Short Commercialization Circuits in Local Supply Chains: Economic Revival in the Pandemic

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Authors’ contributions

This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.

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ABSTRACT

The general objective of this article is to describe the strategy called Short Commercialization Circuits SCC as a way of supplying local chains in 2020 by the Unidad Administrativa Especial de Organizaciones Solidarias (UAEOS) in Colombia to counteract the negative impacts of the COVID19 pandemic and to improve the social fabric and the ecosystem of the beneficiary territories. The methodology is qualitative, and its methods are documentary review. The main conclusion is that Short Commercialization Circuits such as Public Procurement are strategies that can improve the quality of life of farmers in their territory.

Keywords: Short commercialization circuits; solidarity economy; public procurement; value chains; territorial; territory.

1. INTRODUCTION

The global pandemic caused by Covid 19 has generated drastic changes in value networks, in global and local chains by virtue of the containment and other activities that governments have used to try to mitigate the impact of this virus on people's quality of life and...
their interaction with markets [1,2] (Superintendencia de Sociedades, 2020).

Indeed, given the current global and local dynamics, it is imperative to seek strategies that seek to mitigate the effects caused by the pandemic on supply chains, first locally and then globally [3,4,5,6,7]. Hence, the solidarity economy is re-emerging as an organizational option to meet the new trends of responsible consumption, sustainable production, fair trade, ethical finance, and a host of other initiatives, as it promotes local development supported, to a large extent, by local solidarity consumption, in on-demand care strategies [8,9,10,11].

It is for this reason that the Unidad Administrativa Especial de Organizaciones Solidarias - UAEOS1, the governing body of the solidarity economy in Colombia and sponsored by the Ministerio de Trabajo for the sake of cooperation and the construction of the social fabric and the business ecosystem broken by the pandemic and other variables of public order, joined forces with the Universidad Agustiniana to energize the territory of Aracataca, Magdalena, Colombia through a joint research project entitled: Development, promotion and management of human talent in the municipality of Aracataca, Magdalena from the solidarity economy (2020-2022). The territory of Aracataca is located in the Caribbean Region which in addition to having been hit by COVID 19 also exhibits precarious indicators from both the socio-economic and socio-environmental levels [12,13,14,15,16].

Based on 2018 data, the projection of the Short Commercialization Circuits- SCC in Colombia and with a GDP of USD 330 billion, it is estimated that at the end of 2017 there were 6,386,170 members of cooperatives in Colombia, with family nuclei that reached 19 million people (39 % of the population). Households consumption in the country was 68 % of GDP, corresponding to USD 224 billion [17-23]. This means that approximately USD 152 billion would be consumed per year by cooperative families in Colombia. If 10 % of this turnover were to go to economic liberation funds, this would result in USD 15.2 billion per year for investments in production and circulation plants. Thus, the Short Commercialization Circuits in Colombia could, in this projection, invoice USD 152 billion per year, just to meet the consumption needs of cooperative families. Activating the productive chains of sector 2 and sector 1 of the national economy [24,9,10,25].

The general objective of this article is to describe the strategy called Short Commercialization Circuits SCC as a way of supplying local chains in 2020 by the Unidad Administrativa Especial de Organizaciones Solidarias (UAEOS) in Colombia to counteract the negative impacts of the COVID19 pandemic and to improve the social fabric and the ecosystem of the beneficiary territories. The central hypothesis is that short marketing circuits are an efficient strategy to reconfigure territories and territorialities, given their characteristics from the solidarity economy [26-30].

The first section describes what value networks are, their integrations, processes in the supply of value chains, relational capital, and Short Commercialization Circuits. It continues with the methodology and methods used. It then describes successful cases of the use of SCCs in Colombia, continues with the discussion and ends with some brief conclusions of the research exercise.

1.1 Value Networks

Supply chains are understood as the formation of a collaborative system of several companies that participate in the world-class processes required for the production of goods or services from the supplier to the customer [31]. In addition, at present we speak at the level of updated metadata of value network; a term that goes hand in hand with the concept of Logistics, understood according to the Council of Supply Chain Management Professionals (CSCMP), as the flow that crosses the world-class processes of planning, sourcing, production, delivery and management of returns, which are articulated through the flow of information and flow of materials. These can be carried out by a single organization, or each process can be developed by independent organizations, whose sum of efforts is the result perceived by the customer, with the quality of the products reflecting the quality of the people who participated directly or indirectly in these processes according to [32].

1.2 Integration of the Value Network

The concept of integrated supply chain is understood as the sum of coordinated efforts where several organizations and social agents

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1 Initials in Spanish.
collaborate, allowing them to fulfil their commitments to the end customer through the sum of these efforts, thus achieving a competitive advantage over organizations that work in a disjointed manner [33], resulting in a change in the traditional channels that enhance efficiency and effectiveness in the different processes and therefore higher levels of competitiveness. Undoubtedly, the integration of the value chain implies great challenges for all economic agents before achieving the cohesion needed to function as a single organization; from improving communication processes, loyalty and settling conflicts of particular interests, to the realization that in a disjointed manner there is little progress to be made [34,35]. Unlike good cohesion between organizations of the same guild, this not only allows for greater dynamism, by sharing information, improvements in response capacity, greater financial muscle by achieving economies of scale, added to a better momentum resulting from sharing different resources in a systemic way, especially now at a digital level, resulting in recognition and visibility at a commercial level [36,37].

1.3 Delivery Process in the Value Chain

While it is true that the value chain is made up of various world-class processes and that each one has a leading role, it can also be stated that some processes are key points in the level of service perceived by the customer [38-42]. One of them is the delivery process, defining the moment of truth, since the people involved in this process touch the customer directly and are responsible for the sum of the efforts of the entire network. Hence, the importance of the distribution strategy is designed to generate value through the level of service and experience to be delivered to the customer [43].

The delivery process must be understood strategically in the value network, as it allows the entire external logistics system to be related, understood as the CRM, which must start from the customer’s needs, possible competitors, as well as the modes, means and possible routes, for a correct distribution, according to the nature of the load to be moved, starting from production, according to the identification of the purchasing habits of potential customers, facilitating an adequate management of the demand on a regular basis [8].

Therefore, when designing an excellent distribution strategy, the needs and expectations of customers must be taken into account, the key is to be a strategic ally of these customers, and this is achieved from empathy, when the fundamental intention is to be an organization that serves in a timely manner, rather than an organization that is only interested in selling; with which we must be very careful in each of the stages of the sale, articulating the system as a whole, resulting in the level of service that is desired to provide as the main objective [44].

1.4 Short Commercialization Circuits (SCC)

Short Commercialization Circuits (SCC) are those processes of production of goods and services that tend to protect the agro-food security of peoples, by integrating their value networks in a local way, avoiding as much as possible the levels of intermediation between production and consumption [45]. This form of commercialization is characterized by the relationship between producers and consumers, as emphasis is placed on clean or ecological production, leading to the purchase option, knowing the cultivation methods and everything related to the origin of these products and those who grow them, creating bonds of relational filiality between consumers and sellers, who insist on coming to buy the products from the chosen growers, which are offered at fairs or local markets [46], Rendón et al., 2020.

This type of production favors the different associative cooperatives of different crops, facilitating the creation and recovery of different economic practices, as it forces the optimization of resources through the integration of the value network of these products, leading growers in organized dynamics that facilitate an improvement in the territories, higher levels of confidence and protagonist, thanks to the creation of links between producers, consumers and nature, facilitating networking and marketing of all types of products being an excellent source of economic and secure supply for the families of these territories [47,48].

1.5 Relational Capital and its Impact on the SCCs

In order to talk about relational capital, this term must be understood in relation to the concept of intellectual capital, which is made up of human capital, relational capital, and structural capital [49]. Moreover, it is important to specify the role of each of these capitals in order to understand their relationship in any business process,
especially when talking about the integration of value networks, which are woven from the concept of system, where each individual plays a leading role within an organization, or social network, framing personal and organizational thinking, from which the policies, beliefs and values that govern the work, purpose and raison d’être of organizations are constituted. In addition to the above, human capital is now the key and definitive factor in the competitiveness of organizations [51], which represents the starting point for innovation and strategic renewal of the economic structures of a country [52,53].

But, added to the two previous capitals is relational capital, as an integrating node in the organization and among the stakeholders with whom it is related, defined as “The external structure is composed of the client portfolio, relationships with suppliers, banks and shareholders, cooperation agreements and strategic, technological, production and commercial alliances, commercial brands and the company's image” [54, p. 128]. Hence, the importance of generating relational capital to promote CCCs in the territory of Aracataca, Magdalena through economic agents such as social actors, especially those belonging to peasant, family and community agriculture [55].

2. MATERIALS AND METHODS

The methodology is qualitative, and the methods are documentary review that seeks to identify the divergences and convergences of the authors (Gómez, 2017a. 2017b; 2016). The systematization of data was divided into two areas. On the one hand, with the identification of relevant information by the UAEOS in 2020 in relation to the SCCs and Public Procurement and secondly with the search for information in recognized databases such as Scopus, WOS, Dialnet and Scielo in the 2010-2020 observation window using as categories Public Procurement and Short Commercialization Circuits (Aguilera et al. [56]).

3. RESULTS AND DISCUSSION

The following is a description of some indicators of the results of the Short Commercialization Circuits SCC in Colombia, results of the management of the Unidad Administrativa Especial de Organizaciones Solidarias -UAEOS. This is the governing body of the solidarity economy in Colombia [57] and co-investigating institution of the research project with the Universidad Agustíniana.

3.1 Some Identified Indicators of Short Commercialization Circuits (SCC) in Colombia for the year 2020

Table 1 shows the indicators of the use of Short Commercialization Circuits (SCC) through a strategy of the Colombian State such as Local Public Procurement (CPP 2 ) and Farmers’ Markets (MC). Local Public Procurement is based on Law 2046 of 2020 and aims to establish conditions and instruments for food supply in public supply and distribution programmers, in the participation of agricultural producers with the end customer, with the pivotal role of peasant, family and community agriculture. It is mandatory for public entities that demand food for supply. In fact, it is in line with a strategy to comply with the Peace Agreements signed in 2012 between the Colombian State and the extinct left-wing guerrilla group FARC-EP [58,59,60].

Table 2 represents the results for the year 2020 of the "Mercados Campesinos". This is the name given in Colombia to the Short Commercialization Circuits (SCC). They present a trade of fresh or seasonal products without intermediaries that offer to contribute to improving the quality of life of producers in relation to their incomes and their interaction with the final consumer [37]. The strengthening of local, national, and international commercial and financial flows in the solidarity economy tends to have a positive impact on the strengthening of the endogenous development of territories based on these circuits and networks [61,10].

Among the benefits identified from the use of Public Procurement is that government entities promote relationships of trust with suppliers, contributing to local development by investing resources in seasonal products, considering local production, so that they also benefit from a reduction in costs [62]. Furthermore, the solidarity organizations sell products through formal contracts with governmental entities, generate formal employment and income for their community; they have access to alternative marketing channels, improve production and crop diversification, optimizing processes, and products. Indeed, the beneficiary communities of government programmers have access to higher quality food goods and services, as well as

2 Initials in Spanish.
considering the habits and customs of some communities, so they benefit directly in maintaining a varied and appropriate diet according to their cultural traditions (School Feeding Plan (PAE), hospitals, prisons, and battalions), among others (Organizaciones Solidarias, 2017).

Small producers such as peasant associations continue to be the main actors and major beneficiaries of this mechanism. In turn, they are generators of employment and profits that promote new projects and benefits for their families and communities, as the environment benefits from lower CO2 emissions due to the reduction of transport and the use of plastic packaging, as well as from the decrease in food waste. In addition, by generating purchases, the organizations support marketing systems, establish cost-benefit relationships at fair prices for the producer and consumer, and contribute to food security [6, Silva and Buchelli, 2018; [48], 25,63].

Consequently, the document is in line with the postulates of (Castelletti and Canzanelli, 2005) when they affirm the need to strengthen endogenous resources and emphasize the structuring of the institutional environment in this case in the use of the strategy of Short Commercialization Circuits SCC, which can form productive activities, generate employment, and compensate territorialities. In the same way, with the paths of the solidarity economy when it seeks to strengthen and promote cooperative networks that enable the construction of more equitable relations between members and to put the human being and its environment as a pivot [64,65,66], UAEOS; 2019; [67].

The relational capital also becomes a strategic element in the SCCs, by virtue of the relationships that people have in the territories that create a systemic fabric between them, framed beyond purely commercial terms [68]. Where proximity, which gives interaction, added to the recognition that is achieved in people, feeling part of something, acts as that invisible thread that integrates a territory and becomes tangible not only from commercial relations, but as an integral part of the cultural roots and identity of peoples, giving way to the concept of multi-territoriality as an integrating element of construction and significance between social actors that leads to the evocation and rootedness of human beings [69,70,71].

<table>
<thead>
<tr>
<th>Name</th>
<th>Resultados</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary departments in Colombia</td>
<td>32</td>
</tr>
<tr>
<td>Offer of solidarity economy organizations and local enterprises</td>
<td>1.300</td>
</tr>
<tr>
<td>Signed agreements</td>
<td>1.039</td>
</tr>
<tr>
<td>Meetings between territorial entities, governors' offices, and education secretaries, among others.</td>
<td>32</td>
</tr>
<tr>
<td>Food purchases and supplies: fruit, vegetables, tubers, legumes, long-life milk, and dairy products such as kumis, yoghurt, eggs, panela, fish, bananas, coffee, cleaning implements, among others.</td>
<td>25.760 millones de pesos que equivalen a USD 7.334.285³</td>
</tr>
</tbody>
</table>

Source: own elaboration taking as source a [62,72-77]

<table>
<thead>
<tr>
<th>Name</th>
<th>Resultados</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisations</td>
<td>62</td>
</tr>
<tr>
<td>Sold out markets</td>
<td>35,100</td>
</tr>
<tr>
<td>Workshops held</td>
<td>109</td>
</tr>
<tr>
<td>Families benefited</td>
<td>7.851</td>
</tr>
<tr>
<td>Total, sales</td>
<td>4.140.100,190 million Colombian pesos, which is equivalent to USD 1.182.885⁴</td>
</tr>
</tbody>
</table>

Source: own elaboration based on [78-83,64].

³ The Dollar value was calculated at a rate of 3500 Colombian pesos.
⁴ The Dollar value was calculated at a rate 3500 Colombian pesos.
4. CONCLUSIONS

The Covid 19 pandemic generated negative economic impacts both locally and globally. The lack of supply in which the value chains and their processes developed contributed to the search for strategies that contemplate this scenario as a way of dynamizing the economy. One strategy that can contribute can be the Public Procurement organized by the Colombian government, but above all through the use of the SCCs. Indeed, the general objective of this paper was to characterize the Short Commercialization Circuits in the local supply chains, taking as a specific case what happened in 2020 in Colombia in order to strengthen a research project that began in the same year between Unidad Administrativa Especial de las Organizaciones Solidarias- UAEOS y la Universitaria Agustiniana.

The SCC have been a successful strategy given the results presented in this document, which in the opinion of the authors and the support of the specialized literature used as well as the field work carried out in the territory since 2018, 2019 and 2020 by virtual means as a possibility of enrolling local supply chains in the territory of Aracataca. However, due to the precariously of data and the lack of access to the territory due to the pandemic, many variables remain to be resolved or that could improve the analysis. For example, micro-econometric studies could be carried out to contrast variables, understand processes and logistics. Not to mention the institutional precariousness of the territory and the gradual incursion of elements outside the law that usurp information. Nonetheless, this document is convincing proof of how the authors try to overcome these limitations by carrying out brief analyses and adapting to the reality of the Colombian fabric, which has been torn apart by 60 years of armed conflict.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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