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# POPULAR ECONOMY AND EXTERNAL COMPETITIVENESS IN COLOMBIA: A REVIEW OF MICROBUSINESSES AS KEY ACTORS

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## SUMMARY

*The popular economy in Colombia plays a fundamental role in the generation of employment and economic dynamization, with microbusinesses being its main representation. This study analyzes the factors that hinder and drive their insertion in international markets, highlighting informality, limited access to financing, low technological adoption, and low educational levels as key barriers. On the other hand, operational flexibility, specialization in market niches and institutional support programs are identified as elements that favor their external competitiveness. To evaluate the competitiveness of microbusinesses, existing indices are examined, such as the Multidimensional Index of Microbusiness Robustness (IMICRO) and the Index of Business Development of the Popular Economy (IDEP), which allow characterizing their internal structure and organizational development. However, these instruments do not directly measure their ability to compete in international markets. For this reason, the External Competitiveness Index of Microbusinesses in Colombia (ICEMIC) is proposed, which incorporates key variables such as digitalization, internationalization, external financing and regulatory compliance, with the aim of identifying gaps and opportunities for improvement. This analysis concludes that the external competitiveness of microbusinesses depends on comprehensive strategies that promote formalization, access to financing, training, and digital transformation. Strengthening these aspects will consolidate microbusinesses as sustainable actors in the global economy.*

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**KEYWORDS:** External Competitiveness, Popular Economy, Microbusinesses, Financing, Digitalization, Formalization.

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## 1. INTRODUCTION

The popular economy in Colombia incorporates vital actors that contribute significantly to its economic and social development, however, it faces challenges, such as high informality and unemployment. This is due, among many reasons, to the fact that:

Colombia's productive dynamics reflect dissimilar realities in the sources of employment and income generation of its inhabitants. Under this perspective, the popular economy emerges, a driving force that transcends quantitative dimensions and generates a significant impact on the lives of thousands of Colombians (Rivera, 2024, p.5).

Therefore, the participation of the economic activities of the popular economy in international markets and their ability to compete globally continue to be areas that require greater attention and understanding. To address this issue effectively, it is essential to clarify the definitions of popular economy and competitiveness in the Colombian context.

The first studies on popular economy in Latin America emerged between the mid-1980s and early 1990s, in response to the expansion of neoliberal policies in the region. Researchers such as Luis Razeto in Chile, José Luis Coraggio in Argentina and Ecuador, and Orlando Núñez in Nicaragua, developed the concept of popular economy as a theoretical alternative to the neoliberal proposals of the International Labor Organization (ILO), the International Monetary Fund (IMF), and other multilateral organizations to confront growing poverty, informality, and marginalization (Quijano, 1998, p.109).

These authors sought to visualize the participants of the popular economy not only as producers of goods and services, but also as active members in decisions related to the execution and control of economic tasks and activities. In other words, they promoted a vision in which the popular sectors played a fundamental role in the construction of fairer and more equitable economic systems.

José Luis Coraggio, one of the authors cited, defines the popular economy as follows:

A set of resources, practices and economic relations typical of the popular economic agents of a society. The operative concept of the popular proposed is as follows: these are elementary domestic units of production-reproduction (individual, family, cooperative, community, etc.) oriented primarily towards the reproduction of their members and that for this purpose depend

fundamentally on the continuous exercise of their capacity for work (Coraggio, 1998, p.68).

This definition highlights the importance of family, cooperative, and community units in the economy, focused on meeting the needs of their members through continuous and collaborative work. The popular economy is thus configured as a space where popular economic actors generate practices and relationships that allow them to sustain their livelihoods and participate in economic dynamics.

In the Colombian context, the popular economy, although it is not a new concept due to the historical presence of its actors in the economic, social and cultural context of the country, has gained relevance, especially with its inclusion in the National Development Plan 2022-2026 Colombia World Power of Life. In this public document it is defined as:

The popular economy refers to the mercantile trades and occupations (production, distribution and marketing of goods and services) and non-mercantile (domestic or community) carried out by small-scale economic units (personal, family, micro-businesses or micro-enterprises), in any economic sector. PE actors can carry out their activities individually, in economic units, or organized in an associative manner. The impulse to the popular economy is based on an understanding of its intrinsic dynamics. These activities generate significant social and economic value, and once their operation and logic of action are understood, mechanisms will be implemented that contribute to their growth and productivity (DNP, 2022, p.135).

This official recognition represents a significant advance in the visibility and appreciation of the actors of the popular economy in the country. By adopting and adapting the theoretical perspectives developed by authors such as Coraggio, Colombia seeks to promote mechanisms that contribute to the growth and productivity of these small-scale economic units, understanding their significant contribution to the national social and economic value. In this order, the popular economy is the set of economic activities carried out by individuals, families, microenterprises, cooperatives, community organizations and marginalized groups that operate on a small scale, often on the margins of the formal market. This group is heterogeneous, encompassing both those who actively participate in the formal economy and those who struggle to survive in conditions of exclusion. These actors are engaged in the production, distribution, and consumption of goods and services primarily aimed at meeting their basic needs and improving the well-being of their

members and the local community. Despite limitations in access to resources, technology or formal market networks, its constituents contribute significantly to job creation and poverty reduction, forming an essential, although often underestimated, part of the national socio-economic fabric.

On the other hand, the development of the concept of competitiveness in Colombia has shifted in recent decades from a protectionist approach to one oriented towards the global market. Thus, in the 1950s and 1980s, the focus was on protecting national companies through tariffs and restrictions on imports, competitiveness was understood in terms of strengthening the domestic market and reducing dependence on foreign products. However, this model generated inefficiencies and limited the ability of Colombian companies to compete internationally.

In 1990, the country began a process of economic liberalization that promoted the liberalization of trade and investment, shifting the focus from competitiveness to the ability of Colombian companies to compete in international markets. In 2006, in document 3439 of the National Council for Economic and Social Policy of the Republic of Colombia (CONPES), a more structured approach to competitiveness was introduced in the country, which defines the competitiveness of a nation as:

The degree to which a country can produce goods and services capable of competing successfully in globalized markets and at the same time improving the income conditions and quality of life of its population. Competitiveness is the result of interaction of multiple factors related to the conditions faced by business activity and that condition its performance, such as infrastructure, human resources, science and technology, institutions, macroeconomic environment, and productivity (CONPES, 2006, p.1)

Consequently, in the following years, the concept of competitiveness has undergone a process of adaptation to global economic changes. An example of this is the enactment of Decree 1500 of the administrative department of the public service in

2012, which established the National Administrative System of Competitiveness and Innovation. This system has been fundamental in boosting competitiveness in Colombia, as the bodies that make it up have promoted collaboration between different levels of government and sectors of society. The bodies that make up this system are: the National Commission for Competitiveness and Innovation, the Regional Competitiveness Commissions and the National Coordination Body of the Regional Competitiveness Commissions.

In 2023, the National Planning Department (DNP) defines a competitive country as "one that can produce high-quality goods and services at competitive prices, which allows it to attract foreign direct investment, generate employment and increase the well-being of its population" (paragraph 1). Taking into account the above, since 1990, the concept of competitiveness in Colombia has reflected a dynamic process, starting with economic openness and evolving towards a more comprehensive approach; the current approach, as proposed by the DNP, considers factors such as the well-being of the population, thus broadening the understanding of competitiveness beyond purely economic indicators.

The previous analysis of the definitions of popular economy and competitiveness in the Colombian context shows the importance of both concepts in the country's current economy. The popular economy plays a fundamental role in the economic and social development of Colombia; however, its contribution to competitiveness is an area that is just beginning to be explored. Although there are numerous studies that address each concept separately, there are few that integrate them. The few studies that combine both concepts tend to focus on specific actors in the popular economy, leaving significant space for studies that analyze their relationship more broadly and together.

interrelation and its impact on national competitiveness. The following table shows previous research related to competitiveness and the popular economy in Colombia:

*Table 1. Previous research on competitiveness and popular economy*

Research	Author	Main objective	Question Research	Results
Popular economy: an alternative for The Local Development	Mercedes Restrepo Arias (2009)	Evaluate the impact of the popular economy on local development.	What role does the popular economy play in local communities?	Identification of elements of comparison in the reflections on the orientation of development and the strengthening of policies and strategies of the local development model.

Perception of the factors of Competitiveness and Innovation in MSMEs in the cities of Medellín and Bogotá under the parameters of the World Economic Forum	AngelRodrigo Vélez, John Alexander Rueda (2016)	Show the main challenges or hallenges they fase the icroentrepreneurs of the cities of Bogotá and Medellín and the degree of compliance with the 12 pillars of Competitiveness and Innovation contemplated by the World Economic Forum	What are the main challenges you face? microentrepreneurs in the cities of Bogotá and Medellín, and how the Grade of compliance with the 12 pillars of Competitiveness and Innovation of the World Economic Forum in these challenges?	Innovation is the factor that most deteriorates competitiveness, in their order, is followed by sophistication of the financial market and the size of the market. The technological arrangement It was The factor that more contribution.
Analysis of the determinants of the competitiveness in Colombia	Hugo Rodrigo Serra (2020)	Analyze the factors that affect the Competitiveness in Colombia.	What are the main variables that impact the competitiveness?	Identification of key variables such as infrastructure and human capital that affect the competitiveness.
Impact of cooperativism on the popular economy	María Delgado, Walter Mendoza, Aida Quinche, María Ponce (2021)	Analyze How cooperativism strengthens popular actors.	What advantages does cooperativism offer? A informal entrepreneurs?	Improvement in income and social cohesion among cooperative members.
Overview of the popular economy in Colombia	Confecámaras (2023)	Characterize the popular economy and its opportunities.	What challenges does the popular economy face in the Trade international?	It is identified critical dimensions such as organization, financing, and digitization that affect the competitiveness.
Study on popular economy in rural areas	DNP (2023)	Analyze how to improve the living conditions of 50,000 families in extreme poverty.	How does the popular economy affect rural poverty?	Identification of solidarity economic circuits y Proposals of public policies.
Characterization of the popular economy	SENA (2023)	Understand the diversity of activities in the popular economy.	What types of activities carried out by the actors of the popular economy?	Recognition of heterogeneity and specific needs of the sector.
Factors of development in the popular economy and solidarity: Panorama based on In bibliometric analysis period 2003-2023	Ingrid Sarmiento-Torres, Raúl Sánchez- Ancajima, Edwin Ubillus-Agurto (2024)	Analyze the Contributions of the academic literature of the last twenty years in relation to the factors that affect the development of EPS using methodological procedures	What are the key aspects around the factors of development of EPS?	Highlight the importance of these economic and cooperative models to build a Society fair, sustainable and inclusive.

Source: Authors' elaboration based on authors

According to the table above, the need identified in the current literature is to comprehensively analyze the relationship between the popular economy and external competitiveness in Colombia, to understand how these actors can contribute to the country's positioning in international markets and what are the obstacles they face in this process. It is essential to address this problem through strategies and policies that promote participation in the global economy, fostering more inclusive and sustainable development.

Based on this need, the following research question is posed: What role do the actors of the popular economy have in Colombia's external competitiveness? To answer this question, the following objectives have been established.

### **General Objective:**

To analyze the role of the actors of the popular economy in Colombia's external competitiveness.

### **Specific Objectives:**

- Identify the actors of the popular economy in Colombia.
- Describe the factors that positively and negatively affect the ability of these actors to insert themselves in international markets.
- To analyze the external competitiveness of the actors of the popular economy in Colombia.

This study not only allows us to expand theoretical knowledge about the interrelationship between popular economy and competitiveness in

Colombia, but also has practical implications. The findings seek to contribute to the economic development of the country and the well-being of its inhabitants, offering a basis for policies and strategies that promote the effective participation of the popular economy in the international arena.

## 2. METHODOLOGY

### *Study Focus*

The research was developed under the modality of a review article with a qualitative and descriptive approach. With the purpose of systematizing, analyzing and contrasting the academic literature and existing institutional documentation on the popular economy and the external competitiveness of microbusinesses in Colombia.

### *Search strategy*

The bibliographic search was carried out in academic databases such as Scopus, Web of Science, Scielo and Redalyc, as well as in official reports of national entities such as the National Planning Department (DNP), the National Administrative Department of Statistics (DANE), the Ministry of Commerce, Industry and Tourism and Confecámaras. Descriptors in Spanish and English were used: popular economy, microbusinesses, external competitiveness, international insertion and Colombia.

### *Inclusion and exclusion criteria*

Inclusion:

Academic articles published between 2000 and 2024. Studies that address the popular economy or microbusinesses in Colombia or Latin America.

Documents that relate these economic units to competitiveness, internationalization or insertion in global markets.

Official reports and institutional programs with updated statistical data.

Exclusion:

Duplicate documents.

Opinion articles without methodological support.

Works whose content is not directly related to the object of study.

### *Analysis procedure*

Information organization: the selected bibliography was classified into thematic matrices with categories related to actors in the popular economy, competitiveness factors, and institutional support programs.

Comparison and contrast: convergences and divergences between academic literature and official documents were analyzed.

Critical synthesis: the findings were systematized to identify gaps, opportunities and challenges for microbusinesses in their process of insertion in international markets.

### *Scope and limitations*

The scope of the study focuses on the characterization of microbusinesses as actors in the popular economy and on the analysis of their external competitiveness. As a limitation, the scarcity of specific statistical information on the participation of microbusinesses in international trade is recognized, which required the adaptation of indicators designed for micro and small enterprises.

## 3. ACTORS OF THE POPULAR ECONOMY IN COLOMBIA

The identification of the actors of the popular economy in Colombia is essential as the first objective of this work, since it constitutes the basis for analyzing their role in the country's external competitiveness. Understanding who these players are and what their main characteristics are is essential to assess their current and potential contribution in international markets.

To make this identification, the definition established in the National Development Plan of Colombia 2022-2026 is taken into account:

The popular economy refers to the mercantile trades and occupations (production, distribution, and marketing of goods and services) and non-mercantile (domestic or community) carried out by small-scale economic units (personal, family, micro-businesses, or micro-enterprises), in any economic sector (DNP, 2022, p.135).

According to this definition, the actors of the popular economy are classified into personal, family and micro-business economic units. However, after a detailed review of this classification, it is concluded that all these actors converge on the concept of microbusinesses. This decision is based on the fact that microbusinesses integrate the particularities of the other actors and allow a more focused and coherent analysis of their impact on the country's external competitiveness.

Therefore, this paper exclusively describes microbusinesses as representatives of the actors of the popular economy in Colombia. This choice is then justified by a review of the concept and characteristics of microbusinesses.

### *3.1. Definitions of microbusinesses as actors in the popular economy*

In the study of microbusinesses, different

definitions can be found that vary between Latin American countries, according to their productive structure and the statistical methods used. In the Colombian context, the most representative definition used by different institutions is that of the National Administrative Department of Statistics (DANE), which establishes: "Economic unit with a maximum of 9 employed people that develops a productive activity of goods or services, with the aim of obtaining an income, acting as owner or tenant of the means of production" (DANE, 2024, p.3). This definition provides clear quantitative criteria based on the maximum number of employed persons and emphasizes the purpose of generating income through productive activities. By including owners and tenants of the means of production, it covers a wide range of economic units. Relating this definition to the DNP's definition of popular economy, it can be analyzed that both focus on small-scale economic units, which operate in any economic sector and can be managed by individuals or families. This similarity in definitions suggests that micro-businesses are, in fact, a concrete manifestation of the popular economy.

For their part, Colombian academics who have researched the subject define microbusinesses as follows:

Small economic and productive units that have a small number of employees and a low level of capital, assets and even a limited innovation factor. These small businesses can range from street vendors, local stores, small manufacturing workshops to individual service providers, among others. They are usually operated by one or a few people and their geographical scope can be local or regional (Jurado, 2023, p. 90).

The definition proposed by Jurado clarifies the concept of microbusinesses by highlighting the limitations in capital, assets and capacity for innovation that characterize these economic units. In their description, the diversity of activities they encompass is evident, from street vendors to individual service providers. This perspective underscores the challenges they face in terms of resources and competitiveness.

Likewise, Polo and Gómez (2020) describe microbusinesses as:

Enterprises that have less than 10 people; The vast majority are operated by a single person. They can be located in the house of the owner of the means of production, they can be located in the form of a traveling business or they can also be presented as the provision of professional services, such as a doctor's office, dental office, technical repair, etc.

Most microbusinesses are

They are presented informally: without registration with the Chamber of Commerce and without paying social benefits. When microbusinesses are registered with the Chamber of Commerce, they are no longer considered microbusinesses or micro-establishments and are considered micro-enterprises (Polo & Gómez, 2020, p. 518)

Polo and Gómez introduce an additional dimension by distinguishing between microbusinesses and microenterprises according to the degree of formalization. In addition, they recognize the diversity of forms and locations in which these businesses operate, from home to professional services, which shows their heterogeneity and wide presence in different economic sectors.

The definitions presented reflect the complexity and diversity of microbusinesses in Colombia. While DANE offers an official and quantitative definition, academics provide perspectives that incorporate qualitative aspects such as limitations in capital, innovation, and formality. In addition, both refer to the inclusion of personal and family economic units, which evidences their representation in the concept of microbusinesses.

In this sense, microbusinesses are small enterprises that generally employ a maximum of nine people. They arise from the initiative of individuals, families or close groups who seek to generate income and improve their quality of life, often in environments with scarce resources and limited opportunities. These businesses are characterized by their ability to adapt quickly to the needs of the local community, although they often face difficulties in accessing financing and formalizing themselves. Due to their small size, they face obstacles to invest in innovation and technology, which limits their potential for expansion. However, by providing employment and generating income in contexts where access to the formal economy may be restricted, microbusinesses are an important part of the Colombian economy.

These different approaches are essential for a comprehensive understanding of the role played by microbusinesses in the country's economic dynamics and for identifying the challenges and opportunities they face in the context of external competitiveness.

### **3.2. Characteristics of microbusinesses**

Microbusinesses in Colombia represent 32% of national employment according to DANE figures, these actors of the popular economy are a significant source of employment and income for a large part of

the population. In order to understand their impact and the dynamics that characterize them, it is

essential to analyze their main attributes. Its main characteristics are summarized below:

**Table 2. Main characteristics of the actors of the popular economy in Colombia**

Feature	Description
Size	Economic units with a maximum of 9 employed people. Simple structure: Generally managed by a single person or a family, which limits access to financial, technological and human resources. Difference with SMEs: By having up to 9 employees, they distinguish themselves from small and medium-sized companies.
Level of formalization	Predominance of informality: most microbusinesses are not legally registered and do not comply with tax and labor obligations. Reasons for informality: Complex bureaucratic procedures, formalization costs and Missing of Knowledge About their benefits. Consequences: Limited access to financing, support programs, training, and formal markets. This situation also generates job insecurity for workers and reduces the competitiveness of microbusinesses.
Socioeconomic characteristics	Family organization: The family is the basis of operation of the microbusiness. Survival Revenue: Reduced margins due to chain participation of Supply with Miscellaneous intermediaries. Limited access to financing: Only 7% of the 9.5 million people in the EPC have access to institutional credit, and seed capital is even more limited. Low innovation: Difficulty in generating economies of scale. Informal trade relations: Weakness of the labour system.
	Little state interaction: Little training and hiring with the EPC segments.
Characteristics of the owners	Ownership of means of production: The owner controls raw materials, tools, Machinery y products. Provision of non-subordinate services: Freedom of management and total responsibility of the activity. Financial obligations: The owner assumes the debts arising from production y marketing. Customer search: Personal responsibility for finding and keeping customers. Possible individual operation: They can be managed by a single person.
Demographic characteristics	Gender: Male owners predominate, with more than 60%. Age group: The highest concentration is between 46 and 53 years old, closely followed by owners between 36 and 45 years old. Educational level: Secondary education predominates, while the proportion of people with university or technical/technological education is considerably lower. Social security affiliation: About nine out of ten owners do not have affiliation, which shows the high level of informality.
Characteristics of the economic unit	Economic activity: The services sector concentrates most of the microbusinesses, with commerce and agriculture also as relevant sectors. Reason for creation: The business opportunity and the lack of income alternatives stand out, followed by exercising a trade or the continuity of a family tradition. Operating time: About half of microbusinesses have been in operation for 10 years or more. Distribution by department: Antioquia, Bogotá and Valle del Cauca concentrate the largest number of microbusinesses; in contrast, San Andrés, Caquetá and Chocó register the lowest figures.
	Site or location: The largest proportion is located in the owner's home, with other locations such as door-to-door, farms or commercial premises to a lesser extent. Employed staff ranges: Most microbusinesses operate with a single person, reflecting their one-person nature and small scale. Sources of financing: Personal savings are the main source.

Source: Authors' elaboration based on DANE (2021) and (2024), EMICRON (2019-2020), Polo and Gómez (2020) and Guerrero (2023).

The demonstrated convergence in definitions and characteristics between microbusinesses and the popular economy indicates that the former are, in effect, the tangible economic expression of the latter.

From the characteristics indicated, the following can be concluded about the actors that make up the popular economy in Colombia:

#### **Reduced structure: family or individual economic units**

The fact that they have a maximum of nine people and operate, for the most part, with a high degree of informality reveals that these economic units are mainly based on personal or family initiative. As they do not require large capital investments, they are

accessible to many people looking to generate income autonomously.

#### **Dependence on limited resources**

The prevalence of self-financing (personal savings and family loans) reflects the lack of formal financing options and the difficulty of accessing institutional credit. This conditions their growth potential and their possibilities to expand operations or innovate in processes and products.

#### **High informality and job insecurity**

Informality is a cross-cutting feature that prevents these businesses from accessing larger markets, government assistance programs, social security, and

labor protection. This situation, in turn, limits the productivity and competitiveness of these economic units.

#### *Social and economic importance despite limitations*

Even with its restrictions on capital, technology and training, the popular economy plays a crucial role in generating employment and boosting local economies. By providing goods and services in environments with few job opportunities, they become a mechanism of subsistence and development for individuals and communities.

#### *Lack of scalability and innovation*

Restrictions on size, funding, and access to training make it difficult to adopt innovative practices and create economies of scale. This prevents them from competing on equal terms with larger companies, limiting their participation in broader and international markets.

#### *Need for differentiated support policies*

Given their particular characteristics, microbusinesses require adapted policies and programs that facilitate formalization, access to financing, training, and associativity. Addressing these needs is essential to strengthen their sustainability and expand their contribution to socio-economic development.

## **4. FACTORS THAT AFFECT THE INSERTION OF COLOMBIAN MICROBUSINESSES IN INTERNATIONAL MARKETS**

The participation of microbusinesses in foreign trade has become a topic of growing interest for both policymakers and the academic community. On the one hand, these actors represent the popular economy, generating income and jobs in local environments with limited resources. On the other hand, its insertion in international markets offers the possibility of diversifying the exportable supply, increasing the income of the families involved and boosting regional economies.

However, the expansion of microbusinesses beyond borders faces structural and short-term challenges that limit their global competitiveness. Barriers such as lack of adequate financing, low adoption of technologies, and prevailing informality combine to restrict its ability to compete with larger firms. At the same time, positive factors such as flexibility to adapt to market niches and the support of institutional programs can be used by these enterprises to strengthen their international presence.

Therefore, this section analyzes the main elements that affect the insertion of Colombian microbusinesses in international markets, addressing the conditions that boost or hinder their external competitiveness.

### **4.1 Factors that hinder the international insertion of Colombian microbusinesses**

The international insertion of microbusinesses is a complex phenomenon that is influenced by multiple factors that can hinder their development and growth in foreign markets. Understanding these barriers is essential for the design of strategies and policies that contribute to overcoming the main obstacles that impede the international competitiveness of microbusinesses. The following are the most relevant factors that hinder their inclusion in foreign trade:

#### **4.1.1 Informality**

Informality refers to those companies that operate without registering with a government authority. This phenomenon is one of the greatest challenges faced by microbusinesses in their process of expansion into international markets, as it limits their access to financing, institutional support programs, and formal marketing networks.

In contrast to the above, according to the CONPES 3956 document on Business Formalization (2019), formality is understood as the degree to which a company complies with current regulations in different areas, including labor, tax, commercial and environmental aspects. This compliance has four key dimensions that are essential to understand the process of value generation in economic units. These dimensions are:

- **Formality of entry:** This dimension refers to the existence of the company itself and includes the necessary requirements for the registration of the company. It ensures that a company is legally recognized and can operate within the regulatory framework.
- **Formality of Inputs:** This aspect focuses on the formalization of inputs or factors of production. It includes compliance with work-related regulations, such as health, pension, and occupational risk (ARL) insurance. This dimension is crucial to ensure that companies comply with labor laws and provide the necessary protections to their employees.
- **Product formality:** This dimension is associated with the formalization of products, which includes the processes involved in the production and marketing of goods and services. It

emphasizes the importance of complying with market quality standards and regulations.

- **Tax Formality:** The last dimension refers to tax formalization, which implies the responsibility of companies to declare and pay taxes. This aspect is vital to ensure that companies contribute to public finances and comply with tax regulations.

These dimensions are analyzed based on the figures obtained from the technical bulletin of the DANE microbusiness survey (Emicron) (2023), for the popular economy.

#### 4.1.1.1 Formality of entry

##### 4.1.1.1.1 Levels of formality of entry from the RUT

The data indicate that, in 2023, 76.2% of microbusinesses throughout the country did not have the Single Tax Registry (RUT), a basic indicator of formalization.

- From the registration in the chamber of commerce

The data show that, in 2023, 89.5% of microbusinesses in the country were not registered with the Chamber of Commerce, a percentage that rises to 97.6% in population centers and dispersed rural areas.

#### 4.1.1.2 Formality of inputs or factors of production

##### 4.1.1.2.1 Lack of health and pension contributions in microbusiness owners

The data show that, in 2023, 87.4% of microbusiness owners do not make contributions to the Contributory Health Regime or contribute to a pension fund. This result denotes a precariousness in social protection that, although observed in a generalized way, presents significant disparities between urban areas with 83.2% and rural areas with 97.6%.

##### 4.1.1.2.2 Lack of Contributions to Occupational Risks (ARL) in microbusiness owners

The data indicate that, in 2023, 93.1% of microbusiness owners did not make mandatory contributions to the occupational risk administrators (ARLs). This proportion rises to 99.0% in dispersed rural areas and population centers, where the conditions of informality are even more pronounced.

#### 4.1.1.3 Product Formality

In this regard, the DANE technical bulletin only mentions renewal among microbusinesses already registered with the Chamber of Commerce points out that, of those microbusinesses that were registered with the Chamber of Commerce, 74.1% made the

application or renewal of said registration during the year 2023. It is striking that this percentage is practically the same in the municipal capitals (74.1%) and slightly higher in population centers and dispersed rural areas (74.7%).

This reflects a recognition of the benefits of formalization. Despite the persistent gap in initial access to registration, this finding suggests that, with the right policies, it is possible to improve the continuity and scope of formality in the microbusiness sector, both in urban and rural areas.

#### 4.1.1.4 Tax formality

##### 4.1.1.4.1 Accounting Records in Microbusinesses

The data reflect a panorama marked by the lack of formal accounting systems in most of the country's microbusinesses. According to the information presented, 65.5% of these units did not have any record of their accounts during 2023. In addition, only 5.0% kept their accounts using recognized methods (such as balance sheet, daily log, or other financial reports). The remaining 29.5% used informal mechanisms (notebooks, Excel sheets or cash registers), a practice that, although it involves a certain level of registration, does not comply with the requirements of tax formality.

##### 4.1.1.4.2 Income Tax

Of a total of 1,237,313 microbusinesses with RUT, only 23.3% reported filing this tax return. 59.8% of microbusinesses with RUT stated that they were not responsible for Income Tax, possibly because they were below the thresholds established in the tax regulations, or because they took advantage of special regimes.

12.4% acknowledged not having filed their income tax return despite having a RUT, which suggests a degree of non-compliance or confusion regarding their tax obligations.

##### 4.1.1.4.3 Value Added Tax (VAT)

92.9% of microbusinesses with RUT indicated that they were not responsible for VAT, which may be due to their low level of income, the nature of their economic activity or the fact that they are subject to simplified regimes that exempt them from this tax.

Only 5.5% of microbusinesses with RUT filed a VAT return, showing that a minority of these economic units exceed the thresholds or carry out taxable activities for which they must formally respond to the tax authority.

##### 4.1.1.4.4 Industry and Commerce Tax (ICA)

69.2% of microbusinesses with RUT declared that

they were not responsible for the ICA, reflecting a condition similar to that of Income Tax and VAT: most operate on a small scale or in areas where they are not required to contribute.

14.6% did make the ICA declaration, which indicates that a smaller group complies with this obligation at the municipal or district level. The rest may not exceed the income ceilings provided for by local regulations or may not be aware of their tax responsibilities.

The evidence collected reveals a high degree of informality in all the dimensions analyzed of microbusinesses in Colombia: entry registration (RUT and Chamber of Commerce), provision of inputs and social protection (contributions to health, pension and occupational risks), product formality (renewal in the Chamber of Commerce) and tax formality (accounting and tax declaration). This situation is accentuated in rural areas, where the scarcity of infrastructure, low institutional coverage and lack of connectivity deepen the gap in front of the municipal capitals.

As a result, microbusinesses face greater barriers to financing, planning their growth, and linking to broader markets. The lack of formal accounting records and low compliance with tax obligations limit their access to formal financing and institutional support programs, hindering strategic planning and reducing their opportunities for expansion. In addition, the absence of affiliation to social security and occupational risks increases the vulnerability of owners and limits the sustainability of their operations.

This informality is also a factor that hinders the international insertion of microbusinesses as actors in the popular economy. The lack of formalization prevents these enterprises from complying with the requirements and standards demanded by foreign markets, making it difficult for them to participate in global value chains and reducing their competitiveness against formally established companies. Without reliable financial records and proper tax returns, microbusinesses have little chance of accessing international contracts, quality certifications, and business networks that facilitate their export.

However, the relatively high percentage of registration renewals in those microbusinesses that are already formalized shows that there is a willingness to remain in legality when the process is facilitated. This suggests that, with the right policies and a differentiated territorial approach, it is possible to improve the continuity and scope of formality in the microbusiness sector, both in urban and rural

areas.

The main challenge is to design differentiated policies that promote the simplification of procedures, financial education and access to support programs, especially in regions with higher rates of informality. By addressing these barriers, it will be possible to facilitate the formalization of more microbusinesses, which will not only strengthen their sustainability and local competitiveness, but will also allow them to insert themselves more effectively in international markets, contributing significantly to the sustainable economic development of the country.

#### *4.1.2 Limited access to financing*

According to what was mentioned in the previous section about informality, one of the biggest obstacles faced by Colombian microbusinesses is access to financing, this is a fundamental pillar for the growth and expansion of any economic unit. In the context of internationalization, having adequate financial resources becomes a necessity to face the challenges of competing in global markets. However, many microbusinesses face significant limitations in their ability to obtain financing, which restricts their potential for international insertion.

Clear evidence of this restriction is the preference of microbusinesses to use their personal savings to finance their operations. According to the characterization carried out in the Microbusiness Survey (Emicron), 59.1% of these leveraged their personal savings and did not resort to bank loans. This trend underscores the dependence of microbusinesses on informal sources of financing and evidences the lack of access to formal credit.

In addition, another factor that confirms the difficulty in accessing formal financial channels is the low rate of credit applications. In 2022, only 17.8% of the country's microbusinesses made a credit application, according to data from the same survey.

Among those microbusinesses that did not apply for credit, the main reason for not applying for it is fear of debt or that they do not like to get into debt (44.3%) followed by: they do not need it (25.4%) and not meeting requirements (16.6%). These figures reflect that there are still significant barriers that prevent microbusinesses from accessing formal financing.

On the other hand, the reasons for requesting credit among the microbusinesses that did so were the following: investment in the business 60.8%, to cover personal expenses 20.25% and for both purposes 18.7%.

Of the microbusinesses that applied for credit, the

majority (56.7%) did so in a regulated financial institution (banks, cooperatives, financing companies, etc.), while 23.3% resorted to informal lenders known as "gota a gota".

According to Castañeda (2023), the "gota a gota" system is characterized by being an informal financial scheme that offers easy loans to those who do not have the documents required by formal financial institutions, such as banks. In this scheme, 20 percent is charged % per month, which is equivalent to an annual effective interest rate of 791.6%, compared to 41% for the formal microcredit rate. In addition, this method of lending often involves intimidation and violence as collateral for payment, posing a significant risk to homeowners.

In summary, limited access to formal financing is a critical obstacle to the international insertion of microbusinesses. The preference for the use of personal savings, the low rate of formal loan applications, and the prevalence of informal financing methods such as "gota a gota" reflect the urgent need for policies and support programs that facilitate access to formal credit and promote a solid financial culture.

#### 4.1.3 Lack of technology adoption

According to the World Bank (2022), technology adoption involves the process of accepting, integrating, and using new technologies in various environments. Through the implementation of computer systems, software and improvements in connectivity, it seeks to raise the quality of life, increase productivity and optimize processes, thus creating better conditions for all actors in society. In the context of microbusinesses, the lack of technological adoption constitutes a significant obstacle to their insertion in international markets. Therefore, its adoption is fundamental for economic and social progress because it promotes efficiency, saving resources, achieving objectives and increasing productivity. In addition, it is a key component to achieve digital transformation, which ensures competitiveness in the market (World Bank, 2018). However, many microbusinesses face limitations in the implementation of advanced technologies, which restricts their ability to innovate, optimize their processes, and comply with the international standards demanded by global markets.

As evidence of the above, the EMICRON microbusiness survey has an ICT module whose purpose is to inquire about the type of information and communication technologies implemented by them. This module measures the following aspects: use of electronic devices, possession of a website or

presence on websites and social networks and the use of internet services.

- *Use of electronic devices:*

With respect to portable computers or tablets, only 11.2% of microbusinesses in Colombia own these electronic devices, while 88.8% do not have these technological resources in 2023. This distribution reflects a low technological adoption within this sector.

Regarding the use of mobile phones, 68.4% of microbusinesses in Colombia use mobile cell phones, while the remaining 31.6% do not use these devices in their operations. This distribution indicates a greater adoption of mobile technologies compared to the ownership of electronic devices such as computers or tablets.

- *Possession of a website or presence on websites and social networks.*

Only 2.0% of microbusinesses in Colombia have a website or presence on a website, while an overwhelming 98.0% do not have this digital tool in 2023. This shows a very low adoption of online presence within the microbusiness sector. Only 12.3% of microbusinesses in Colombia have a presence on social networks, while 87.7% do not use these digital platforms in their operations during 2023. This distribution shows a very low adoption of digital marketing strategies within the microbusiness sector, complementing the extremely low ownership of websites observed in the table above. Together, these data underscore poor technological integration that significantly limits the ability of microbusinesses to compete in an increasingly digitized and internationalized environment.

- *Use of internet services*

44.2% of microbusinesses in Colombia use internet service, while 55.8% do not. This distribution reflects a moderate adoption of internet service within the microbusiness sector.

Promoting the widespread adoption of the internet and other digital technologies can help Colombia respond to its key development challenges: high inequality, slow productivity growth, limited economic diversification, and climate change (World Bank, 2023, p.15).

The lack of technological adoption among microbusinesses in the popular economy in Colombia represents a significant obstacle to their development, both nationally and internationally. The data analyzed show a very low integration of digital technologies, reflected in the low ownership

of electronic devices, the limited presence on digital platforms such as websites and social networks, and the still not widespread use of internet service.

Digital-driven economic growth is based on three fundamental components: inclusion, efficiency, and innovation. The incorporation of these tools in the business environment facilitates the connection of businesses with the global market, allowing microbusinesses to expand their business opportunities internationally. The automation and digitalization of processes contribute to improving operational efficiency, optimizing the use of available resources, both financial and human. Likewise, digital transformation fosters a more competitive environment and drives the generation of new ideas and business models, as it allows small businesses to leverage online platforms to expand their reach and strengthen their growth in a sustainable way (World Bank, 2023).

In conclusion, technological adoption is essential for microbusinesses in the popular economy to compete effectively in international markets, increase their productivity and efficiency, and foster the innovation necessary for their long-term sustainability. Addressing the lack of technological integration will not only improve the competitiveness of these ventures, but will also contribute to the country's inclusive and sustainable economic development, allowing microbusinesses to play a more relevant role in the global economy.

#### **4.1.4 Low educational levels**

Another critical factor that hinders the international insertion of microbusinesses is the low educational level of their owners. The data reveal that a significant proportion of microbusiness owners have limited levels of education, which restricts their potential to expand and compete internationally.

According to EMICRON, 45% of its owners have secondary education (baccalaureate), 37.4% have no formal studies or have only completed primary education, 10.2% have a university education, and 7.4% have technical or technological education. This distribution indicates that a significant majority of owners lack advanced education, which may limit their ability to manage businesses efficiently, understand and implement international market strategies, and adapt to the technological and regulatory demands of global markets.

Education is a fundamental tool for economic, social and human development. According to Silva (2017), "education is the engine of economic, social and human development of the regions; one cannot speak of competitiveness without this crucial

variable that translates into prosperity and progress" (p.91). This statement underscores that, without a strong educational foundation, individuals face significant challenges in actively participating in productive and competitive activities.

In the context of micro-businesses, the lack of education not only limits opportunities for individual growth, but also restricts the competitiveness of these economic units in global markets. Silva highlights how illiteracy and lack of basic education generate what he calls "mental misery", which hinders both personal progress and business development.

### **4.2 Factors that drive the international insertion of Colombian microbusinesses**

The international insertion of microbusinesses not only faces obstacles, but is also driven by a series of factors that, if properly exploited, can transform these economic units into key players in global trade. Microbusinesses, despite their limitations, have the potential to take advantage of certain advantages that place them in a favorable position to compete in international markets.

Among these factors, their flexibility and adaptability stand out, and advances in institutional support programs, strategic alliances, and the strengthening of inclusive value chains have begun to play a crucial role in the integration of microbusinesses into international trade. These factors not only improve the competitiveness of these economic units, but also promote their sustainability and contribute to regional economic development.

In this section, the main factors that drive the international insertion of microbusinesses will be identified and analyzed, highlighting their importance as engines of growth and their contribution to the economic diversification of the country. Understanding these elements is essential to designing strategies that maximize their positive impact and enable microbusinesses to reach their full potential on the global stage.

#### **4.2.1 Flexibility and adaptability**

Flexibility and adaptability are key characteristics that allow microbusinesses in the popular economy to adjust to changing market conditions. As Coraggio (2015) states, the popular economy has a high malleability, adjusting its strategies to economic fluctuations. This is reflected in the diversification of economic activities and their function as a buffer system against unemployment, promoting self-consumption in times of reduced income. This trait not only guarantees the survival of microbusinesses

in times of crisis, but also positions them as resilient actors with the potential to compete in international markets.

Implications of flexibility and adaptability for international insertion

#### 4.2.1.1 Diversification of activities:

Microbusinesses have the ability to operate in different economic sectors, allowing them to respond to fluctuations in demand or take advantage of emerging opportunities in foreign markets. This diversification is key to minimising risks and exploring new market niches.

#### 4.2.1.2 Resilience to economic crises:

Flexibility allows microbusinesses to adapt quickly during economic downturns, adjusting their costs, products, or services to maintain sustainability. This trait is especially relevant in international markets where conditions are volatile and competitive.

#### 4.2.1.3 International demand response:

Adaptability facilitates the customization of products and services to meet the cultural and regulatory preferences of foreign markets, an essential aspect for successful export.

In addition, this rapid response capacity positions microbusinesses as potential actors to integrate into

production chains, where they can provide added value through their operational flexibility and focus on meeting specific demands. Inclusion in production chains not only increases the stability of these microbusinesses, but also allows them to access better resources, commercial networks and knowledge, strengthening their ability to compete in international markets.

In this way, the adaptability of microbusinesses not only allows them to survive in adverse economic environments, but also opens the door to strategic collaboration with other companies and productive sectors.

#### 4.2.2 Institutional support programmes

In the context of the factors that drive the international insertion of the popular economy, it is essential to highlight the role of government and institutional support programs. These programs not only address the structural barriers they face, but also provide them with tools and resources to take advantage of their flexibility and adaptability in international markets. The popular economy, characterized by its capacity for resilience and diversification, finds in these initiatives an opportunity to enhance its competitiveness. The following table details the main programs available in Colombia, highlighting how they contribute to strengthening the internationalization of microbusinesses.

**Table 3. Institutional support programmes**

Program (Reference, Year)	Description	Beneficiaries	How it promotes international insertion
Zasca Reindustrialization Centers (MINCIT, 2023)	Initiative of the Ministry of Commerce, Industry and Tourism to enhance the productive capacities of the manufacturing sector.	Productive units of the manufacturing sector in the popular economy.	It improves production capacities and quality standards necessary to compete in international markets.
CREO Program "A Credit to Get to Know Us" (Unidad Solidaria, 2023)	Project of the Ministry of Finance and Public Credit that facilitates access to formal financing for the popular economy.	Individuals and productive units of the popular economy without access to formal credit.	It facilitates access to financing to cover investments that allow them to comply with international standards and expand abroad.
Solidarity Circles (Ministry of Commerce, Industry and Tourism, 2023)	Financial inclusion program that provides nanocredits and training to productive units of the popular economy.	Entrepreneurs and producers of the popular economy.	It promotes formalization and professionalization, key requirements to access international markets.
Popular Economy for Change (Social Prosperity, 2023)	An initiative of the Department of Social Prosperity that seeks to strengthen the popular economy through technical assistance and delivery of productive assets.	Street vendors, microbusinesses, small farmers, among others.	It increases production capacity and promotes quality standards that favor exports.
CREO Popular Economy Line (Banco Agrario, 2023)	Strategy of the Agrarian Bank that provides loans to microbusinesses in the popular non-agricultural economy with favorable conditions.	Microbusinesses in non-agricultural sectors.	It promotes investment in technology, infrastructure and training necessary to enter global markets.

Guarantee Program for Popular Individual Loans (Banca de las Oportunidades, 2022)	It facilitates access to credit for people in the popular economy, promoting financial inclusion.	Natural persons of the popular economy.	It supports the financing of productive activities aimed at complying with international requirements.
Get Ready and TransForma-T to Grow (Confecámaras, 2023)	Programs designed by the Chambers of Commerce to strengthen the managerial capacities of microbusinesses and facilitate their access to financing.	Microbusinesses and microenterprises with at least one year of operation.	It trains in managerial skills and business strategies necessary to address foreign markets.
Foreword (iNNpuls Colombia, 2023)	A program of the Ministry of Commerce, FONTUR and iNNpuls that seeks to strengthen productive units of the popular economy through technical assistance.	Entrepreneurships and microenterprises of the popular economy.	It offers technical tools to improve competitiveness and export standards.
Campo Emprende (Findener, 2022)	Program that supports peasant associations in the generation of income and strengthening of productive projects.	Peasant associations and rural productive units.	It promotes integration into international value chains, mainly in agricultural products.

Source: Authors' elaboration based on programs

These programs to support the popular economy in Colombia stand out as fundamental pillars for its strengthening, since they address challenges related to access to financing, professionalization, and the improvement of productive and technological capacities. In addition, many of these programs are aimed at preparing production units to compete in global markets, promoting standards of quality, innovation and sustainability. Its impact lies not only in the economic growth of the sector, but also in its potential to transform the popular economy into a relevant actor in international trade. However, it is crucial to ensure its sustainability and wider dissemination to maximize its reach and effectiveness.

The insertion of Colombian microbusinesses in international markets is conditioned by a complex interaction of structural, institutional and adaptive factors. On the one hand, barriers such as informality, lack of access to financing, low levels of education, and limited technological adoption limit their ability to meet the demands of global markets. These structural weaknesses reflect the need for comprehensive policies that not only address immediate shortcomings, but also promote long-term sustainable transformations.

On the other hand, drivers such as operational flexibility, adaptability, and the support of institutional programs provide significant advantages to overcome these challenges. The malleability of microbusinesses allows them to reconfigure their strategies in the face of economic changes and take advantage of specific niches in the market. In addition, support programs have proven to be key tools to strengthen their competitiveness, especially when they focus on improving access to productive and financial resources. However, the

real challenge lies in aligning these factors into a coherent development framework that combines the adaptive capacity of the actors of the popular economy with an institutional environment that guarantees equitable opportunities.

## 5. EXTERNAL COMPETITIVENESS OF THE ACTORS OF THE POPULAR ECONOMY IN COLOMBIA

Throughout this work, a comprehensive diagnosis has been made of microbusinesses as a tangible expression of the popular economy in Colombia, addressing their characteristics, limitations and potentialities in the process of insertion in international markets. It has been shown that these actors play a crucial role in job creation, economic revitalization and local development, but their integration into global trade faces multiple structural challenges.

This final chapter aims to analyze the external competitiveness of the actors of the popular economy in Colombia, establishing a vision of their ability to compete in international markets. To this end, key performance indicators, structural barriers and strategies that could strengthen their participation in foreign trade will be explored. The evaluation of these elements will allow not only to understand the current state of the competitiveness of microbusinesses in the international context, but also to generate proposals to improve their sustainability and growth in the long term.

Competitiveness is a broad and multidimensional concept that transcends the simple ability to compete. Its definition varies depending on the context and level of analysis, which has generated extensive debate in the academic literature. At the business level, it is associated with an organization's ability to

attract and retain customers through the provision of efficient services, flexibility in its offering, and the availability of products, essential factors to ensure sustainable growth and attract investment. On an individual level, competitiveness is understood as a personal characteristic that reflects the desire to stand out and the motivation to face challenges in a competitive environment.

From a broader perspective, external competitiveness is linked to the performance of countries in global trade and the ability of their industries to innovate and position themselves in international markets. According to the Organization for Economic Cooperation and Development (OECD, 2014), this is measured by a country's ability to sell goods and services abroad efficiently. Similarly, Cann (2016) emphasizes that competitiveness results from the interaction between institutions, policies, and factors that determine a country's productivity. Along these lines, the Institute for Management Development (IMD, 2012) argues that a nation is competitive when it manages to manage its resources efficiently, promoting both business growth and social welfare.

In short, competitiveness cannot be understood as an isolated concept, but as the result of multiple interrelated factors that influence productivity and development. In this sense, external competitiveness acquires fundamental relevance, since it determines the ability of economic actors to integrate into international markets and take advantage of the opportunities offered by globalization.

In order to analyze the external competitiveness of microbusinesses as a representation of the actors of the popular economy in Colombia, it is essential to identify and select the indicators that allow evaluating their performance in international markets. However, one of the main challenges in this process is the scarcity of specific information on the participation of microbusinesses in foreign trade. Unlike small and medium-sized enterprises (SMEs), which tend to be more documented in terms of exports, productivity and insertion in global value chains, microbusinesses have been less studied in this area.

In Colombia, the DANE Microbusiness Survey (EMICRON) mentioned in this paper provides relevant information on the structural characteristics of microbusinesses, such as their formalization, access to financing, use of technologies, and employment. However, these data are not always aimed at measuring their performance in international markets, which makes it difficult to carry out a detailed analysis of their external

competitiveness. At the international level, organizations such as the World Bank, the Organization for Economic Cooperation and Development (OECD) and the World Economic Forum (WEF) have developed methodologies to measure competitiveness in micro and small enterprises, but the application of these approaches to microbusinesses remains limited.

Given this context, it is necessary to define which indicators can be used, adapted or extrapolated to assess the external competitiveness of microbusinesses in Colombia.

### **5.1 Multidimensional Microbusiness Robustness Index (IMICRO)**

It is an indicator designed by the firm Inclusión SAS in collaboration with United Nations agencies, to evaluate the level of solidity of microbusinesses in Colombia, understood as those productive units made up of between 1 and 9 workers. This index allows us to analyze the ability of these businesses to remain in operation and improve their performance through the fulfillment of certain key attributes. To this end, IMICRO is structured in three fundamental dimensions: accounting and finance, information and communications technology (ICT) and formalization, which include a total of nine specific indicators. In the dimension of accounting and finance, aspects such as the possession of accounting records, the ability to save, access to credit and the use of means of payment other than cash are considered. The ICT dimension measures the degree of connectivity, digitalization of processes and the availability of appropriate technological tools for business management. Finally, the formalization dimension evaluates whether the microbusiness is registered in the Single Tax Registry (RUT) and in the Chamber of Commerce, if all its workers receive formal remuneration and if the owner meets the requirements of labor formality. The construction of the IMICRO is based on information from the EMICRON and for its calculation, the method developed by Alkire and Foster (AF) is applied, which facilitates the breakdown of the indicator within the microbusinesses with the lowest performance, allowing the identification of the main shortcomings that affect this group (United Nations Colombia, 2023).

In this indicator, each dimension has the same weight, and within each dimension, the factors are distributed equally. The following table presents the definition of the indicators, as well as the cut-off points and the corresponding weight assignment.

Table 4. IMICRO: Dimensions, Indicators & Cut-Off Points

Dimensión	Indicador	Definición	Punto de corte
Contabilidad y finanzas (33,3%)	Contabilidad (11,1%)	Mide la capacidad del micronegocio para llevar sus cuentas de forma sistemática a partir de registros contables.	El micronegocio se encuentra privado si no lleva registros contables.
	Ahorro y crédito (11,1%)	Mide la capacidad del micronegocio para proyectarse en el mediano y largo plazo, buscar inversión y controlar sus finanzas.	El micronegocio se encuentra privado si durante el año anterior solicitó un crédito y se lo negaron o si no ahorró en ese año.
	Canales de pago (11,1%)	Mide el uso de canales de pago para los clientes diferente al efectivo.	El micronegocio está privado si sólo recibe efectivo en el micronegocio (no recibe tarjetas débito o crédito, transferencias bancarias, ni pagos en línea).
Dimensión	Indicador	Definición	Punto de corte
TIC (33,3%)	Conectividad (11,1%)	Mide la disponibilidad del servicio de internet en el micronegocio.	El micronegocio está privado si no tiene acceso al servicio de internet.
	Digitalización (11,1%)	Mide el grado de inserción del micronegocio en el canal digital.	El micronegocio está privado si no tiene al menos dos de las tres a continuación: - Correo electrónico - Redes sociales - Página web propia o presencia en una página web
	Equipos (11,1%)	Mide el mecanismo mediante el cual el micronegocio accede al canal digital desde su establecimiento.	El micronegocio se considera privado si no cuenta con al menos dos de los siguientes equipos en su negocio: portátil, Tablet o smartphone.
Formalización (33,3%)	RUT y Cámara de Comercio (11,1%)	Mide el nivel de formalización del micronegocio frente a la constitución de la unidad productiva de manera formal.	El micronegocio se encuentra privado si no tiene RUT o Cámara de Comercio.
	Remuneración de los empleados (11,1%)	Mide la capacidad del micronegocio para ofrecer un trabajo digno a sus colaboradores.	El micronegocio se encuentra privado si, teniendo trabajadores, menos del 100% de ellos reciben una remuneración por sus labores.
	Formalidad del propietario (11,1%)	Mide la capacidad del propietario del micronegocio de asegurar una protección para su vejez.	El micronegocio se encuentra privado si el propietario del micronegocio no realiza aportes a pensión, ni se encuentra pensionado.

Source: United Nations & SAS Inclusion (2023)

The main results of the Colombian microbusiness robustness index were:

Table 5. IMICRO 2021 Results by Dimension

Dimensión	Carencia de:	Total	Débiles	Robustos
Contabilidad y finanzas	Contabilidad	63,9%	83,4%	24,3%
	Liquidez	73,3%	77%	65,7%
	Uso de canales de pago	86%	99,3%	62,8%
TIC	Conectividad	63,9%	85,2%	20,9%
	Digitalización	96,7%	99,5%	88%
	Equipos	94,2%	99,4%	83,8%
Formalización	RUT y CC	77,2%	92,9%	45,5%
	Remuneración a empleados	13,1%	14,2%	11,1%
	Formalidad del propietario	92,5%	98,6%	80%

Source: United Nations, SAS Inclusion calculations based on EMICRON 2021 (DANE, 2021)

According to the data presented in the table, microbusinesses in Colombia show significant

deficiencies in essential indicators. In particular, there is a marked lack of digitalization (96.7%), a

shortage of technological equipment (94.2%), insufficient formality for the owner (92.5%) and a high dependence on cash payment (86%). In contrast, microbusinesses classified as robust tend to maintain accounting records, ensure formal remuneration for their employees and have an internet connection, which translates into a stronger operating structure and greater opportunities for growth.

By analyzing the differences between weak microbusinesses and those considered robust, significant gaps are identified in key areas. For example, in the field of connectivity, the gaps are approximately four times greater in the least consolidated businesses; In terms of accounting, the absence of formal records occurs three times more frequently in weak microbusinesses; and in terms of formalization (through the RUT and registration with the Chamber of Commerce), the deficiency doubles compared to the more structured establishments.

However, the discrepancies in terms of digitalisation are less pronounced, as the lack of basic tools such as email, website or presence on networks social is a common limitation in both groups. This suggests that, despite variations in other indicators, digitalization remains a widespread barrier.

#### *IMICRO's relationship with the external competitiveness of microbusinesses*

IMICRO provides an analytical basis for assessing the structural conditions of microbusinesses in Colombia and their ability to enter international markets. The relationship between this index and the external competitiveness of microbusinesses lies in the accumulation of key attributes that determine their performance in a global environment, these are:

##### *Formalization and regulatory compliance*

Formality is an essential requirement for insertion in international markets, as it facilitates access to support programs, financing, and certifications necessary to comply with export regulations. According to IMICRO, 92.5% of microbusinesses have shortcomings in the formality of the owner, which represents a significant obstacle to their external competitiveness. Without formal registrations such as the RUT or Chamber of Commerce, microbusinesses are less likely to access trade agreements, distribution networks, and export opportunities.

##### *Access to financing and accounting management*

Financial capacity and access to formal credit are decisive for internationalization, as they allow

investment in technology, infrastructure and export logistics. IMICRO indicates that the most robust microbusinesses keep accounting records and have access to financing, while the least structured ones have three times more deprivations in accounting. Without adequate financial records, these businesses have difficulty accessing lines of credit that could strengthen their production and export capacity.

##### *Use of technology and digitalisation*

The integration of digital tools is a key factor in global competitiveness. Digitalization allows microbusinesses to access e-commerce platforms, improve customer management, and facilitate international transactions. However, IMICRO

It shows that 96.7% of microbusinesses lack digitalization and 94.2% do not have adequate technological equipment, which limits their ability to take advantage of the opportunities of digital commerce and connect with global markets.

##### *Payments and e-commerce infrastructure*

The adoption of electronic payment channels and digital commerce platforms is a competitive advantage for microbusinesses looking to expand internationally. However, IMICRO shows that 86% of microbusinesses continue to rely exclusively on cash, which makes it difficult to integrate into global payment networks and limits their competitiveness in international markets where flexibility in digital means of payment is required.

##### *Capacity for innovation and adaptability*

External competitiveness depends not only on the productive capacity of microbusinesses, but also on their ability to innovate and adapt to new market demands. The most robust microbusinesses are more likely to innovate and adopt new technologies, while the less consolidated ones lack the necessary elements to differentiate themselves and add value in international markets.

In summary, this index is key to understanding the structural barriers faced by microbusinesses in their international insertion. Informality, lack of digitalization, poor access to financing, and reliance on cash limit its ability to compete in global markets. Improving these indicators would strengthen the external competitiveness of microbusinesses, allowing them to integrate into value chains, access digital markets and take advantage of international financing opportunities, boosting their growth and long-term sustainability.

## **5.2 Business Development Index of the Popular Economy (IDEP)**

It is an analysis instrument created to assess the performance and dynamics of the productive units that make up the popular economy in Colombia. This index analyzes more than 21000 microbusinesses and was developed by 40 Colombian chambers of commerce that participated in the Alistate and Transforma-T para Crecer program, with the aim of providing a comprehensive vision of their strengths and areas for improvement microbusinesses. The

IDEP is based on information obtained through two main sources: DANE's Emicron Survey and data collected by chambers of commerce through the Alistate and Transforma-T para Crecer program. The IDEP was structured based on 21 indicators divided into five dimensions: organizational, commercial, digital, training and financial. (Confecámaras, 2023).

The following tables summarize each of the dimensions with their main indicators and descriptions:

**Table 6. Organizational Dimension**

Indicator	Description
Registration UniqueTax (RUT)	Mandatory tax identification document in Colombia. It is required by those who declare income and assets, responsible for VAT and the simplified consumption tax regime.
Other Permissions	It includes certifications and permits such as food handling, firefighters, Industry and Commerce, INVIMA, National Tourism Registry, among others, guaranteeing regulatory compliance.
Formality in employment	Social security payment to employees, ensuring benefits such as health care, pensions, and protection against occupational risks to ensure stability and well-being.
Areas and functions	Clear definition of areas and functions within the business, optimizing operational efficiency and ensuring an adequate organizational strategy.
Measuring Results	Use of performance indicators to evaluate business performance, identify areas for improvement, and strengthen competitive advantage.

Source: Own elaboration based on Confecámaras (2023)

**Table 27. Financial Dimension**

Indicator	Description
Knowledge	Understanding revenues, expenses, profits, and assets is key to strategic decision-making. It allows you to assess financial health, identify areas for improvement, and set realistic goals for business growth.
Level of savings	Saving provides financial stability and investment capacity in the business, reducing dependence on loans. It makes it easier to deal with unforeseen events and contributes to long-term sustainability and profitability.
Accounting records	Proper accounting allows you to monitor income, expenses and assets, ensuring transparency and trust in the management of the business.

Source: Own elaboration based on Confecámaras (2023)

**Table 7. Digital Dimension**

Indicator	Description
Internet access	It enables enterprises in the popular economy to seize new business opportunities, improve operational efficiency, and strengthen their competitiveness in the market.
Internet use	Beyond access, its correct use facilitates connection with customers, cost reduction, and the strategic use of digital technologies.
Using Devices	The integration of electronic devices such as computers, cell phones or tablets boosts online marketing strategies, facilitates e-commerce and optimizes business decision-making.
Channels of Virtual Sales	Adapting to the digital environment through social networks and websites expands the commercial reach.
Using ICT for accounting	The adoption of ICT in accounting records improves financial accuracy, management efficiency, legal compliance and data security. Companies that implement these tools can make better strategic decisions.

Source: Own elaboration based on Confecámaras (2023)

**Table 8. Formative Dimension**

Indicator	Description
Owner Education	Entrepreneur training influences their ability to make informed decisions, efficiently manage their business, adapt to market changes and develop innovative strategies. Owners with more education have more tools to consolidate their business.
Trainings taken	The training of human talent has a positive impact on business performance in the short and long term.
Level of savings	Financial education allows for better management of resources, strategic investment planning, and more stable economic crises. A company with a strong background in finance is more likely to succeed and be sustainable.
Relationship with entities	Linking with unions and other organizations provides access to strategic benefits, financing, collaboration opportunities, and greater market strength. This relationship contributes to competitiveness and the strengthening of the business ecosystem.

Source: Own elaboration based on Confecámaras (2023)

**Table 9. Commercial Dimension**

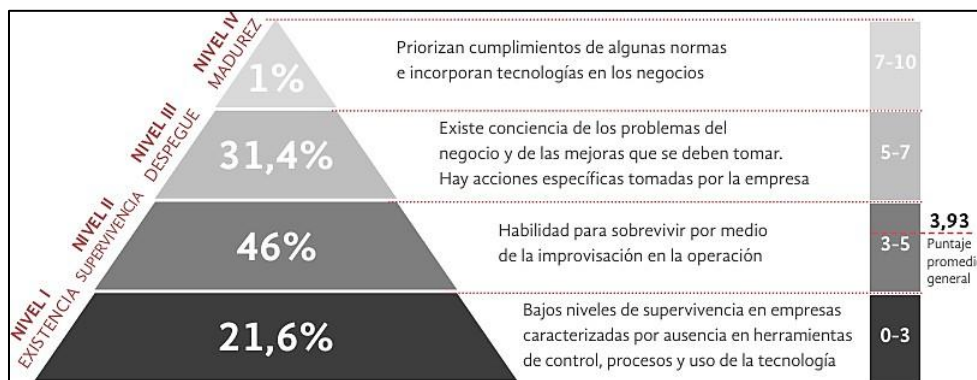
Indicator	Description
Sales channels	Diversification in sales channels, including digital platforms and social networks, is key to reaching more customers and improving marketing. Integrating digital strategies allows greater visibility and access to new markets.
Customer segmentation	Defining the target audience and diversifying the clientele increases stability and commercial reach. Selling to both individual consumers and businesses strengthens competitiveness and minimizes the risks of relying on a limited market.
Indicator	Description
Using ICT for Customer Service	The implementation of technological tools improves customer service and response, streamlining the management of complaints and requests. In addition, it facilitates the collection and analysis of data to optimize the consumer experience and strengthen loyalty.
Payment facilities	Offering multiple payment options, including virtual wallets and digital platforms, improves the customer experience and increases sales opportunities. The diversification of payment methods allows for greater accessibility and trust in transactions.

Source: Own elaboration based on Confecámaras (2023)

The results obtained in each indicator are converted into a score that oscillates on a scale from 0 to 10, where higher values reflect better conditions in the different aspects evaluated of the productive units. This methodology allows the level of development and performance of microbusinesses to be identified in relation to the key indicators of the index. Based on

these scores, the productive units are categorized into four levels of *business maturity*, which facilitates a comprehensive understanding of their current state and allows the formulation of differentiated intervention strategies. (Confecámaras, 2023).

These levels of ripeness are represented in the following figure:



**Figure 1. Distribution of production units by degree of maturity**  
Source: Confecámaras (2023) And they are described as follows:

**Table 10. Levels of ripening**

Level	Description
Level I - Existence	Companies with a high risk of survival, without control tools or effective management systems. They lack organized processes and technological adoption, which limits their efficiency and competitiveness. They require urgent interventions to prevent their closure.
Level II - Survival	Businesses that manage to stay operational through improvisation and flexibility. Although they can adapt to change, they lack strong organizational structures, making them vulnerable and with limited possibilities for sustainable growth.
Level III - Take-off	Companies that have identified their weaknesses and have begun to implement improvement strategies, such as process optimization and the adoption of management systems. Although they face difficulties, they show a proactive attitude towards their growth.
Level IV - Maturity	Consolidated businesses with clear organisational, regulatory and technological structures. They have optimized their processes and have tools that allow them to be competitive in the market, with greater opportunities for expansion and sustainability.

Source: Own elaboration based on Confecámaras (2023)

The analysis of the index revealed that, on average, the productive units obtained a rating of 3.93 out of 10, which indicates that most of them are in Level II - Survival. This result reflects that companies

manage to maintain their operation based on improvisation and flexibility, but lack solid structures that allow them to grow sustainably.

- o Commercial Dimension (4.61): The production units show some capacity to manage the

marketing of their products and services, although they still have opportunities for improvement in customer segmentation and in the adoption of more efficient sales channels.

- Training Dimension (4.68): Indicates that there is a knowledge base in entrepreneurs, although not sufficient to consolidate effective business strategies or to improve their external competitiveness. Lower performance:
- Financial Dimension (3.75): Companies have difficulties in managing their economic resources, with low levels of savings, little access to credit and poorly structured accounting.
- Digital Dimension (3.71): The lack of technological adoption continues to be one of the main barriers to development and competitiveness, with low levels of digitalization, internet presence and use of digital tools.
- Organizational Dimension (2.87): It is the one with the lowest performance, which suggests weaknesses in strategic planning, formalization and business management. The absence of organizational structures hinders the consolidation and growth of these productive units.

The IDEP is a tool that measures the degree of development and consolidation of productive units within the popular economy in Colombia. By assessing key dimensions such as organization, finance, digitalization, training and marketing, this index allows identifying the structural strengths and weaknesses of microbusinesses and their ability to compete in broader markets, including the international arena. (Confecámaras, 2023)

#### *IDEP's relationship with the external competitiveness of microbusinesses*

##### *Organizational Development and Formalization*

Business formalization is a key requirement for insertion in international markets, as it allows access to certifications, trade agreements and chains global value. According to IDEP, most microbusinesses in Colombia have deficiencies in their organizational structure, which limits their ability to comply with international standards and regulations.

##### *Access to finance*

The financial dimension of IDEP highlights the lack of access to formal credit and the low savings culture in microbusinesses. Without sufficient capital, these production units face difficulties in investing in machinery, certifications and processes that allow them to meet the quality standards required in foreign markets.

##### *Digitalization and technology*

The low rating in the digital dimension of IDEP reflects that microbusinesses have not yet fully incorporated technological tools to improve their productivity and competitiveness. Without a presence on digital platforms, e-commerce or digital marketing strategies, the international projection of these businesses is seriously limited.

##### *Training and knowledge of the international market*

The training dimension of IDEP reveals that many entrepreneurs in the popular economy have low levels of education and little training in business management. Without training in foreign trade, microbusinesses face barriers in adapting to foreign markets, such as ignorance of regulations, quality standards, export logistics, and international negotiation strategies.

##### *Marketing strategies*

Marketing is a determining factor for external competitiveness. According to IDEP, many microbusinesses still rely on traditional sales channels and have little diversification in their clientele. To expand into international markets, it is crucial to strengthen distribution strategies, contact networks and product differentiation.

The IDEP allows the identification of the critical aspects that affect the external competitiveness of microbusinesses in Colombia. The low rating in key dimensions such as formalization, digitalization, financing and business training reflects that these productive units face multiple barriers to their internationalization.

Both indices reflect that the external competitiveness of microbusinesses in Colombia is limited, with average scores below 5/10, which indicates that most of these productive units operate at a survival level without internationalization strategies. The greatest challenges are in digitalization, formalization and access to financing, aspects that must be strengthened to improve their participation in foreign trade.

#### *5.3 External Competitiveness Index of Microbusinesses in Colombia (ICEMIC)*

Globalization and the opening of markets have transformed the way in which companies, regardless of their size, must structure their strategies to compete internationally. In this context, microbusinesses, as fundamental actors of the popular economy in Colombia, face multiple challenges for their insertion in foreign markets. However, so far, existing indices have mainly measured the internal robustness of these economic

units without providing a detailed assessment of their competitiveness in global environments.

Given this gap in the measurement of the external competitiveness of microbusinesses, the *External Competitiveness Index of Microbusinesses in Colombia (ICEMIC)* is proposed, designed with the purpose of evaluating the degree of preparation of these productive units to participate in international markets. Unlike the Multidimensional Index of Microbusiness Robustness (IMICRO) and the Business Development Index of the Popular Economy (IDEP), ICEMIC incorporates key variables related to internationalization, such as access to global marketing platforms, obtaining quality certifications, the use of free trade agreements and the internationalization strategy of each business.

ICEMIC is based on five essential dimensions: formalization and regulatory compliance, financial capacity, innovation and digitalization, organizational development and human capital, and commercialization and access to international markets. These dimensions make it possible to evaluate the external competitiveness of microbusinesses based on specific indicators that determine their degree of readiness to export and

their ability to maintain themselves in foreign markets.

In this sense, ICEMIC is not only a diagnostic tool, but also a strategic instrument for the formulation of public policies, business support programs and financing mechanisms focused on the internationalization of Colombian microbusinesses. Its implementation will make it possible to identify critical gaps in the preparation of these economic actors and design effective strategies that promote their integration into the global economy.

The following section develops the structure of the index, describing its dimensions, the indicators that compose it and the methodology used for its calculation. Likewise, the criteria for classification and analysis of the expected results from its implementation are presented.

#### • ICEMIC Dimensions and Variables

The ICEMIC is composed of **five dimensions**, each with specific indicators. Unlike the existing indices, this one incorporates variables not contemplated in other measurements and that are essential to evaluate the internationalization capacity of microbusinesses.

**Table 11. ICEMIC Dimensions and Variables**

Dimension	Indicator	Description	Availability	Data
<b>1. Formalization and regulatory compliance</b>	Chamber of Commerce Registration	Determine if the microbusiness is legally constituted.	Available (EMICRON)	
	Single Tax Registry (RUT)	Evaluate whether the business complies with tax obligations.	Available (EMICRON)	
	Quality certifications and Compliance of international standards	Identify if the microbusiness has certifications that allow it to export (ej. ISO, GMP, HACCP, Fair Trade).	Not available (New variable to be incorporated)	
	Compliance of labor regulations	It measures whether the microbusiness complies with labor standards required in international markets.	Not available (New variable to be incorporated)	
<b>2. Financial capacity and access to credit</b>	Access to formal financing	Evaluate whether the microbusiness has accessed bank credit or financing programs.	Available (EMICRON)	
	Usage of financial instruments for foreign trade	Determine if the business uses tools such as letters of credit, export insurance, <i>factoring</i> .	Not available (New variable to be incorporated)	
	Business savings	Analyse the existence of reserve funds for investment in internationalisation.	Available (EMICRON)	
<b>3. Innovation, digitalization and technology</b>	Internet Connectivity	It measures whether the microbusiness has access to and use of the internet.	Available (EMICRON)	
	Presence on e-commerce platforms	Evaluate whether the business sells on platforms such as Amazon, Mercado Libre, AliExpress, among others.	Not available (New variable to be incorporated)	
	Using Business Management and Accounting Software	Determine if the microbusiness uses digital tools for operational management.	Not available (New variable to be incorporated)	
	Digitalization of production processes	Indicate if the microbusiness uses technologies such as automation, CRM, ERP.	Not available (New variable to be incorporated)	
<b>4. Organizational Development and</b>	Level educational of the owner	It assesses the degree of training of the entrepreneur.	Available (EMICRON)	

<b>Human Capital</b>	Training in foreign trade	It determines whether the entrepreneur has received training in export issues, customs regulations, tariffs, etc.	Not available (New variable to be incorporated)
<b>Dimension</b>	<b>Indicator</b>	<b>Description</b>	<b>Availability Data</b>
	Strategy of Internationalization	Measure whether the business has a strategic plan oriented for export.	Not available (New variable to be incorporated)
<b>5. Marketing and access to international markets</b>	Exports made in the last 3 years	Evaluate whether the microbusiness has sold products or services abroad.	Not available (New variable to be incorporated)
	Participation in international trade fairs or business roundtables	Determine if the business has participated in foreign trade events.	Not available (New variable to be incorporated)
	International distribution channels	It measures whether the business has managed to position its product in foreign supply chains.	Not available (New variable to be incorporated)
	Application of Trade agreements	It evaluates whether the business takes advantage of free trade agreements to export.	Not available (New variable to be incorporated)

Source: Own elaboration

**Measurement methodology**

Each indicator will be rated on a scale of 0 to 10, where 0 represents the total absence of the evaluated factor and 10 indicates optimal compliance.

A weighted average will be calculated for each

dimension, assigning greater weight to the most critical indicators for internationalization.

The total rating of the ICEMIC will be placed on a scale of 0 to 10, establishing levels of external competitiveness similar to those of the IDEP:

**Table 12. ICEMIC Measurement Methodology.**

Level of External Competitiveness	ICEMIC score
Low (0 - 3.9)	Microbusinesses without preparation for internationalization.
Average (4.0 - 6.9)	Companies with export potential, but with significant barriers.
High (7.0 - 10.0)	Companies with a high capacity to integrate into international markets.

Source: Own elaboration

**Table 13. Contributions of ICEMIC to IMICRO and IDEP.**

Appearance	IMICRO	IDEP	ICEMIC (Proposal)
<b>Main focus</b>	Internal business robustness	General Business Development	Competitiveness External and internationalization
<b>Incorporates foreign trade variables</b>	No	Partially	Yes
<b>Evaluate Access a Global Platforms</b>	No	No	Yes
<b>Measures use of free trade agreements</b>	No	No	Yes
<b>Consider International Certifications</b>	No	No	Yes
<b>Evaluate exports made</b>	No	No	Yes
<b>Incorporates internationalization strategy indicators</b>	No	No	Yes

Source: Own elaboration

The *Index of External Competitiveness of Microbusinesses in Colombia (ICEMIC)* proposes a measurement that is more in line with the reality of international trade, integrating key variables that have not been considered in the current indices. The lack of information on certain crucial aspects (such as certifications, use of global platforms and export strategies) reflects the need to generate new data to better characterize the ability of microbusinesses to compete in international markets.

For this index to be effectively implemented, it is key that entities such as DANE, Chambers of Commerce, the Ministry of Commerce, among others, develop data collection instruments that

allow analyzing the real state of microbusinesses in their internationalization process. In addition, the design of support programs focused on training, digitalization and access to specialized financing for exports is required.

In short, the ICEMIC not only measures the external competitiveness of microbusinesses, but also provides a strategic tool to design public policies and support programs that promote their insertion in the global economy.

The analysis of the external competitiveness of the actors of the popular economy in Colombia shows that microbusinesses face multiple challenges for their insertion in international markets, mainly due

to informality, limited access to financing, low technological adoption and the low educational levels of their owners.

Existing indices, such as IMICRO and IDEP, have made it possible to characterize the internal structure and business development of these businesses, but an instrument that specifically measures their ability to compete in global markets is necessary. In this sense, the proposal of the External Competitiveness Index of Microbusinesses in Colombia (ICEMIC) emerges as a key tool to identify gaps, evaluate opportunities and design strategies to strengthen the insertion of these actors in international trade.

## 6. DISCUSSION

The analysis of the literature and the official documents reviewed shows that the popular economy, largely represented by microbusinesses, is an essential actor for the economic and social development of Colombia. However, their contribution to external competitiveness is still limited due to structural factors such as informality, low digitalization, restricted access to financing and the low educational levels of their owners.

These findings coincide with previous studies that indicate that informality limits access to institutional support programs, lines of credit, and global value chains (Vélez & Rueda, 2016; DANE, 2023). Similarly, the lack of technological adoption – evidenced by the scarce digital presence and the low possession of electronic devices – constitutes a critical obstacle to internationalization, restricting the use of e-commerce platforms and access to global markets.

On the other hand, the review also shows driving factors that can be exploited strategically. Among them, the flexibility and adaptability of microbusinesses stand out, as well as the existence of institutional support programs (such as FortaleSER, Campo Emprende and the financing lines of the Agrarian Bank). These initiatives demonstrate that, when state, union and community efforts are articulated, it is possible to improve the productive and commercial capacities of the actors of the popular economy, bringing them closer to international standards.

The discussion on the external competitiveness of microbusinesses cannot be separated from the need for differentiated policies. Unlike SMEs, microbusinesses have a high heterogeneity and structural fragility, which is why they require specific strategies for formalization, financial inclusion, and digital transformation. It is also essential to strengthen the education and business training of its owners, since these variables determine their ability

to adapt to changes in the global environment.

In this sense, the main contribution of this article lies in integrating two perspectives that, in Colombian literature, have tended to be addressed separately: the popular economy and external competitiveness. By relating both dimensions, it is evident that there is a need to design analytical frameworks and public policies that recognize microbusinesses not only as subsistence units, but also as potential actors in international trade.

Finally, the study raises the importance of building our own indicators—such as the one proposed by ICEMIC – that allow for a more accurate measurement of the international competitive capacity of microbusinesses. These instruments, complemented by IMICRO and IDEP, can offer a clearer picture for the formulation of effective strategies aimed at the international insertion of the Colombian popular economy.

## 7. CONCLUSIONS

The actors of the popular economy in Colombia represent a significant part of the country's productive fabric. According to DANE (2023), the popular economy makes up 61.2% of the productive units and employs 48.1% of the employed population. Within this group, microbusinesses are predominant, characterized by their low formalization, flexible organizational structures, and their ability to generate employment, mainly in family or informal environments. However, they are strongly dependent on domestic demand and face barriers to accessing financing, training, and technology.

Microbusinesses face multiple obstacles to their insertion in international markets. 76.2% of them do not have a RUT and 89.5% are not registered with the Chamber of Commerce, which limits their access to financing and commercial networks. In addition, 59.1% of microbusinesses are financed with personal savings, which denotes low financial inclusion and restricts their possibilities for investment and expansion. In technological terms, only 2% have a website and 12.3% have a presence on social networks, making it difficult for them to participate in digital sales channels and foreign trade.

However, there are positive factors that can boost their insertion in international markets, such as their operational flexibility, which allows them to adapt quickly to changes in the economic environment, and their ability to specialize in niche products or services, which can be an advantage in markets with specific demand. In addition, government support programs, such as CREO, a loan to get to know us,

and funds to promote the popular economy, seek to improve their access to financing and strengthen their organizational structure.

The external competitiveness of microbusinesses in Colombia is conditioned by their level of robustness in key areas such as formalization, financing, and digitalization. According to existing indices, such as the Multidimensional Index of Microbusiness Robustness (IMICRO) and the Business Development Index of the Popular Economy (IDEP), it is evident that most of these businesses have significant deficiencies in technological adoption (96,7% is not digitized), formalization (92.5% does not have the owner's formality) and access to payment channels other than cash (86% do not use these mechanisms).

These data reveal that the external competitiveness of microbusinesses is still limited, as they lack strategic tools that allow them to compete

in international markets. However, those that have managed to consolidate stronger organizational structures, access formal financing, and adopt digital tools have demonstrated greater capacity for growth and access to foreign markets.

In this context, strengthening the popular economy not only implies closing gaps in formalization, financing, and digitalization, but also recognizing the effort and resilience of those who sustain these microbusinesses. Behind each productive unit there are people who, with creativity and daily work, seek to improve their living conditions and contribute to the development of the country. Providing them with tools to compete in a global environment will not only boost their businesses, but will also generate more equitable and sustainable opportunities for thousands of Colombian families. Betting on its growth is betting on a more prosperous and inclusive country.

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