

## Chapter 6

# Corporate Sustainability in Bogotanian Small and Medium Enterprises: An Analysis of the Economic Dimension

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### ABSTRACT

*Nowadays, sustainability is a key issue for companies, governments and societies. However, for many small and medium entrepreneurs, the concept is still unknown, difficult to understand and/or considered irrelevant. Sustainability is composed by three dimensions: economic, social and environmental. This chapter will concentrate on the economic dimension, and in order to find out the real state of sustainability in Bogotanian small and medium enterprises, the authors applied the sustainability matrix, a research tool designed to determine the state of planning, implementation and impact of sustainability in enterprises. Results show small and medium Bogotanian enterprises perform fine as long as they follow their own planning, however they do not perform as well when implementing what they plan, attempting to achieve economic sustainability.*

### 1. INTRODUCTION

Nowadays, business ethics and sustainability have become decisive factors for societies. Every day, more and more organizations show interest for such topics. Modern competitive organizations are not just profit-oriented; they also operate with established ethical criteria.

Sustainability has led to consider organizations as ethical actors, since this is about communities linked by values, habits and common attitudes, defined in a mission, which must become relevant for the society. Therefore, organizations that want to become sustainable in the long-term must incorporate

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business ethics into their strategies; business ethics must serve as a managerial tool that allows to make decisions keeping in mind the interests of all stakeholders of the organization. This means learning to manage both tangible and intangible assets in order to pursue, from all parts of the organization, not just the mandatory achievement of financial benefits that justify the survival of the organization, but also achieving objectives related to social and environmental goals at local and global levels. It is then when organizations must turn to that direction as a way to strength the comprehensive development that sustainable development demands.

Sustainability is an important factor that Colombian Small and Medium Entrepreneurs are yet to address. Sustainability can be a confusing concept for small business owners who probably have heard about it but do not clearly understand it, or think it is something that do not concern their businesses. Besides, many entrepreneurs think about sustainability only in environmental terms. Entrepreneurs may feel they face more important matters to deal with, as well as a business environment characterized by high taxing rates, bureaucracy, restricted access to formal sources of credit, and imperfect markets, among other difficulties, creating a situation in which the survival of the business to the next day may become the main objective of many business owners. This chapter reviews the current state of the economic dimension of sustainability in Small and Medium Enterprises operating in the city of Bogota, Colombia, by providing an explanation and results of a research conducted by the authors aimed at determining such situation. To do so, the authors will start the chapter by providing the definition and characteristics of Small and Medium Enterprises in Colombia. Then, an overview of the city of Bogota, its economy, and the importance of SMEs for its economy. Then, they introduce and brief on the concepts of sustainability and its economic dimension. Finally, the authors will explain the methodology, the Universidad EAN Matrix of Sustainability, that was the instrument used to gather information from respondents, and finally, the results and conclusions obtained with the study.

## **2. SMALL AND MEDIUM ENTERPRISES IN COLOMBIA**

The importance of SMEs have in the world economy cannot be overlooked. Ceptureanu (2015, p. 1) cites Jutla. Bodorik and Dhaliqal (2002) stating that the Small and Medium Enterprises sector “contributes significantly to the economic growth of any country”, and also cites Singh et al (2010) to write that “they employ a high percentage of available workforce and it is the sector that generates the greater opportunities for employment”.

Latin American Small and Medium Enterprises are characterized by their heterogeneity, with two different types of companies existing; first, those created due to individual needs of self-employment that usually make part of the informal economy, characterized by low levels of human capital, difficulties to access to financial resources, low levels of internationalization, and low use of technology; and second, small and medium enterprises of high growth, with dynamic behavior of sales and creation of jobs, that answer not to self-employment needs but to answer opportunities, and have having an efficient and innovative management (Dini, Rovira & Stumpo, 2014).

As in the rest of the world, Small and Medium Enterprises play an important role in the Colombian economy. The Congress of the Republic of Colombia (2004) determined that a company is small if it employs between 11 and 50 workers, and medium if it employs between 15 and 200 workers. When a company in Colombia employs over 200 people is considered big, and if it employs less than 10 workers, it is considered micro. In April 2016, Dinero, citing the National Administrative Department of Statistics,

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