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## The Emergence of an Entrepreneurial World: The Colombian Case

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Colombia appears to be at a defining moment in its trajectory towards becoming an entrepreneurial economy, that is, one where entrepreneurial initiatives are a major engine of growth. Entrepreneurship was a major policy issue for the national government over the first decade of the century, and there is evidence that it will continue to be so over the next one. The country shows a high prevalence of both opportunity and necessity entrepreneurship. However, there are as yet few results in terms of the presence of high-potential entrepreneurial ventures, of the kind that could lead the country into a new stage of economic development. While awareness of the importance of this kind of entrepreneurship is high in the country and there are several policy initiatives in place on this issue, Colombia appears to be in an incipient stage of development on this front. From an optimistic perspective, this means that the present state of affairs offers a rare opportunity for decisive policy interventions that could frame the high-impact entrepreneurship development model for many years to come.

Entrepreneurship has become increasingly important in the policy agenda in Colombia over the last decade and there is a growing debate in the country regarding the specific kind of entrepreneurship Colombia wants to stimulate, and which are the most effective policies and instruments that should be used to attain the desired objectives.

This chapter presents first an overview of the state of entrepreneurship and the entrepreneurial ecosystem in Colombia, and identifies how this ecosystem is responding to the challenge of fostering the creation of high-growth and high-potential business ventures. The chapter also presents the case of a Colombian entrepreneurial firm that has grown by using the mechanisms that this entrepreneurial ecosystem offers. This case illustrates some of the strong and weak points of this ecosystem. Finally, the chapter offers recommendations for strengthening the entrepreneurial ecosystem in Colombia and the development of Colombia as an entrepreneurial economy.

Increasingly, the policy debate in Colombia is moving towards recognizing the differences between necessity and opportunity entrepreneurship, and developing separate mechanisms for promoting each of these types of entrepreneurship as differentiated phenomena. Policymakers are trying to create an environment that is more favorable for the development of high-potential new ventures.

### **A profile of entrepreneurship in Colombia**

Data from official statistics provided by the National Registry of Businesses shows that 636,665 new firms were created and registered in their local Chamber of Commerce in the three years between 2007 and 2009; 99.9 percent of these businesses can be classified as either small or microenterprises (Ministerio de Comercio, Industria y Turismo 2009). This registration is mandatory by law in Colombia and can be regarded as a birth certificate for a business venture. This is a necessary step if a business owner wishes to have access to credit from the banking system, or to register workers in the social security system. Many other businesses are created every year but never registered, which means that their owners have decided to remain in the informal sector and do not expect to pay taxes or comply with legislation regarding social security, pensions, and health benefits for workers.

Beyond the National Registry, there is little hard data in Colombia that captures the moment of creation of new businesses. Perhaps the best available source of information on this topic is the GEM study, which does a survey of the general population every year in Colombia, seeking to obtain information about how individuals engage in the creation of new businesses. The GEM study allows us to make comparisons between different countries and regions in the world and gathers information about the different stages of entrepreneurship, from the moment when individuals perceive the possibility of a business opportunity, to the time when actual actions are taken to create the business, the launch of the business, and its early stages of growth (Kelley et al. 2011).

The GEM survey is today the most important benchmark of entrepreneurial activity in the world and was carried out in 59 countries in 2010. The basic information is collected through interviews with entrepreneurs in each country, with a minimum sample size per country of 2000 respondents every year. The sample design reflects the structure and distribution of the general population in each country.

According to the GEM report, Colombia shows one of the highest rates of involvement of the population in entrepreneurial activities that can be found in the world. Entrepreneurial involvement refers to the percentage of the population who is engaged in some kind of entrepreneurial activity. The