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From uncertainty to assurance: A retrospective analysis of Colombia's path to emerging market status

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ABSTRACT

Objective: The objective of this article is to present an in-depth exploration of a transition into an emerging market, a phenomenon that is increasingly relevant in international business scholarship. We scrutinised the transformation of Colombia's status in the global economic landscape, particularly focusing on the pivotal role of foreign direct investment (FDI) and the interplay of various economic, political, and social factors that have influenced this journey. The study uniquely positions Colombia within the broader context of emerging markets, comparing similar transitions in other countries and analysing how global economic trends, such as commodity price fluctuations and financial crises, have shaped its trajectory.

Research Design & Methods: Utilising a qualitative research approach, we delved into a comprehensive literature review, expert interviews, and analysis of historical and mass media data to provide a nuanced understanding of the evolution of FDI in Colombia.

Findings: The findings revealed a complex and multifaceted narrative, highlighting Colombia's initial challenges and subsequent strides towards becoming an attractive destination for international investors. We discussed the correlation between FDI, exports, and GDP growth, offering insights into the country's economic development and positioning within the global economy. Thus, the study contributes to the field of emerging markets by analysing a nation's transformation towards becoming an attractive destination for investment considering different internal and external factors.

Implications & Recommendations: This article contributes to the international entrepreneurship literature by providing a detailed case study of Colombia's transformation, underscoring the importance of a holistic approach to understanding the process of becoming an emerging market.

Contribution & Value Added: It offers valuable perspectives for policymakers, investors, and scholars interested in the dynamics of emerging economies and their integration into the global economic system.

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INTRODUCTION

Although investors, regulators, and researchers frequently employ the term 'emerging markets' and use it as a focal point, reliable criteria for measuring and evaluating such markets' dynamic processes of emergence and consolidation remain elusive.

Interestingly, as of 2023's data, the International Monetary Fund (IMF) still classified roughly 150 countries as emerging and developing economies. In 2001, Goldman Sachs introduced the term to describe the rapidly growing economies of Brazil, Russia, India, and China (BRIC), projecting them as the most dynamic by 2050. By the end of 2005, they expanded this list by identifying the 'Next-1' or 'N-11' (a group of economies poised for outstanding growth in energy, infrastructure, urbanisation, human capital, and technology) adding Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, Turkey, South Korea, and Vietnam to the list (Gonzalez-Perez, 2019).

Fast forward to 2009, Robert Ward of the Economist Intelligence Unit (EIU) hailed Colombia as a dynamic market attractive to investors. Following suit in 2010, Michael Geoghegan, then president of HSBC, included Colombia in the CIVETS group, alongside Indonesia, Vietnam, Egypt, Turkey, and South Africa.

Recognising the imperative to define emerging markets more succinctly, the Centre for Emerging Markets at Nanyang Technological University in Singapore classified 95 emerging economies into five pyramidal categories: advanced, accelerating, intermediate, early, and latent. By their metrics, they tagged nine countries as advanced emerging economies Costa Rica, Georgia, Romania, Mongolia, Malaysia, Bulgaria, Peru, Serbia, and Thailand. The hallmark of these nations´ stability in their institutions is attributed to consistent, sensible policies rather than fleeting interventions.

Meanwhile, Colombia is ranked 14th in the accelerating emerging market category, sharing its position with other countries such as Turkey, China, Albania, the Dominican Republic, Botswana, Argentina, El Salvador, Mexico, India, Brazil, Indonesia, Ecuador, and Armenia.

In the dynamic landscape of the global economy, Colombia's transformation into an emerging market offers a compelling case study, especially when juxtaposed against similar transitions in other nations. This South American nation's journey mirrors the experiences of Eastern European countries that navigated the post-Cold War era, transitioning from centrally planned to market-driven economies. Like many Eastern European states, Colombia faced the challenge of restructuring its economic framework, moving from a predominantly agriculture-based economy towards a more diversified one, emphasizing services and manufacturing. The critical role played by foreign direct investment (FDI) in Colombia is reminiscent of the influx of capital that Eastern European countries experienced, which significantly contributed to their economic revitalization. However, unlike the rapid integration of Eastern European economies into the European Union, Colombia's path has been more gradual, with its strategic focus on strengthening regional ties within Latin America and forging trade agreements with North American and Asian markets.

Colombia's economic trajectory has been significantly influenced by global economic trends, akin to the experiences of many Eastern European nations. The fluctuation in commodity prices, particularly in oil, coffee, and coal, has notably impacted Colombia's economy, given its heavy reliance on these exports. This dependency mirrors the challenges that resource-rich Eastern European countries face, which have also had to contend with volatile global commodity markets. Moreover, global financial crises, such as the 2008 recession, presented similar hurdles for both regions, testing the resilience and adaptability of their economies. Colombia's response, characterized by a mix of monetary policy adjustments and economic reforms aimed at diversifying its export base and attracting sustainable FDI, offers valuable insights into managing economic shocks.

In the ensuing sections of this article, we will embark on a detailed exploration of Colombia's transformative journey into an emerging market. We will begin with a comprehensive literature review, dissecting various perspectives on emerging markets, and their defining characteristics as applied in the context of Colombia. This sets the stage for our core research question: How has a country transitioned from a state of economic uncertainty to becoming a globally recognised emerging market? Following this, we will delve into the methodology, employing a qualitative approach and synthesizing expert interviews, historical data, and mass media publications to offer a nuanced understanding of Colombia's FDI landscape. Our findings section will present a chronological narrative of Colombia's FDI influx, correlating it with key economic indicators such as exports and GDP growth, to provide insights into the country's economic evolution. The discussion section will then critically examine these findings aligning them with our initial propositions about the shift in FDI conditions and emerging market status. Finally, we will conclude by synthesizing our insights into Colombia's journey, highlighting its unique position in the global economic arena, and suggesting future research avenues. This article contributes to the broader understanding of emerging markets and offers practical implications for policymakers and international investors interested in such dynamic economies.

Therefore, this article contributes to the field of emerging markets as it analyses the factors of a nation's transformation towards becoming an attractive destination for investment due to different factors such as economic indicators, inward investment opportunities, and the political landscape.

LITERATURE REVIEW

United Nations introduced the distinction between 'developed' and 'developing' countries in their System's Standard country or area codes for statistical use, known as M49. Since then, various definitions and classifications of these economies have emerged. Morris *et al*. (2023) define an emerging market as 'countries that lack strong formal institutions around business development but possess strong informal institutions that allow for unique forms of business development' (p. 1). This definition highlights the role of institutions in shaping business development in emerging markets.

Hoskisson *et al.* (2000) offer a consumption and income-based approach, describing emerging economies as 'low-income, rapid-growth countries using economic liberalisation as their primary growth engine' (p. 249). They categorise these economies into developing countries in Asia, Latin America, Africa, and the Middle East, and transition economies in the former Soviet Union and China. While this definition captures the economic growth aspect, it may oversimplify the complex nature of emerging markets.

From a foreign direct investment (FDI) perspective, emerging markets are characterised by high volatility and a transitional character (Appiah *et al*., 2019). Volatility can arise from various sources, such as external price shocks, natural disasters, and domestic instability, while transitions occur in social, political, economic, and demographic dimensions. These conditions pose challenges for long-term investments that require stability and predictability (Mody, 2004). Governments in these economies often offer incentive packages to attract foreign investors, aiming to understand how FDI influences national welfare and economic development (Meyer, 2004).

Several institutions have developed their classifications of emerging markets. Morgan Stanley Capital Investment (MSCI) assesses economic development, equity market size and liquidity, and market accessibility for foreign investors (MSCI Investor Insight, 2012). The UNCTAD's classification is based on per capita income (UNCTAD, 2023a), while the World Bank categorises economies based on GNI per capita (World Bank, 2023). The International Monetary Fund's classification considers per capita income, export diversification, and integration into the global financial system (International Monetary Fund, 2021). The World Trade Organization allows members to self-declare as 'developed' or 'developing' countries, with the latter enjoying certain rights and provisions (World Trade Organization, 2023).

These varying approaches demonstrate that income is not the sole characteristic of categorising an emerging market. Factors such as population, share of exports in global trade, external debt, and inclusion in global indices also require consideration (International Monetary Fund, 2021). Table 1 provides an overview of the different approaches used by key institutions to classify emerging markets. Table 1 provides a concise overview of the different approaches used by key institutions to classify emerging markets.

Kearney (2012) identified nine prominent research avenues within emerging markets, highlighting the need for further research to uncover in-depth knowledge about their evolution and prosperity. Cavusgil (2021) recognises the influential nature of studying emerging markets within international business research and calls for a more balanced perspective and examining both the positive and negative aspects of these markets.

Studies on emerging market multinationals have revealed unique advantages, such as targeting diaspora markets, catering to diverse segments, robust distribution systems, and technological prowess (Grosse, 2016). Luo and Zhang (2016) emphasise the importance of exploring ownership advantages and disadvantages, internationalisation processes, catch-up strategies, institutional roles, heterogeneity, and global orchestration when studying these multinationals.

Hernandez and Guillen (2018) suggest moving beyond comparing emerging market multinationals to their developed-market counterparts and instead focusing on understanding their inherent capabilities and the institutional ecosystem supporting their internationalisation. They argue that examining the early stages of multinationals and the nuances of their home countries can expand and enhance existing literature and theories.

Table 1. Selected approaches to Emerging Markets' classification

Source	Emerging markets approach
World Economic Outlook 2023 (International Monetary Fund)	The World Economic Outlook (WEO) refrains from giving a specific definition of emerging markets. Instead, the WEO's country classification divides the global landscape into two primary categories: advanced economies and emerging markets and developing economies. This categorisation entails that the 155 nations grouped under emerging market and developing economies are essentially those not labelled as advanced economies. As per the report, there are a total of 41 advanced economies contrasted with 155 emerging markets and developing economies.
FTSE (Financial Time Stock Exchange Group)	The FTSE group organises countries into four distinct categories: developed (25 countries), advanced emerging (10), secondary emerging (14), and frontier (29). Their classification methodology hinges on six fundamental principles: market quality, materiality, consistency and predictability, cost limitation, stability, and market access. This categorisation process is grounded in consultations with clients and comparisons of objective criteria and is overseen by a dedicated classification committee.
MSCI (Morgan Stanley Capital International) Emerging Markets Index	The MSCI Market Classification Framework is grounded in three core criteria: economic development, size and liquidity, and market accessibility. This framework delineates countries into three categories: frontier, emerging, and developed. To be recognised as an emerging market, a country must meet certain specifications such as market capitalisation, security liquidity, openness to foreign ownership, ease of capital inflows, an efficient operational framework, availability of investment instruments, and a stable institutional structure. Presently, 21 countries fall under the emerging market classification.
S&P Dow Jones	Countries are sorted into four distinct categories: standalone (2 countries), frontier (30), emerging (23), and developed (25), using a combination of quantitative metrics and qualitative factors, even considering perspectives from global investors. The criteria for market classification revolve around three primary domains: economic measures coupled with institutional stability, market structure and accessibility, and size in conjunction with liquidity. Emerging markets are described as those that exhibit specific traits of a developed market but fall short of fully satisfying the necessary criteria. Such markets have the potential to achieve developed market status in the future, or they might have held that designation previously.

Source: own study based on multiple sources, 2024.

Mergers and acquisitions (M&As) in and out of emerging economies have been increasing, with cross-border acquisitions representing the primary entry mode for many emerging market multinational enterprises (EMNEs) due to their latecomer disadvantage in technological and managerial capabilities (Lebedev *et al*., 2015). Developed economies firms acquiring EMNEs may employ different target choice criteria and post-acquisition restructuring strategies compared to their acquisitions in developed economies (Meyer & Estrin, 2001). Mergers and acquisitions in and out of emerging economies are motivated by various factors, including market power, synergy gains, diversification, transaction costs, environmental uncertainty, resource dependency, firm characteristics, institutional development, corporate governance quality, and government involvement (Lebedev *et al*., 2015).

Emerging economies can become receptors of FDI flows as they increasingly comply with FDI driving forces, such as increasing GDP levels, legal and political systems, business environment, and infrastructure (Groh & Wich, 2012). In 2022, 70% of global FDI went to developing countries, indicating a positive sign for investments in industry and infrastructure (UNCTAD, 2023b). From an outward perspective, FDI flows from emerging economies have increased from 1990 to 2022, with determinants related to market size, skilled labour, trade, and investment costs, and geographical distance between home and host countries (Cieślik & Tran, 2019). Government involvement can also influence the level, location, and type of overseas investments in emerging economies (Wang *et al*., 2012).

In the context of Colombia's transition to the emerging market status, this literature review reveals the complexity and multifaceted nature of emerging markets. The various definitions and classifications highlight the importance of considering not only economic factors but also institutional, social, and political aspects when assessing a country's emerging market status. The literature on emerging market multinationals and M&As provides valuable insights into the strategies and challenges faced by firms operating in these markets.

However, the existing literature has some limitations. Many studies focus on the positive aspects of emerging markets, potentially overlooking the negative aspects and challenges. Furthermore, there is a need for more research on Colombia's specific context and its transition process. Future research could explore the unique institutional, economic, and social factors influencing Colombia's emerging market status and the strategies Colombian firms employed to navigate this transition.

In conclusion, this literature review provides a foundation for understanding the concept of emerging markets and the various factors influencing their development. It highlights the need for a comprehensive and nuanced approach when studying Colombia's transition to emerging market status, considering the country's specific context and the experiences of other emerging markets. This review sets the stage for further investigation into Colombia's emerging market journey by critically analysing the existing literature and identifying research gaps.

RESEARCH METHODOLOGY

We adopted a qualitative approach to understand Colombia's trajectory as a destination for foreign direct investment (FDI). By examining the Colombian case within the framework of existing theory on emerging markets and FDI, we could deepen the understanding of the factors driving FDI, the implications for economic development, and the strategies of multinational companies operating in Colombia.

We grounded the qualitative methodology in various data sources and information collection techniques, allowing for a comprehensive and enriched perspective on the matter at hand. Below, we detail the steps and methods:

– Formulation of the research question and propositions: The first step involved formulating the research question focused on Colombia's trajectory as an FDI destination. As an emerging market, we selected Colombia following the theoretical sampling principles as an iterative process of data collection and analysis in which new data or participants are added until reaching theoretical saturation, and they are purposefully selected to test and refine theoretical concepts as they emerge from the data (Eisenhardt, 1989; Sinkovics *et al*., 2008). This stage was pivotal in outlining the scope and purpose of the study, ensuring all subsequent efforts aligned with the primary objective.
– Review of documentary sources: Before primary data collection, we conducted an exhaustive review of existing literature and documents related to FDI in Colombia. This review helped identify previous trends and key players and establish a contextual framework for analysis.
– Data collection methods:

1. Expert interviews: We conducted 11 Semi-structured interviews with experts in the field of FDI and within the Colombian context. We based the quantity of interviews on the principles of theoretical sampling in which, we added each new participant until reaching theoretical saturation (Eisenhardt, 1989; Sinkovics *et al*., 2008) These interviews provided valuable insights and enriched the analysis with perspectives from those directly involved or deeply knowledgeable.
2. Annual company reports: We examined annual reports from 13 companies of non-extractive industries in Colombia that were acquired from foreign investors. These documents provided a corporate standpoint on the motivations, challenges, and outcomes of investing in the country.
3. Historical research in heritage archives: We consulted historical archives to understand the evolution of FDI in Colombia over time. This historical research offered context and a timeline that facilitated the analysis of significant trends and events.
4. Analysis of mass media publications: We analysed publications in newspapers, magazines, and other mass media to discern how FDI in Colombia has been perceived and reported over the years. This analysis helped us understand the public narrative and the perceptions associated with foreign investment in the country.

Although we adopted a qualitative approach, we also utilised a combination of data collection techniques to provide a holistic and enriched view of Colombia's trajectory as a direct foreign investment destination. We followed several procedures to increase the credibility and confirmability of our analysis. Consistent with Welch and Piekkari (2017), we followed peer debriefing and prolonged engagement to enhance the credibility of our research, while triangulation of sources and reflexibility in different stages of data collection and analysis improved the study confirmability.

This methodology ensured a thorough and contextualised analysis of the phenomenon under examination.

RESULTS AND DISCUSSION

The case of inward investment in Colombia makes us think about the arrival of capital to the country and the acquisition of traditional Colombian companies by international investors that see an opportunity in this emerging market. This inward investment obtained by the sale of companies such as Grupo Familia, Grupo Nutresa, or Grupo Orbis is also influenced by different factors such as the country's political instability, the arrival of migrants, and the interest of Colombian businesspeople to have international capital and the diversify their investments. Moreover, compared to other countries, Colombia has shown to have delayed globalisation in terms of investment. However, this reveals the natural character of being an emerging country and the country's potential in the international scenario.

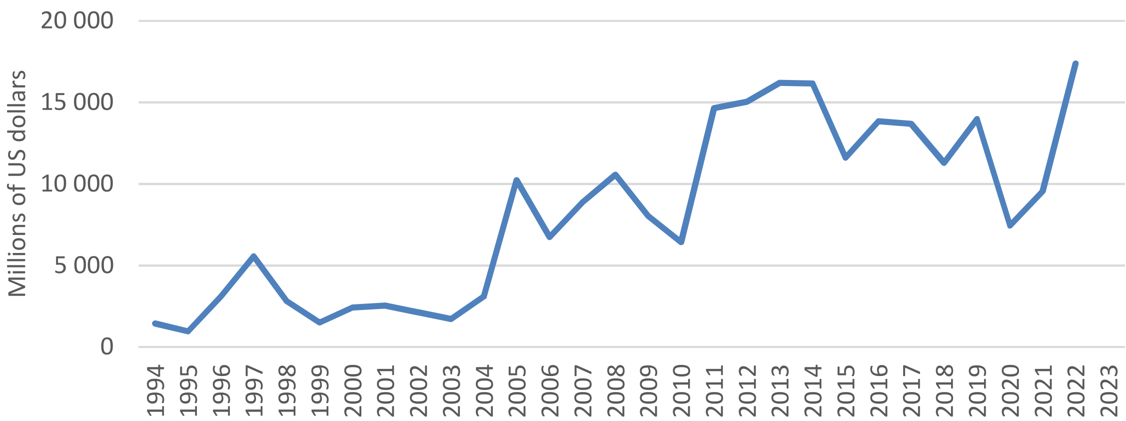

Figure 1. Inward FDI to Colombia 1994-2022
Source: own elaboration based on Banco de la República (2023).

Figure 1 represents the official Inward Foreign Direct Investment (IFDI) to Colombia. Inward FDI gained gain momentum after 2005. In this year, of the 10.192 million dollars invested in the country, 53% went to businesses in the manufacturing sector, which was the champion in investments during the year, with 5.433 million dollars, compared to 256 million dollars the previous year.

From a cursory glance, we notice a general increasing trend in FDI over almost three decades, especially noticeable from the early 2000s onwards.

There were possible external factors that could explain the behaviour of inward FDI to Colombia:

- Global Financial Crisis (2008-2009). This could be a reason for the dip in FDI in 2009 and 2010.
- Macroeconomic factors: Global oil prices, commodities boom, global economic health, and regional politics can influence FDI.

Figure 2 below visually represents inward FDI and exports between 2000 and 2022. The graphic indicates a moderate to strong positive relationship between inward FDI and exports in Colombia from 2000 to 2022, suggesting that these two economic indicators moved in the same direction during this period.

We calculated the correlation coefficient between inward FDI to Colombia and exports from Colombia, and the result was 0.6531. That is, inward FDI increased in Colombia, exports also tended to increase, and vice versa. While not perfect, this indicates a reasonably strong association between inward FDI and exports in Colombia during the specified period. The positive correlation suggests that years when Colombia saw higher inward FDI also tended to be years when exports were higher. This could be because FDI might lead to more production and, subsequently, more exports, or it could be that increased exports attract more FDI.

On the other hand, as seen in Figure 3, the correlation coefficient calculation between inward FDI and Colombia's annual GDP growth (4th quarter) from 2006 to 2021 was -0.035519912. This indicates a fragile negative linear relationship between inward FDI and Colombia's annual GDP growth for the given period. However, it is essential to recognise the strategic motivations behind the acquisitions of Colombian companies, such as access to valuable resources like oil, minerals, or agricultural products. Furthermore, investing in Colombian companies might serve as a means of expanding market presence in the region, tapping into new consumers, or accessing regional trade agreements.

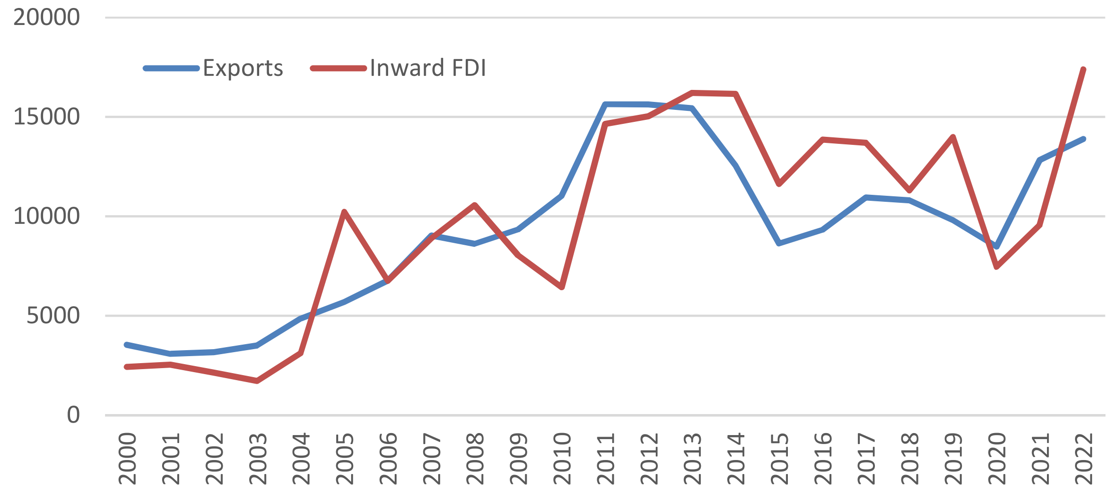

Figure 2. Inward FDI to Colombia and Colombian exports 2000-2022 (in millions of USD)
Source: own elaboration based on Banco de la República (2023).

The practical implication of such a low correlation coefficient was that as inward FDI increased, there was a slight tendency for the GDP growth to decrease, and vice versa. However, given the fragile nature of the correlation, this relationship was almost negligible. Noteworthy, this correlation does not imply causation (See Figure 3).

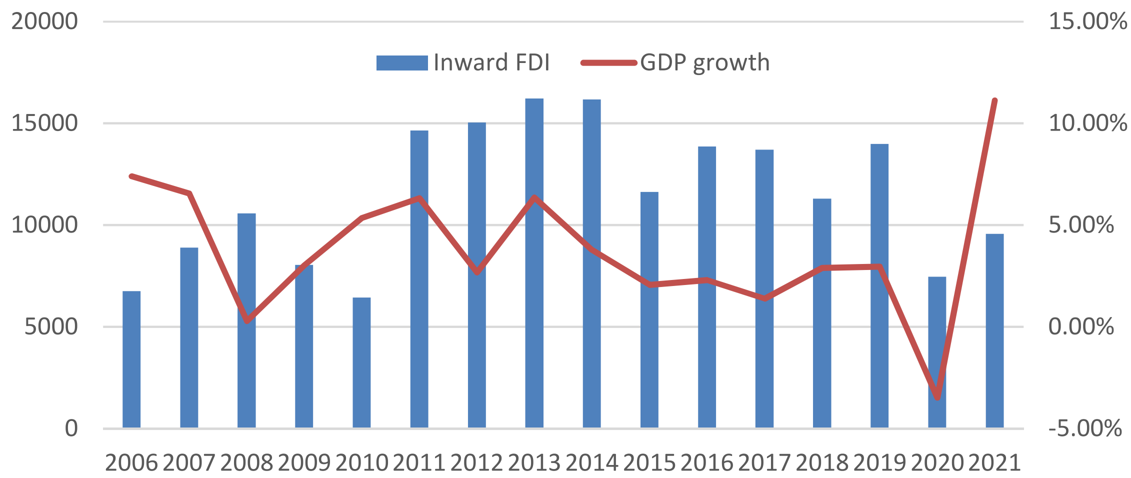

Figure 3. Inward FDI and GDP growth 2006- 2021 (in millions of USD)
Source: own elaboration based on Banco de la República (2023).

As observed, the country reached maximum momentum of inward investment in 2022, with a growth rate of 81.7% compared to 2021, going from USD 7.666 million to USD 17.048 million. Financial and business services and the mining-energy industry were the two sectors with the most significant investments – transportation and communications (11%), manufacturing industry (9%), commerce and hotels (9%) and electricity (6%) (Forbes, 2023).

Thus, we could deduce that different Colombian companies have been sold to foreigners in the last two decades, as seen in Table 2.

In Table 2, we can observe the names of the companies, the sector to which they belong, the year of establishment, their condition as a multinational company, and the change in ownership (year, nationality of the acquirer).

Table 2. Main acquisitions from foreign investors of non-extractive industries' Colombia companies

Year of acquisition	Year of creation	Company	Outward FDI prior to its foreign acquisition	Sector(s)	Acquirer	Foreign investor's nationality
2003	1948	Caracol Radio	No	Broadcasting & media	Grupo Prisa	Spain
2004	1919	Avianca	Yes	Aviation	Germán Efromovich / Synergy Group	Brazil
2005	1972	Banco Granahorrar	No	Banking & Finance	Banco Bilbao Vizcaya Argentaria (BBVA)	Spain
2005	1919	Coltabaco	No	Tobacco	Philip Morris International	United States
2005	1889	Bavaria	No	Beverage (Brewery)	SABMiller	Belgium
2008	1907	Coltejer	No	Textile	Mexican consortium Kaltex (partial acquisition but controlling stake)	Mexico
2011	1934	Imusa	Yes	Kitchen Appliances	Groupe SEB	France
2012	2012	Banco Colpatria	No	Banking & Finance	Scotiabank	Canada
2015	1949	Grupo Éxito	Yes	Retail	Groupe Casino	France
2016	1985	ISAGEN	No	Energy generation	Brookfield Asset Management	Canada
2021	1958	Grupo Familia	Yes	Personal care	Essity	Sweden
2022	1945	Grupo Orbis (before Grupo Mundial)	Yes	Chemicals	AkzoNobel	Belgium
2023	1920	Grupo Nutresa	Yes	Food	International Holding Company and Gilinski Group	United Arab Emirates

Source: own study based on MásColombia (2021), Banco de la Republica (2023) and companies' reports.

Discussion

As evidenced by empirical data and qualitative analyses, the evolution of FDI conditions in Colombia represents a change from initial instability to a clearer ROI predictability. This transformation has been influenced by a combination of governmental efforts to improve structural conditions and a set of market liberalizations that have significantly signalled to foreign investors about the maturing of Colombia's economic policies. This progression from a high-risk investment territory to one that provides clear financial guidance and protection is supported by the rising trend in inward FDI flow, with a notable increase after the policy reforms in the early 2000s. This change supports the investor confidence perspective and its relevant role in the FDI attraction (Buckley, 2011; Xie *et al*., 2017).

A nuanced examination of the Colombian inward FDI flows reveals a multifaceted narrative that challenges the traditional view of stable FDI determinants (Brenes *et al*., 2016; Gammeltoft *et al*., 2010). While economic stability and growth are key to attracting FDI, our analysis suggests that FDI is also substantially influenced by advancements in infrastructure, improvements in labour skills, and the development of technology-related industries. These elements collectively contribute to the attractiveness of the investment climate beyond merely relying on macroeconomic indicators (Thomas & Grosse, 2001). For instance, the transformation from an agrarian economy to one that invites investment in technology and services indicates a shift towards a knowledge-based economy, a phenomenon not fully captured by FDI theories that focus predominantly on resources and market-seeking investment behaviours.

The correlation between inward FDI and export performance further highlights the transition of the Colombian market. This positive relationship indicates a situation where FDI acts as a catalyst for export growth, suggesting a mutually reinforcing cycle of foreign investment and market expansion. However, we may attribute the increase in exports not only to inward FDI but also to a broader set of economic reforms, diversification strategies, and integration into global value chains. These insights indicate a complex interplay between FDI and Colombia's economic dynamics, challenging simplified economic models that fail to consider the broader developmental context within which FDI operates. In light of the above, Proposition 1 summarizes these ideas:

***Proposition* 1:** In retrospect, there seems to have been a potential shift in the conditions for foreign direct in-vestment (FDI). This shift may have evolved from instability and lack of knowledge to clear indications of return-on-investment predictability.

We may attribute Colombia's emergence as an attractive investment destination to various factors:

– Economic indicators: Despite being fourth in terms of GDP in Latin America, the limited presence of foreign multinationals suggests untapped potential.
– Comparative analysis: Compared to its peers, Colombia's delayed globalisation of investment underscores the country's late bloomer status. This delay has given it a unique positioning of showcasing its true potential as an emerging market.
– Inward investment opportunities: The acquisition of traditional Colombian companies by international investors demonstrates the perceived value of the Colombian market. The sale of major companies like ISAGEN, Grupo Exito, Bavaria, Grupo Orbis and Grupo Nutresa proves this.
– External factors: Issues like political instability and the interest of local businesspeople in international capital have played a pivotal role in shaping Colombia's FDI landscape.
– Government policies: Government policies can influence FDI inflows due to their potential role in infrastructure development, investment initiatives creation, development of trade and investment agreements, and shaping of the regulatory environment.

Emerging status is often characterized by a trajectory from conditions of uncertainty to those of stability and predictability, creating a more friendly environment for FDI. This shift implies a significant reduction in the liabilities associated with investing in a nation, which, in turn, reflects an enhancement of the nation's investment attractiveness. It is crucial to acknowledge that this transition is multifaceted, encompassing more than just the strategic changes in governmental policy. While the role of the national government in enacting reforms, improving regulatory frameworks, and offering incentives are undeniably important, it constitutes only one part of a much broader set of factors that collectively boost a country's attractiveness to foreign investors.

The journey towards an emerging market status involves the evolution of several interrelated elements that contribute to establishing stable conditions. Economic indicators such as GDP growth, low inflation rates, and a stable currency serve as initial signals of reduced investment risk. Furthermore, the development of a robust and transparent legal system that protects investment and property rights, alongside the presence of a reliable financial sector capable of supporting international transactions, also plays a central role. These elements function simultaneously to enhance investor confidence, signalling that the host country is committed to fostering a safe and profitable business environment.

Therefore, this multifaceted transition towards emerging market status is not an outcome of a unidimensional approach centred around governmental policy-making alone. It represents a holistic evolution of the nation's economic, legal, socio-political, and technological spheres, which, when combined, present a compelling case to foreign investors seeking to capitalize on the new opportunities afforded by the market's maturity. By acknowledging the complexity and the collective impact of these factors, we gain a comprehensive understanding of how a nation like Colombia can progress to an emerging market status and attract sustained FDI. Therefore, we summarized these implications in the next proposition:

***Proposition* 2:** Emerging status may be determined by a changing trend from uncertainty for foreign capital to more stable conditions. This denotes a nation where the liabilities for foreign capital are diminished. This reduction in liability is not solely due to the policies implemented by a national government to attract foreign investment. In-stead, it is a blend of elements that render the country an attractive investment destination.

Correlation insights:

1. Inward FDI & exports: A correlation coefficient of 0.6531 between FDI and exports suggests that foreign investments benefit the domestic economy and contribute significantly to the export landscape. The symbiotic relationship between FDI and exports showcases Colombia's evolving market dynamics.
2. Inward FDI & GDP growth: The almost negligible negative correlation between FDI and GDP growth is fascinating. It suggests that while FDI might be linked to exports, its direct impact on annual GDP growth is insignificant. This could be because while FDI boosts specific sectors, many other internal and external factors might influence the overall GDP growth.

Indeed, examining Colombia´s case as a latecomer in attracting FDI presents a unique opportunity for novel research. By applying different theories of FDI and emerging markets to the Colombian context, new insights can potentially contribute to these fields. For instance, a combination of theories such as latecomer advantage, institutional theory, resource-based view, comparative advantage, and trade openness and economic growth, are evident in the transition of Colombian as an emerging market and also in the relationship between its economic indicators such as FDI, exports and GDP growth.

CONCLUSIONS

Colombia's journey from an unstable FDI environment to an emerging market with more explicit return indications is evident. While there is a strong association between FDI and exports, its direct relationship with GDP growth remains weak. This complex interplay of factors showcases the multifaceted nature of emerging economies and emphasises the need for holistic analysis beyond just numerical correlations.

Emerging economies often exhibit higher growth rates compared to mature or industrialised economies. Recognising the factors driving this growth can provide valuable insights for investors and businesses. Inward foreign direct investment (IFDI) represents several benefits for host markets, including employment opportunities, infrastructure development, technology and knowledge transfer, and business sophistication. However, only some emerging markets have exhibited homogenous trends in attracting foreign investment. Some, such as Colombia, have been latecomers in attracting foreign investment.

Some areas that scholars could further analyse to better understand this phenomenon include:

- The role of the political and regulatory environment in attracting FDI.
- Cultural factors as elements that explain IFDI.
- The impact of currency and exchange rate stability in attracting FDI.
- Regional dynamics, such as trade agreements and political tensions.
- The sophistication of local talent.
- Effectiveness of legal protection for international investors.

This article has intricately explored the transformation of Colombia into an emerging market, providing valuable insights for the academic community, particularly those in international business and related fields. Our study focused on analysing the role of foreign direct investment (FDI) in Colombia's economic evolution, highlighting the interplay between FDI, export growth, and GDP development. Through a qualitative analysis encompassing expert interviews, historical data, and mass media sources, we have provided a comprehensive narrative of Colombia's transition.

The journey of Colombia, as elucidated in our research, mirrors the path many emerging markets have embarked upon. The correlation between FDI and export growth in Colombia underscores the significant role of international investment in the development of a country's market and economic infrastructure. However, the nuanced relationship between FDI and GDP growth suggests the complexity of factors influencing an emerging market's economy. This observation is particularly relevant to policymakers and investors in emerging markets, emphasizing the importance of a multifaceted approach to understanding and fostering economic development.

Our study contributes to the broader discourse on international entrepreneurship by offering a case study of Colombia's economic transformation. It highlights how an emerging market can evolve from a state of economic uncertainty to one with greater predictability and attractiveness for foreign investment. This evolution is not solely the result of governmental policies but a blend of various economic, political, and social factors.

Despite the comprehensive analysis provided in this study, we must acknowledge some limitations, which may affect the finding's generalizability. Firstly, the study's retrospective nature meant we relied on historical data, which might not fully capture the future dynamics of foreign direct investment (FDI) trends. Moreover, the specific geopolitical and socio-economic context of Colombia, while meticulously examined, may not reflect the conditions present in other emerging markets, limiting the applicability of our findings across different global regions. Furthermore, the rapidly changing global economic landscape, influenced by technological advancements and shifting political alliances, may alter the factors contributing to FDI attraction, rendering some conclusions less predictive over time. These limitations suggest a need for caution when applying this study's insights to other nations or in predicting future trends and they highlight the importance of ongoing research to continually update our understanding of FDI determinants in the evolving global economy.

In light of our findings, future research should focus on exploring the impact of cultural, political, and regulatory environments on attracting FDI in emerging markets.

Furthermore, the role of currency stability, regional dynamics like trade agreements, the sophistication of local talent, and legal protections for international investors are vital areas to explore. These factors collectively contribute to the attractiveness of emerging markets for foreign investment and are crucial in understanding their global economic integration.

In conclusion, Colombia's example provides a unique lens through which we can view the dynamics of emerging markets in the global economy. It serves as a valuable model for other countries striving to attract foreign investment and achieve economic growth, offering lessons on the importance of stability, policy, and market diversification to become an emerging market.

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