"Todos Pagan": A Case Study of SMEs and Urban Violence in Medellín, Colombia

November 2023
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About the UrbanSME project:
In much of the world, small and medium-sized enterprises (SMEs) are the primary providers of employment and livelihoods. This is particularly true for large cities in LMICs - places that will host an increasing share of the world’s population. Many of these same cities are also affected by significant violence and insecurity.

Like individual citizens, SMEs are often victims of violence and crime, such as extortion and robbery. They may also engage in violent activities themselves, for example by collaborating with criminal organizations or laundering illicit money.

The UrbanSME project researches the ways in which violence affects SMEs and how SMEs affect violence. It compares these dynamics in seven cities struggling with different forms of violence: Bogotá and Medellín, Colombia; San Salvador, El Salvador; Caracas, Venezuela; Beirut, Lebanon; Kampala, Uganda; and Cape Town, South Africa.

Learn more here: https://www.cdacollaborative.org/cdaproject/urbansme-project/
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I. Introduction

The business and conflict studies literature has focused predominantly on larger companies. Less is known about small and medium-sized enterprises (SMEs), which face different challenges and choices in contexts marked by conflict and violence. In this paper we seek to examine some of the factors, relationships, and strategies that explain how and why small and medium-sized companies do or do not survive and grow in settings of urban violence. We will focus on the case of Medellín, Colombia. While the international drug trade has dominated accounts of the city’s relationship with violence, this is an incomplete depiction of the many ways in which the city is linked to and has experienced conflict-related and urban violence, and it says little about the strategies and responses adopted by small and medium-sized companies.

In this paper we will first provide context by describing the recent history of armed conflict and urban violence in Medellín and the development of the private sector against that background. We will then illustrate the many forms of violence and coercion that are intertwined with SME economic activity in the city. We identify several types of company responses to violence and the threat of violence, including acquiescence, avoidance or relocation, and mitigation. Factors shaping the choice of strategy include the scale of the threat and the cost of non-compliance with criminal actors, the protection offered by other companies or business associations, the possibility to re-locate or disinvest, and the nature and depth of relationships with public authorities. These strategies noted above are not mutually exclusive, and SMEs modify them as their circumstances change, reflecting the dynamic context of the city in terms of crime, violence, and their relationships with economic actors.

By analyzing the complex relationship between SMEs and urban violence, this paper seeks to make three fundamental contributions. The first relates to the actor group analyzed here: SMEs. The central role attributed to the private sector in building sustainable peace, as well as the challenges faced by companies and the strategies that they develop in conflict environments, have been widely documented and have served to shape public policy as well as corporate operating standards and practices. However, other than the fact that they operate in the same contexts, SMEs face fundamentally different realities than large companies do (Ganson and Hoelscher 2021; Miklian and Hoelscher 2021). They are more numerous than large firms, but operate at a smaller scale, are organizationally more informal, have less physical infrastructure, have denser ties to the communities and geographical areas where they operate, greater accountability to customers and legal authorities, more vulnerability to the difficulties of acting collectively in pursuit of their shared interests and needs, and less prominence in public debate. As argued by Moncada (2013:325), small companies are “both the most directly vulnerable to the economic costs of violence and most likely to have sustained interaction with varied local armed actors”. Although individual SMEs are rarely significant politically, economically, or in terms of the social impact of their activities, the fact that SMEs as a group account for a large percentage of all employment and economic activity suggests that we need to better grasp this underexplored dimension of the private sector. This paper represents a contribution to that understanding.

Our second contribution relates to understanding the challenges faced by transitional societies in terms of the transformation of violence and the roles played by different actors in that transformation. We know from previous studies that the end of armed conflict rarely rings in a complete end to violence. Instead, violence often persists, but its characteristic forms change, especially in urban areas, as conflict is transformed (Kurtenbach and Rettberg, 2019). We also know that urban violence in countries transitioning from war to peace is shaped by social and economic dynamics that developed during
previous periods of conflict (Bara, Deglow, and van Baalen 2021; Elfversson, Gusic, and Höglund 2019; Ljungkvist and Jarstad 2021). By focusing on the dynamics of postconflict urban violence in a country such as Colombia from the perspective of smaller companies, we contribute to the understanding of the challenges faced by transitional societies in terms of curbing new and ongoing forms of violence in specific communities.

The third contribution is to discussions taking place in policy circles about, as it is often framed, the “role of SMEs in peace”. The paper examines characteristic forms of violence and coercion that are directed at SMEs and their proprietors. It also considers the manner in which SMEs respond to those threats and risks – the actions that SMEs take to address or reduce them, or to reduce their exposure to them. In examining the effects of urban violence on SMEs and the effects of SMEs on urban violence, the paper takes stock of the potential for policy and business actors to address urban violence through private sector development initiatives such as investment in SMEs or market reforms that are designed to enable the growth of SMEs as their primary, direct outcome.

Our findings are based on a thorough review of the academic literature, official documents, and two field trips, during which we were able to visit communities with a large proportion of SMEs as well as conduct interviews with experts, journalists, SME association leaders, and company owners or managers. Interviews were transcribed and analyzed using N-Vivo. It is worth noting how well-researched this topic has been in Medellín itself, with valuable contributions by Giraldo, Naranjo, Jaramillo, and Dunca (2011), Centro Nacional de Memoria Histórica (2017), and Blattman, Duncan, Lessing, and Tobón (2021).

II. The private sector, armed conflict, and urban violence

Companies are central actors in the production and prevention of different forms of conflict and violence. For at least the past 25 years, there has been growing scholarship on private sector actors’ responsibility in causing or perpetuating violence, complicity in Human Rights violations, the way in which they benefit from the ‘dirty jobs’ performed by illegal actors, and the harms they impose on external actors (kidnappings, extortion, lack of growth opportunities, etc.). In parallel, international organizations have developed standards and practices for corporations as a response to these kinds of adversity, as a way of raising awareness and mitigating adverse private sector impacts in fragile environments (Melin, Miklian, Rettberg, etc.).

From an organizational point of view, companies are agents with the capacity to read the context, (formally or implicitly) assess their risks and opportunities, adapt their strategies, develop differential responses, and cooperate with or distance themselves from public authorities and illegal actors. This is true for rural and urban contexts, although urban violence is more common than rural violence in transitional contexts.

Company size is an important determinant of company strategy in terms of market expansion, product and process innovation, and access to policymakers. In the context of middle-income and low-income countries (see, for example, the studies and data underlying the Fragility, Conflict and Violence Working Group at the World Bank), a few large companies tend to dominate economic production at the regional and local level, but the bulk of economic activity, including employment, is led by small- and medium-sized companies, many operating on the margin separating formal and informal activities. However, we know much more about how large companies operate and the consequences of their activities than we do about those of small and medium-sized companies.
Size matters, especially in terms of the experience that companies have with conflict and violence. Large companies can invest heavily in the protection of staff and operations, can exert influence on policymakers and state security actors, and may be able to afford to relocate or close branches and facilities in response to localized instability and threats. Small companies are often much more embedded in specific communities, often constrained by limited finances, tradition, family relationships, or by personal connections to suppliers, customers, and local authorities. They have less capital, more limited managerial expertise, and are, overall, more dependent on and vulnerable to local contexts. In this sense, their calculus of cost and benefit, and of risk and opportunity, are significantly different from those of large companies, as are their options and choice of strategies when faced with similar circumstances.

While the impacts of large-scale corporate operations may in some cases be such that a single corporate project can provoke tensions and even violence in locations that might otherwise be relatively stable (cf. Hoben et al 2012), the impacts of an individual SME can be presumed to be socially and politically insignificant. Instead, SMEs have impacts on stability, peace, conflict, and violence in the aggregate, through impacts that are accreted through the actions of a large number of discrete businesses. While what one SME does may not be important in this sense, patterns of decisions and actions that hold across a large number of SMEs may yield significant impacts and may thus contribute to violence, peace, instability, and so on, in ways that are meaningful at a city-wide or larger scale.

III. Context and background

Armed conflict, urban violence, and security in Medellin

Colombia’s armed conflict dates back to the 1960s and has undergone moments of escalation and acute crisis as well as more (relatively) peaceful periods. Especially since the 1980s, the international narcotics trade has fueled armed confrontation in Colombia, as illegal actors have resorted to drug-related income to fund armies and territorial expansion. This explains why Colombia’s conflict has persisted well beyond the end of the Cold War and longer than that of any other Latin American country. A peace agreement signed in 2016 led to the disarming of the largest guerrilla organization—the Fuerzas Armadas Revolucionarias de Colombia, or FARC—and its conversion into a political party (Rettberg 2020a; Rettberg 2019). Homicide rates have fallen, although Colombia is still one of the most violent countries in the Western Hemisphere (Rettberg 2020b). Although the peace agreement included a chapter on illicit drugs, drug-crop cultivation and narcotics production have both increased since it was signed. Other criminal organizations—including Mexican cartels—stepped in to fill the void left by the FARC in regions that produce illicit crops. As a result, violence has returned—or never fully ended—in these regions.

Although the armed conflict has been mainly a rural phenomenon, cities have absorbed conflict-related migration from rural areas (Ibañez 2008) and are often the outlets or distribution points of illegal economies organized elsewhere in the country (Bergman 2018). In this sense, cities offer opportunities for both established illegal organizations and new entrants to strengthen their territorial control and increase their revenues.

Medellín illustrates this phenomenon. Medellín is known in Colombia as a symbol of the entrepreneurial pioneers who developed important national industries and for health and educational systems of superior quality. It also has some global notoriety as the home of exceptionally brutal and influential
drug cartels—including the Medellín Cartel and its former *capo*, Pablo Escobar. The city has seen flows of conflict-related, inbound migration, especially from surrounding Antioquia Department (which has contributed more victims of violence than any other Colombian department) and has witnessed drug-related violence since the 1970s. According to the National Center for Historical Memory, over 450,000 people were killed in the city between 1980 and 2014 (Centro Nacional de Memoria Histórica 2017; Martin 2019), most of them young men from poor neighborhoods. Victims have also included presidential candidates, judges, journalists, politicians, Human Rights defenders, union leaders, and police.

Criminal governance in Medellín, and its comfortable coexistence with relatively well-functioning state institutions, are themselves distinctive products of the history of conflict in the city. During the 1980s and 1990s, the Medellín Cartel deliberately targeted civil and public figures in an effort to cow the state, and militias associated with the guerrilla group *Ejercito de la Liberación Nacional* (ELN) controlled several informal settlements on the margins of the city. The crisis of violence and the state’s sense of being besieged was such that public security agencies were willing to cooperate behind the scenes with the Cartel’s enemies. These included dissident and opportunistic factions within the Cartel itself and right-wing paramilitary groups. These groups also had robust ties with each other and collaborated closely; a surprising number of former police officers belonged to right-wing paramilitary groups operating in Medellín. The authorities used intelligence gathered from Cartel operatives to target the Cartel and frequently looked the other way (or, as some allege, provided active logistical and military support) as Cartel hit men and right-wing militias wrested control of marginal areas of the city from the ELN and then brought down Escobar and his associates.

The relationship between formal authorities and illegal violent actors in Medellín is complex and multifaceted, and we can only illustrate it in this paper, though exemplars of these relationships are striking. For instance, the operations hub of the Medellín Cartel, known as “La Oficina”, was headquartered in an office inside the City Hall of Envigado, a suburb of Medellín. The career of Mauricio Santoyo Velazco provides a concise and disturbing illustration of these relationships, and to that end we offer a short synopsis of it here. Santoyo became the head of the Medellín office of the police anti-kidnapping unit, the GAULA, in 1996. He was subsequently promoted to head of Medellín office of the Elite Anti-Terrorist Unit in 2002. In those roles, he developed relationships with prominent Antioqueño politicians, among them Alvaro Uribe, who was then the Governor of Antioquia. Santoyo is also known to have engaged in arms trafficking to the benefit of dissident factions of the Medellín Cartel and paramilitary groups, and a US indictment of Santoyo suggests that he shared with those illegal groups intelligence about cartel members that he obtained through legal police wiretaps. In 2002, when Uribe was elected President of Colombia, Santoyo became the head of his security detail. In that role, Santoyo is alleged to have used his influence with the police to ensure the transfer out of Medellín of police officers who refused to cooperate with his associates in the Cartel. One month after retiring from the police force in 2009, Santoyo was charged in the United States with drug trafficking and sentenced to 13 years in prison (McDermott 2016).

The legacy of these relationships and practices can be felt in contemporary Medellín. During the Escobar years, the Cartel’s strategy involved overt confrontation with the authorities, which were perceived as enemies of the Cartel. Escobar maintained a prominent public profile and exhibited a desire to be seen as a legitimate political figure, or at least as a peer of such figures. The Cartel generated revenue by trafficking cocaine internationally and patronized Medellín’s marginal communities through gifts and contributions. In contrast, Escobar’s most important antagonist and ultimate successor, Diego Murillo Bejarano (a.k.a. “Don Berna”), collaborated with the police (per the above discussion) when it benefitted
him, had no discernable ambitions in the formal, political arena, and diversified Cartel activity, branching out into legitimate businesses and investments. Under Don Berna, the Cartel’s relationships with local communities also changed, with exploitation through extortion replacing patronage. Contemporary criminal organizations in Medellín continue largely in Don Berna’s model.

Since Don Berna’s extradition in 2008, large cartels are no longer active in the city, and urban violence in Medellín has evolved. Criminal organizations are more decentralized and less politically visible, but nevertheless continue to control crime and violence in all but a few areas of the city, notably the suburbs of Itagüí and Envigado. As shown in Figure 1, multiple organizations operate in the city (Blattman, Duncan, Lessing, and Tobón 2021). A degree of coordination exists among them (through a body that retains the name “La Oficina”) so that they do not infringe upon each other’s economic activities or geographical areas of operations in what Blattman et.al. (2021) call “gang rule”. This has contributed to a reduction of homicides but a proliferation of extortion and an expansion of criminal control within the urban economy in sectors such as security, transport, finance, and logistics and the distribution of goods.

Figure 1. Criminal organizations operating in the city of Medellín, 2020

Homicide rates are a major issue in local electoral politics, and the political class has strong incentives for keeping them low. Confronting criminal organizations or trying to assert state control throughout the city is antithetical to this goal, however, as overt confrontation with criminal groups in Medellín would almost certainly spark violent, public confrontation. Criminal organizations, meanwhile, perform functions that are useful to the city’s political elites: they keep the rate of “common crimes”, such as theft and burglary, low, and, in effect, govern the illegal economy by imposing a degree of order upon it. The state appears willing (or resigned) to allow criminal groups to persist, whether out of a fear of the political and human consequences of a direct confrontation, or out of a belief that a governed but
pervasive criminal economy in Medellín is preferable to a return to the violence of the 1980s and 90s. Whatever may be the case, interviewees repeatedly asserted that extortion by the gangs is perceived to be justified in the interest of “security”. Calls for direct confrontation with criminal organizations in Medellín are today associated with the political far right, much as they were in the 1990s.

Social and economic profile of Medellín

Medellín contributes around 7 percent of the national product (DANE), in contrast with Bogotá, the capital, which contributes one quarter. Settlement has built out along the floor of the Aburrá Valley and up steep hillsides on both sides of the valley, leading to a patchwork of formal and informal neighborhoods. Medellín is the country’s second largest industrial center. The service sector, together with industry and commerce are the city’s main economic sectors. As shown in figure 1, most companies operating in Medellín are medium-or-small-sized, although most wealth is produced by very few large companies. Figure 2 presents the breakdown by company size and sector.

Figure 1. Distribution of companies by size, 2018

Source: Public Commercial Registry, Chamber of Commerce of Medellín for Antioquia. Calculations: Economic Research Unit, CCMA.
Medellin is a highly segregated city. Its 16 districts (comunas) differ in terms of economic activity, population density (Datos de Población: Censo Nacional de Población y Vivienda 2018 – DANE), income, inequality, and violence (see figure 3). One fifth of the city’s population are youth (15 – 29 year olds). Districts with higher proportions of youth—especially with children under 14—are also those with lower incomes and lower life quality (Popular, Santa Cruz, Manrique, y Villa Hermosa) (Medellin cómo vamos, 2020).

Figure 2. Medellin companies by asset bracket, 2018

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro (0-500)</td>
<td>Micro 1</td>
<td>0-100</td>
<td>72.399</td>
<td>82.095</td>
<td>12.4</td>
<td>-1.2</td>
</tr>
<tr>
<td></td>
<td>Micro 2</td>
<td>100-250</td>
<td>3.997</td>
<td>4.669</td>
<td>1.8</td>
<td>0.1</td>
</tr>
<tr>
<td></td>
<td>Micro 3</td>
<td>250-390</td>
<td>1.194</td>
<td>2.240</td>
<td>87.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Small (501-5,000)</td>
<td>Small 1</td>
<td>390-1,000</td>
<td>5.028</td>
<td>5.022</td>
<td>-0.1</td>
<td>-0.7</td>
</tr>
<tr>
<td></td>
<td>Small 2</td>
<td>1,000-2,500</td>
<td>2.896</td>
<td>3.752</td>
<td>29.6</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td>Small 3</td>
<td>2,500-3,906</td>
<td>651</td>
<td>1.291</td>
<td>98.3</td>
<td>0.5</td>
</tr>
<tr>
<td>Medium (5,001-30,000)</td>
<td>Medium 1</td>
<td>3,906-8,000</td>
<td>1.500</td>
<td>1.440</td>
<td>-4</td>
<td>-0.3</td>
</tr>
<tr>
<td></td>
<td>Median 2</td>
<td>8,000-23,437</td>
<td>774</td>
<td>1.240</td>
<td>60.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Large (&gt;30,000)</td>
<td>Large</td>
<td>&gt;23,437</td>
<td>722</td>
<td>820</td>
<td>12.6</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Public Commercial Registry, Chamber of Commerce of Medellín for Antioquia. Calculations: Economic Research Unit, CCMA.

Figure 3. Homicide rates by district, Medellín, 2018
Medellín’s segregation is also visible in the spatial distribution of companies by size. As shown in the figure 4, most large companies—some of them multi-latinas (or multinationals) such as Cementos Argos, Suramericana de Seguros and Nutresa—operate in the wealthier districts, such as El Poblado.

<table>
<thead>
<tr>
<th>Communes</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARANJUEZ</td>
<td>3.169</td>
<td>86</td>
<td>16</td>
<td>4</td>
<td>3.275</td>
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<tr>
<td>BELEN</td>
<td>7.223</td>
<td>537</td>
<td>92</td>
<td>15</td>
<td>7.867</td>
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<tr>
<td>BUENOS AIRES</td>
<td>2.848</td>
<td>79</td>
<td>9</td>
<td>3</td>
<td>2.939</td>
</tr>
<tr>
<td>CASTILLA</td>
<td>2.527</td>
<td>146</td>
<td>43</td>
<td>17</td>
<td>2.733</td>
</tr>
<tr>
<td>DOCE DE OCTUBRE</td>
<td>1.910</td>
<td>11</td>
<td></td>
<td></td>
<td>1.921</td>
</tr>
<tr>
<td>EL PBLADO</td>
<td>10.149</td>
<td>3.235</td>
<td>1.038</td>
<td>377</td>
<td>14.799</td>
</tr>
<tr>
<td>GUAYABAL</td>
<td>3.507</td>
<td>863</td>
<td>255</td>
<td>99</td>
<td>4.724</td>
</tr>
<tr>
<td>LA AMERICA</td>
<td>3.837</td>
<td>217</td>
<td>29</td>
<td>1</td>
<td>4.084</td>
</tr>
<tr>
<td>LA CANDELARIA</td>
<td>18.309</td>
<td>1.884</td>
<td>446</td>
<td>96</td>
<td>20.735</td>
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<tr>
<td>LAURELES-ESTADIO</td>
<td>8.973</td>
<td>1.202</td>
<td>219</td>
<td>32</td>
<td>10.426</td>
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<tr>
<td>MANRIQUE</td>
<td>1.725</td>
<td>10</td>
<td>1</td>
<td></td>
<td>1.736</td>
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<tr>
<td>POPULAR</td>
<td>906</td>
<td>2</td>
<td></td>
<td></td>
<td>908</td>
</tr>
<tr>
<td>ROBLEDO</td>
<td>2.351</td>
<td>62</td>
<td>8</td>
<td>1</td>
<td>2.422</td>
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<tr>
<td>SAN JAVIER</td>
<td>1.843</td>
<td>31</td>
<td>1</td>
<td></td>
<td>1.875</td>
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<tr>
<td>SANTA CRUZ</td>
<td>1.136</td>
<td>13</td>
<td></td>
<td></td>
<td>1.149</td>
</tr>
<tr>
<td>VILLA HERMOSA</td>
<td>1.629</td>
<td>27</td>
<td></td>
<td></td>
<td>1.656</td>
</tr>
<tr>
<td>NO INFORMATION</td>
<td>12.893</td>
<td>1.118</td>
<td>297</td>
<td>81</td>
<td>14.389</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>84.935</td>
<td>9.523</td>
<td>2.453</td>
<td>727</td>
<td>97.638</td>
</tr>
</tbody>
</table>

Source: Chamber of Commerce of Medellín for Antioquia

Note: corresponds to merchants renewed and newly registered in 2017: corregimiento of Medellín

Medellín occupies second place among Colombian cities with the highest unemployment rates (Departamento Administrativo Nacional de Estadísticas - DANE, 2020), even before the Covid 19 pandemic. This is driven by the deterioration of the service sector, commerce, and industry, which contribute 33%, 22%, and 18% of the city’s employment, respectively. Figure 3 presents a breakdown of sectors by contribution to employment in the city of Medellín. Unemployment has hit youth and women in the city hardest, as shown by Figure 4.
Within Medellín, the purpose and rationale of smaller businesses is typically livelihood for the family of the owner; entrepreneurs demonstrate little interest in transformation, innovation, or disruption. Instead, they aspire to feed their families, grow family wealth and economic security, educate their children, care for their elders, and retire with a modicum of comfort. In many SMEs, a large portion of “employees” are also family members. Entrepreneurs choose industries because they have identified a viable micro-opportunity – for example, they set up a tailoring business in an area where there are few or no tailors. They change industries or sectors when a particular business yields low returns, requires complex management, attracts attention from criminal organizations, or exposes themselves and their families to elevated levels of personal risk.
While there is a tier of companies in Medellín that pride themselves on being completely formal and legal, in every other area of economic activity, the illegal, the informal, and the legitimate interpenetrate and are impossible to segregate. Although Medellín stands among the cities with the lowest rates of informality in Colombia (Departamento Administrativo Nacional de Estadísticas - DANE, 2020), many businesses are entirely informal, and many formal businesses regularly engage in informal transactions (e.g. in some cases, receipts can be provided, but receipted transactions cost the consumer more than unreceipted ones). Informal work in Medellín is widespread (43.4% in 2020). The districts with the highest levels of informal employment are Aranjuez, Villa Hermosa, Manrique, Popular, and Santa Cruz, with informality rates of up to 50%. Most informal employment takes place in the service sector, agriculture, and commerce (Alcaldía de Medellín, 2020). Formal, legal enterprises are also commonly tied to illegal economic activity and illegal actors through money laundering, payment of extortion or ransoms, or engagement in illegal or informal business activities such as the sale of stolen or smuggled goods.

Informality represents opportunity to the city’s criminal organizations, which impose multiple and overlapping sets of rules and extra-legal forms of enforcement and sanctions on domains of economic activity that are criminal, non-legal, or partly or wholly outside of state regulation.

In cases of commerce, transportation in highly vulnerable areas, this is because in zones where there is a lot of informality, where there is less state control (JG, October 21, 2021).

Despite the pervasive presence of criminal organizations, formal and state institutions are active and effective in many realms of social life. Provision of public services (potable water, electricity, telecommunications, and access to public health and education) has improved significantly over the years. An environment in which high levels of informality and crime coexists with effective formal state institutions and high levels of state services challenges the view that crime thrives only in contexts of weak states (Blattmann et.al. 2021). We observed that in many marginal communities, public transport operated, public works such as roads and electrical cables and networks were being developed, public vaccination campaigns were underway, and police patrolled the streets. Medellín is not a “no man’s land”, but an environment characterized by what Moncada (2021) refers to as a “co-production” of order by legal and illegal actors.

They (the gangs) have a lot of respect for institutions, such as ‘Interactuar’, such as the Mayor’s Office, as well as institutions that really have a grassroots presence (AM & YB, October 21, 2021).

The Covid 19 pandemic

The pandemic produced an increase in informality and unemployment, but the country has bounced back rapidly.

One of the effects of the pandemic was a decrease in the formation of new companies:

Look, regarding the impact of COVID during the pandemic, specifically, last year we saw a decrease in the creation of new businesses. In the Medellin Chamber of Commerce, around 27,000 companies were being created annually, and this was growing at a rate of about 4-5% and we saw in the second or third quarter, when... when the pandemic hit the hardest, there
was maybe a 70% drop in business creation. That is, we’re talking about, I won’t give you an exact figure, but there might have been about 2,300 companies being created monthly in the Chambers of Commerce, and it fell to around 60% of that. So, maybe 800-700 companies were being created (JR, Comfama, October 22, 2021).

This decrease has been associated with small companies’ lower capacity to switch from in-person to online service and production.

For example, in terms of work activity, I mean, transitioning from in-person to virtual. Microenterprises really didn’t have many technological tools to handle many of their services, so this clearly forced them to develop new skills, systematization, digital marketing, and so on. Uh... I believe we were greatly affected at the beginning of the year, and we are still being heavily affected. However, I think that has been one of the elements that has stimulated and led to reinvention, which is why we have seen many self-employed individuals engaging in various work activities... sorry, economic activities, and reinventing themselves due to this impact (JR, Comfama, October 22, 2021).

Apparently, the pandemic did not affect the actions and strategies of criminal actors.

I don’t think the pandemic had much of an impact. In fact, we conducted a survey during the pandemic to try to gather information about whether extortion, for example, had increased or decreased, and whether drug sales had gone up or down. Our interpretation is that there was no change. I mean, the gangs remained more or less the same. Yes, obviously they had an income shock there, probably because their market decreased during that period of time, but their patterns of interaction with the community didn’t change. In fact, we asked a lot about this hypothesis that the gangs, like many organized crime groups in some parts of the world, were distributing goods and working on how to take advantage of this opportunity. We found that this occurred in some cases in Medellín, but it was more an exception, depending on the profile of the leader, right? And less something systematic, planned and deliberate. So, in terms of the pandemic’s influence, I don’t believe it had a significant impact.

In the following section we will describe how small companies have reacted and adapted to this context.

The context of small business operations in Medellín today

According to Moncada (2021), “the municipal government of Medellín and the city’s Police force estimate that approximately two-thirds of the city’s neighborhoods are controlled by criminal organizations (Collazos et.al. 2020).” Internally, they are organized into hierarchical relationships that are commercial in nature and also vested with authority. Organizations also enter into commercial transactions with each other at the higher levels of hierarchy. Figure 5, below, presents a schematic representation of relationships within and between criminal organizations.
The ability of criminal organizations to exert control over territory stems from their long-term presence in and recruitment from the neighborhoods where they operate. Often, a “banda” will have an intimate knowledge of a neighborhood and personal relationships with its residents. In areas controlled by criminal organizations, when new people move in or a new business opens, the “bandas” know. Extortion is systematized through such knowledge and relationships. This form of territorial control exerted by criminal organizations is instrumental in that its purpose is to allow for extortion and the monopolization of economic sectors. It is not an end in itself, nor is it a way to exclude the state from the area of control, nor is it tied to secondary, political ends, such as superseding or taking over local government offices.

In areas controlled by criminal organizations, extortion is ubiquitous. Individual households, with very few exceptions, pay extortion, and businesses with physical premises in areas controlled by gangs also pay, again with very few exceptions. Businesses that frequently enter into or transit areas under the control of criminal organizations – such as those that make deliveries or provide public transportation – also pay. Extortion amounts for households are small (1,000 COP, roughly 0.35 dollars, per week). Businesses pay varying amounts, depending on the size and industry of the business. Rates start at 5,000 COP (roughly 1.40 dollars) per week for a street vendor, but larger businesses would pay significantly more than that (up to 20 million in the construction sector).

Yes, there are locations that pay [extortion] and within those places there are kinds of businesses that pay more [than others]. A shop pays a certain amount, a metal dealer pays much more, a restaurant pays something else, and even kiosks on the corner pay. Everyone pays. I mean, the model [unintelligible] this when a criminal group is organized and big, everyone pays, but they pay different amounts. And a person who has nothing to pay with has to pay in kind. It could be that members of the criminal group eat breakfast in the restaurant every day, so maybe the restaurant doesn’t pay cash, but the gang will eat there every day for free (JR Comfama October 22, 2021).

Now, this depends on the kind of business and the kind of sector. Bus companies, they all pay and give them free services. And I believe that this relationship may be a little more obscure, to be honest, because as buses do all of their business in cash, I think for this reason that this is a source of money laundering that is very important (ST Oct 10 2021).
Although, in the act of collecting extortion payments, gang members rarely have to overtly threaten or use violence against their victims, this “business model” depends on the continuous plausibility of the threat of violence against individuals.

Many extortion payments are made without any intimidation. A guy just turns up and says “hey look, we’re the guys doing the regular visit, I’m here for the security money” (NM Oct 21 2021).

Variation in amounts of extortion can be related to depth of relationship with local community:

So, if I were to arrive as a newcomer to the ‘12th of October’, which is a neighborhood with a high presence of gangs everywhere, and I open a small market that appears to be a small business, I’d probably have to pay a lot, yes, but if I’m a third-generation resident of that community, and I have a market that we’ve had all our lives, they probably wouldn't charge me. So, I think the discrimination isn't solely based on the size of the business, but also on the closeness and the legitimacy of the gangs relative to the person involved in that kind of business (ST, October 10, 2021).

Criminal organizations are not wholly or exclusively parasitic towards SMEs. As noted above, criminal organizations keep “common” criminal activity to a minimum – business owners worry very little about robbery or theft from their homes or business premises, for example. Gangs may also purchase goods and service from SMEs, or request that they launder money, at a profit to the business and to the benefit of its customers. One interviewee noted that, in the informal settlements on the outskirts of the city, criminal organizations even deal in untitled land. Aspiring land users are obligated to pay the local gang for permission to use or to build on unclaimed or public land in or adjacent to informal settlements. Criminal organizations may in some cases obtain legal titles for such clients, as an added value to the buyer, through their connections in the municipal administration. For the right price, gangs may also bar competitor businesses from opening or from operating, effectively providing a profitable monopoly. Only one interview suggested the existence of a moral economy, however: a home health care enterprise indicated that its care-givers can often avoid extortion payments when they explain that they are entering an area in order to provide health care to a resident.

Taken together, these factors present SMEs with shifting scenarios against which they operate. As described above, the cost of compliance with criminal actors is usually low, because organizations are careful not to drain people’s capacity to pay. Collaboration with illegal actors is culturally entrenched, legal consequences for complicity or support of criminal actors are rare, and the family and locally-rooted structure of SMEs privileges “getting by”, as opposed to innovating or seeking new business opportunities elsewhere.

IV. How have companies responded to conflict and violence? What tools do they have? What strategies have they developed?

SMEs respond in a range of ways to this business environment, but the most common response to organized criminal control is acquiescence to the demands of criminal organizations. In areas that they control, SMEs accept the necessity of doing business and going along with their will. Most of them openly admit to that they seek permission from the gangs to operate, and they pay extortion to gain access to a market, ensure the viability of their business, and avoid violence, and they do not report
gang activity to the police. Most SMEs, it seems, have accepted the inescapability of collaboration with criminal actors.

Incentives, motivations, and perceptions

There are a range of factors that contribute to tolerance of criminal organizations. In the first instance, there is a perception that, in certain respects, gangs can be helpful to people. Interviewees indicated that “criminal governance” goes beyond the regulation of illegal economic activity and includes certain functions that might otherwise fall to the state or the courts. Specifically, interviewees mentioned the resolution of domestic disputes and the collections of debts.

There, you find that sometimes businesses are not only victims in relation to organized crime, but also a relationship that is almost like a strategic partnership. And this has not only been seen in the city but also with paramilitarism in regions of Antioquia (NM, October 21, 2021).

Another thing is that, for example, debt collection. They offer services to shopkeepers and to those whom they consider to be members of their group. Debt collection is something absolutely commonplace for gangs to be involved in. It’s more the exception, let’s say, that they recover the big debts of a drug trafficker that one might imagine to be 5 million dollars... and it’s more commonly the 300,000 pesos [78 dollars] that someone owes to the shop in the neighborhood and the shopkeeper goes and says “go and get it because they have to pay me,” and they keep in general half of the amount. But they do this a lot, it’s a very big source of revenue for the gangs. It’s also a service they continue providing and let’s say it’s relatively normalized (NM Oct 21 2021).

And people do not file a complaint if the thing that the gang resolved is a problem relating to violence within a family (ST Oct 10 2021).

It has also occurred, in the Prado Medellin Center, we found commonly that shop owners are ok with extortion and pay it with pleasure, with love. Because vigilantes from the gang do things that the police do not. Such as for example, they violently expel beggars who affect commercial activity. When people go to the hardware store, they see street dwellers and they are afraid to go into the area. They prefer to pay the gang to control this social dynamic and additionally to control petty thieves so that people can go shopping (NM Oct 21 2021).

a) Fear

In practical terms, there is a very low reward for resisting gang control and a very high risk associated with doing so. Benefits offered by the gangs notwithstanding, the predominant reality for most SMEs is fear of the gangs, sometimes transmitted through generations. The gangs are known to be willing to use violence to achieve their aims, but consequential and harmful action by the gangs include a range of measures that stop short of violence but inflict economic pain or other kinds of damage.

Others simply don’t pay and are exposed to exclusion from the market. An example of this, between 2016 and 2018, there was a phenomenon in the areas of the city controlled by the gangs of the Clan del Golfo, and it’s that there was a scarcity of Coca-Cola products. In almost all of the open shops there was Big Cola. And one of the explanations that was discussed in the underworld
was that Coca-Cola wasn’t paying extortion and Big Cola was. Big Cola therefore indirectly obtained a big advantage in this market, because their products were in the shops and their competitor’s weren’t. (NM Oct 21 2021).

Many are afraid to report these kinds of… these gangs or types of illegal activities due to fear of retaliation or potentially harming their business directly (JR Comfama, October 22, 2021).

Non-compliance with demands for extortion or protestation against the gangs can lead to increases in the requested amounts or to acts of sabotage against vehicles, warehouses, storefronts or other assets, and, in extreme cases, to physical violence against company owners or their families.

No, normally the impacts are on the companies' assets. But we can't ignore that a driver whom they detain for a couple of hours, from a mental health standpoint, is also... it has an effect, though they might not kill him. But I've had to change drivers on routes regularly because they would say: "I won't risk going on that route again." Well, I think it's as serious as being killed or being left mentally crippled because they would hold them from one day to the next, with weapons, and they would search their wallets, where they had their cell phone, their spouse's phone number, so it was a very complex mental health issue for people. But the impact on infrastructure, goods, warehouse trucks, that was also part of it... (JR Comfama, October 22, 2021).

b) Legal recourse

Medellín’s criminal organizations are, self-evidently, illegal, but SMEs and others rarely seek legal recourse against them. Indeed, SMEs are more likely to resort to those organizations themselves for certain forms of ‘justice’ and security. Several bureaucratic barriers inhibit reporting criminal activity, and these are especially pertinent in cases of extortion. To take formal legal action against the perpetrator of a crime, police require that the crime be formally reported. As noted above, extortion is reported at very low rates. By the same token, prosecutors require a viable legal case in order to initiate a prosecution. In most extortion cases, however, the only evidence that a crime has taken place is the testimony of the victim and any witnesses. Within the formal court system and among municipal institutions such as the police, SMEs often have little political influence, whereas criminal organizations in some instances have their own contacts within the formal legal system. Taken together, these factors raise doubts about the possibility of positive outcomes for complainants, and even the best legal outcome might not offset the financial costs, the long waits required by formal legal action, and the risks entailed in challenging a criminal organization through the courts.

And, because many times they are small amounts, so sure, it’s not worth it to go to a tribunal to recover 300,000 COP [USD78], that someone from the gang can just go and recover, but informality plays a super-important role, no doubt (NM Oct 10 2021).

No, you don’t talk because... because you risk two things, that they do some, or that they raise the rate, seriously. I mean when someone puts up a lot of resistance to extortion payments, one of the things that I’ve seen is that they raise the rate. And while you’re looking for help, the rate keeps going up... So, better put, as [name] was saying, silence protects you (JR Comfama October 22 2021).
All of these factors contribute to an environment in which people, even victims of criminal organizations, rarely lodge formal complaints or testify in court against members of criminal organizations, which operate with impunity, or, better put, according only to rules of their own making.

For all of these reasons, SME owners talk about criminal organizations in ways that suggest that they take them for granted as an aspect of the context that is beyond their capacities as individual business owners to change.

c) Adaptation to criminal organizations

In terms of the mechanisms of socio-economic control utilized by illegal armed actors, there is significant continuity between Colombia’s armed conflict and present-day urban violence. Many interviewees reported that they were victims of one or more of Colombia’s armed groups during the conflict. In many cases, armed conflict in other parts of Antioquia caused them to migrate to Medellín, where they now face extortion and urban violence. In response to this context, they have developed a wide array of strategies for managing the risks posed by armed groups, some of which demonstrate continuity with risk mitigation strategies developed during the era of Colombia’s armed conflict. SMEs’ responses to risk include adapting business practices, relocating or changing sectors or industries, paying for private security, and seeking alliances with or protection from public authorities and other members of society.

Business models

There is substantial evidence that violence and fragility presents SMEs with business opportunities that are “conflict-” or “fragility-dependent” – supplying goods and services to the gangs, operating as a monopoly that is guaranteed by an illegal actor, laundering money for an illegal actor, engaging in informal transactions, and engaging in commerce of smuggled, stolen, or illegal goods. Consumers in some cases may also benefit from these practices through lower-than-market prices for goods because the vendor purchased the goods at a lower-than-market price in the first place, or because money laundering subsidizes the vendor’s business. SMEs integrate the presence and activities of criminal organizations into their business models as ways of dealing with market competition, accessing resources that are necessary for business, and, of course, providing security.

With these kinds of gangs around, he feels safe, so he also kind of adopts elements of that criminal behavior. He's patronizing it (JR Comfama, October 22, 2021).

So, for example, gas cylinder distributors end up reaching an agreement with the gang so that they are the ones who can distribute and they pay some money to the gang (NM, October 21, 2021).

Business practices

SMEs also adapt their internal management processes to account for the presence of criminal organizations. SMEs that are sophisticated enough to use management techniques such as bookkeeping and forecasting factor extortion costs into their financial models. Extortion costs are often treated as “administrative costs” in business projections, plans, budgets, and models. These costs are passed on to consumers through pricing strategies.
They don’t say it, but there are businesses that make a provision within their annual projections of income and expenditures and include bribery and give it a name, whether it’s “various expenses”, “celebrations”.... they do not give it a random name, but within the projection of income and expenditures they make a provision for “vaccination” [extortion payments].

Many businesses have simply factored extortion into their finances. For example, in construction companies... for the construction companies, first they charge them a fee for the works themselves, that is the project’s right to exist. They charge some of them monthly. With others, they extort their contractors, that is, the truck that goes for loads of sand, the contractor who supplies the PVC tubing, the one who brings the glass plates, and others as well. In some cases, for example in the municipality of Bello it happens a lot, and in some parts of Robledo Commune in that area in the northeast, they ask them for an apartment. So, let’s say that they are building an apartment tower, the gang asks for two of the apartments to put their family members or tenants of theirs, right?... They become real estate dealers. What the company does to avoid winding up in a long process and slowing things down, having their suppliers blocked, having a truck driver killed so that nobody wants to work, they just pay. They absorb the price and they raise the cost of the apartment a little to the final customer, that is, the one who buys the apartment is the one who ends up bearing the cost. This same situation presents itself in public transportation, the gentlemen who are owners of one or two buses know that they have to pay extortion weekly. (NM Oct 21 2021)

a) Avoidance tactics

In view of the risks inherent in confronting criminal organizations and of the burdens and risks that they sometimes impose, it is hardly surprising that some SMEs attempt to avoid engaging with them. Avoidance as a business tactic may take several forms. Some business owners maintain low profiles: the owner might take care not to be seen to be the owner, for instance. They might eschew making improvements to their place of business in order to avoid giving an impression of prosperity or business success. If they expand by opening a second or a third business premises, they might give all of their storefronts different names so that they are not recognized as parts of the same corporate structure or as belonging to one owner. In moving money or delivering a payroll, they might take different routes when they move from one location to the next or use varying intermediaries to make purchases or deliveries.

Some businesspeople seek out neighborhoods that are outside of the control of the gangs, or where extortion is less common. Others switch industries, moving into industries that are more difficult to extort or where pressure from the gangs is lower; one interviewee sold his stake in a bus company in order to buy an apartment and operate it as an AirBnB, for instance. Some smaller businesses might move from one area of the city to another relatively easily. When conflicts within or between gangs break out, internal population displacement is common, and if it is logistically feasible to do so, some business owners in affected areas move and take their businesses with them. Owners of multiple shops may close an individual shop that is subject to threats or extortion, while keeping other shops open; bigger companies may decide to leave the area completely – moving operations to Cartagena, or even Panama or Costa Rica, for instance.

Leaving a transport vehicle is much easier than leaving a store, but leaving a store is very much easier than leaving a factory. So that mobility also allows for constantly evading, changing, and blending in. And in fact, you see that here. You see stores that, as I mentioned, were car
dealerships and later became sellers of heavy machinery. But today, they could be bicycle shops (JG, October 21, 2021).

I also knew many businesses that didn’t close down but moved to other neighborhoods and keep moving from one neighborhood to another, as if running from the ‘taxation’, as I call it (JR Comfama, October 22, 2021).

It also happens that there is a lot of urban displacement depending on whether you don't pay or if there is a conflict. Sometimes, when that happens in the neighborhoods, people start to move away because the area becomes difficult, so people start leaving the area... or they are forced to leave (AM & YB, October 21, 2021).

These tactics and strategies all have the same aim: to avoid or minimize engagement with criminal organizations.

I believe the type of agency you asked about earlier depends on the size of the business. Larger companies – and I don't know about big distributors that have more capacity – either try to provide a service to the community to mitigate the effects, or some parts, maybe those with less reputational risk, might end up paying. I think about, for example, the ‘Grupo del Plan Antioqueño’, for whom it would clearly be more difficult to pay. But a distributor of more basic goods, less known among a high-income segment, might think they have less reputational risk and end up paying in some way. But in almost every area they ‘charge’, and extortion is very widespread for distributors and in neighborhood stores, and it’s poorly documented. So, some provide services, some surely pay, and some probably withdraw from certain markets and decide not to enter. For example, arepa businesses. I think they inevitably have to leave certain neighborhoods and simply not do anything more. So, it also depends on the agency they have (ST, Oct 10, 2021).

b) Mitigation

Premises that house multiple businesses and allow for control of entry and egress have in some instances managed to eliminate extortion from their immediate, physical surroundings. Bounded, enclosed locations, sometimes inside buildings (as in several instances in the downmarket commercial district of El Hueco), sometimes inside a purpose-built, walled perimeter (as in the Plaza Minorista marketplace) provide examples. In these cases, groups of SME have collaborated to share security costs and engage private security firms, effectively regulating the movement of people in and out of their premises and controlling security within them. These efforts include active engagement with the police. This is often facilitated by hiring private security companies, which typically employ a good number of former police personnel. In the three observed instances of this phenomenon, this approach to risk mitigation was undertaken by formal associations that represent multiple enterprises operating in the same enclosed area.¹ This strategy has no observed effects on the larger system of violence and criminality – the beneficiaries are the enterprises operating inside the delimited area, and they and their personnel only benefit while they are inside that area (e.g. merchants in the Plaza Minorista market pay extortion as families if their homes are in an areas controlled by a criminal organization).

¹ Larger companies sometimes invest in communities in order to counter-balance not paying extortion, in order to avoid reputational damage and still be able to operate in gang-controlled areas.
To summarize the foregoing discussion, when exit is not an option or when extortion payments (vacunas) can be tolerated by the enterprise, SMEs pay extortion and consider it an operating cost. We refer to this business response as acquiescence or “trying to get by”. Collaboration does in some instances offer certain benefits to the business, as described above. This appears to be the most common and least costly response (in financial and logistical terms). Avoidance - moving away or seeking help from authorities or private security – is a second encompassing business response. Finally, mitigation or collaboration with other enterprises, business associations, and/or authorities in order to be able to operate and invest in specific locations is the third business response we identified. Factors shaping the choice of strategy include the scale of the threat and the cost of non-compliance with criminal actors, the protection offered by other companies or associations, the possibility to re-locate, disinvest or re-structure, and the kind and intensity of relationships with public authorities and local communities.

V. Discussion

The case of small and medium enterprises in Medellín presents several challenges to, and little, if any, support for the hypothesis that SME growth by itself might lead fragile and violence-affected cities out of their challenges and towards a future that is free from them.

Most individual SME owners have relatively little influence with the city’s formal authorities, and what influence they may have with criminal organizations is dependent upon individual or personal relationships that are not generalized across the sector as a whole. As a consequence, most SMEs perceive the presence, influence, and territorial control of illegal organizations as a baseline condition of doing business in Medellín, a reality they are accustomed to and have learned to manage. SMEs’ responses to the presence of violent criminal actors reflects their understanding of the challenges that those actors impose: most SMEs adapt to the presence of criminal organizations, withdraw from areas that they control, or seek to establish “islands of security” where they and a few associates can operate. They do not pursue actions that are intended to diminish the influence of criminal organizations, moderate their behavior, or erode their presence in the city.

These patterns of behavior suggest that SMEs do not see a ‘business case’ for a peaceful, violence-free city or understand their own role as SMEs as contributing to that end. This is, after all, a goal that the Colombian state and its international partners have themselves been unable to achieve. Indeed, when the interests of SMEs are set into the context of Medellín, SMEs’ responses to violence, the threat of violence, and to the presence of violent actors can been seen to serve the interests of SMEs. They collaborate with criminal organizations when doing so provides access to business opportunities, using them to pressure or exclude competitors, to acquire land for business premises or a house, or laundering their money in return for a small percentage or as an alternative to a weekly extortion payment. The most common responses of SMEs to the presence of criminal organizations have the effect of entrenching those organizations, providing them with a revenue stream and other channels for achieving their own aims and objectives and acting in ways that exacerbate the difficulties that the authorities face in dealing with them.

These responses are suggestive of ways in which SMEs understand their risks and opportunities in a context configured by violence and the threat of violence. They suggest, specifically, that SMEs understand these risks as practical, related to running a business and making a living, rather than to higher-order political goals such as the transformation of violence on a city-wide (or even a
neighborhood-wide) level; and that they do not see viable opportunities for themselves to change fundamentally the external context in which they operate.

Within policy circles, among development finance institutions, and in a certain academic literature, there is some degree of confidence that the growth of the private sector, and of SMEs in particular, has the potential to transform conflict and fragility. On the basis of the evidence gathered in Medellín for this paper, however, this confidence appears misplaced. Our evidence and analysis suggest instead that SMEs are integrated into the systems that generate and sustain criminal governance, coercion, and violence, and that those systems are, in part, produced or sustained by SMEs themselves. This is because the systems that drive violence and the threat of violence also shape the ways SMEs perceive and define possibility and meaningful action within the context and in relation to other actors. Putting an end to violence and criminal governance are not understood by SMEs in Medellín as realistic objectives or goals of their own activity. Their priorities are instead survival and, if possible, profit. The ways in which they pursue those aims are rooted, in part, in a perception of the risks and threats the environment, and of effective ways of mitigating those, that are born of experience. The ways in which SMEs in Medellín mitigate violence are, in other words, adaptive, but it is precisely their adaptive nature that prevents them from generating substantial change to a coercive and violent environment.

VI. Conclusions

In a context characterized by deep historical legacies of violence and a high degree of influence on the economy by criminal actors, SMEs have long experience adapting their practices to mitigate risks to their businesses and to their owners and employees. Rather than challenging the control of criminal actors, however, SMEs for the most part acquiesce to them or pursue avenues for avoiding them. Our research suggests that SMEs’ approaches to doing business and to mitigating risk in turn sustain the incentives and the coercive practices of those criminal organizations.

Our findings underscore the importance of developing evidence that allows discussions of SMEs and their role in political transformation to move beyond presumed characteristics and effects of SMEs and associated phenomena – job creation, entrepreneurship, economic growth, market reforms, and so on. Empirical evidence of existing SME practices in the context of Medellín permits an exploration of the concrete political, social, and economic effects of SMEs that is not hypothetical or theoretical. This approach has yielded a perspective on SMEs that is at odds with current policy discussions and with much of the academic literature on business and peace. It suggests that some SME strategies are more effective in enabling survival and growth in violent contexts. However, while cooperation with illegal actors for the purpose of protecting economic activity may be conducive to keeping the peace and economic viability in the short run, they also pose challenges to more long run objectives of community empowerment, institutional strengthening, and inclusive economic development.
VII. References

Alcaldía de Medellín. 2020