

Febrero 2023

ART1_A1_2022_6

N° de serie

Artículo Científico

Financial inclusion and business practices of microbusiness in Colombia

Autores

Juan Carlos Urueña

Luis H. Gutiérrez

Paul Rodríguez



ALIANZA EFI
Economía Formal e Inclusiva



Financial inclusion and business practices of microbusiness in Colombia

Juan Carlos Urueña-Mejía¹  · Luis H. Gutierrez²  · Paul Rodríguez-Lesmes² 

Received: 10 November 2021 / Revised: 31 August 2022 / Accepted: 23 December 2022 /
Published online: 1 February 2023
© The Author(s) 2023

Abstract

Financial inclusion is known to be relevant for improving the growth perspectives of microbusinesses. This research has three aims. First, to explore how adopting business practices can impact the usage of financial products and services of these firms. Second, to determine if higher levels of microbusinesses' formalization mediate the impact. Third, to establish if there are differences according to gender and education level. A structural equation model was estimated to test these hypotheses while considering the potential endogeneity of the main variables of interest. The model includes latent variables modeled in the form of confirmatory factor analysis. Estimates are based on self-reported information collected through a survey of 1542 microentrepreneurs in 10 Colombian cities in 2019. The results show that microentrepreneurs who adopt (more) business practices have more financial inclusion. No specific category of business practices drives the results. The effect is larger for men than women and is not present for microentrepreneurs of low education levels. Furthermore, personal initiative, a psychological construct, indirectly relates to being more financially included by increasing the adoption of business practices. Finally, there is no evidence that this is driven by higher levels of formalization regardless of the specific set of requirements that are considered. Our findings support efforts to improve business skills in microentrepreneurs and call for more comprehensive public policy strategies. These findings open the door to using soft skill-based training programs that enhance business practices, to improve microbusinesses' financial inclusion.

Keywords Financial inclusion · Business practices · Formality · Personal initiative · Microbusiness

JEL Classification C30 · D22 · O17

✉ Juan Carlos Urueña-Mejía
juanca.uruen@urosario.edu.co; juan.urena@uniminuto.edu

Extended author information available on the last page of the article