking with preferential attention both in installments and in interest rates, in universities with scholarships for the directors and employees of these companies, and The compensation funds could dictate permanent courses and diplomas on the subject of Corporate Social Responsibility for employees and their families.

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