

## **Affectation Of The Closing Of The Colombian-Venezuelan Border On Business Activity**

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### **SUMMARY**

The objective of this research was to analyze the affectation from the personal and social point of view of local entrepreneurs, focusing mainly on the Nueva Sexta sector, Cúcuta Norte de Santander. It is examined from a qualitative methodology and corresponds to the Grounded Theory approach. For the collection of data, an instrument or survey was applied, whose variables underlie the predetermined categories and the booklet or content of the semi-structured interviews. The data analysis process was carried out with the support of the Atlas/TI software version 7.0, which made it possible to obtain a graphic representation as a result, thus allowing the codification of the results. With the results obtained, it was possible to identify in depth the effects that underlie the dialogue with the businessmen regarding the closing of the border.

**Key words:** Affectation, business activity, Colombian-Venezuelan border.

### **INTRODUCTION**

Colombia and Venezuela have had political and social differences, which have led to decisions being made either unilaterally or bilaterally, a consequence of which has been the border closures that have had repercussions in the commercial sector. Thus, bilateral relations between Colombia and Venezuela have been characterized by the composition of different economic agreements that have been implemented throughout their commercial history, where the borders that separate one country from the other have played an important role

thus allowing, the market to penetrate each one easily and directly, where cultural and language kinship, among others, is evidenced as a source of good relations, such relations are carried out under different political regimes totally opposed (Torres et al., 2018).

Throughout the years it has been tried to establish and maintain a good commercial relationship between these two nations, although it has been possible to establish a positive link, for some periods of time benefiting the exchange of goods, and contributing to the economy of both countries. However, it is also evident that there have been several border closures along its trajectory, a main cause of the closures is the difference in the political orientations of each country, although one of the cities that have been most affected compared to other areas of the country.

Therefore, the Colombian-Venezuelan problem has many nuances, the border area is exposed to exchange rate fluctuations, the political environment and variations in local exchange, aspects that possibly affect the behavior of the trade balance.

The growing and sustained tension resulting from the distancing of political objectives between the two governments is undoubtedly a possible trigger for the relationship, which has led to the closure of border crossings, the paralysis of bilateral projects, the rupture of trade agreements, distrust among border businessmen with economic and social repercussions.

Much is said about the border crisis in recent years and how it has permeated all economic sectors, at all levels. Historically Venezuela was the most important destination for Colombian exports, among other reasons because it was the closest natural market, with a similar culture accompanied by the growing productive complementarity and similar consumption patterns, with trade agreements in force, for many exporters it was the starting market (Saldarriaga, 2020).

In recent years, the merchandise export sector to Venezuela has gradually slowed down, due to the continuing tension in relations between the two governments and to the This situation has triggered a series of obstacles to cross-border trade, including structural border restrictions such as delays in the payment of foreign currency by CADIVI, delays in the issuance of certificates of origin and the paperwork by the Ministry of Popular Power, the non-delivery of sanitary permits for imports, the delay in payments to Colombian exporters, the restrictions for the delivery of foreign currency at the official exchange rate for imports from Colombia, the application of the exchange control by Venezuela, the closing of the border crossing points. In addition to the reduction of the economic growth of the neighboring country that results in the reduction of the Venezuelan per capita income and purchasing power.

At the informal level, expressions such as: the impact of the border closure has had

repercussions in the region, at the macroeconomic level (inflation, unemployment, informality, foreign trade), as well as at the business level, the impact on the perception of the economic sectors has also been affected, the distrust among border actors and businessmen is the determining element. According to the study of the Chamber of Commerce of Cúcuta, on the closing of the border and the measurement of the economic impact, the economic sectors with the greatest negative perception, in aspects such as employment, sales, production and exports, are mining, commerce, lodging, logistics, transportation and manufacturing.

Therefore, it is important to know the commercial influence that has fallen on Cúcuta because of the different situations that contributed to the economic decline, and this is the origin of this research, in order to serve as a basis for the development of programs and projects that contribute to the generation of solutions to this problem, since Cúcuta is one of the main departments through which it is possible to facilitate the market and take advantage of the international connections that geographically allow it. From the above, the question arises: What has been the affectation of the economic impact that falls on the business sector of Cúcuta as a result of the Colombian-Venezuelan border closure during the period 2019-2020?

## **METHODOLOGY**

### **Research Approach.**

The Design of the study was qualitative in nature and corresponds to the Grounded Theory approach (Ortiz, 2020) and Symbolic Interactionism defined by Blumer (As cited in Gadea, 2018). Theoretical Codification (Vives & Hamui, 2021) was chosen as the central strategy of the analysis, so the approach of the analysis is interpretive in nature (Orozco, 2018).

It was based on the epistemological and methodological foundations raised from Phenomenology and its link with Symbolic Interactionism (Gadea, 2018), in which it is sought to theoretically interpret the meanings that businessmen attribute to the different dimensions identified in the phenomenon of the closing of the border with Venezuela.

Research design.

An in-depth interview with a structural approach was used, where Taylor and Bogdan, use such expression, with the purpose of referring to the qualitative research method, as here. face-to-face encounters are generated between the researcher and the people, scenarios in the research that are directed towards understanding the perspectives that informants have regarding their lives, experiences or situations, as they express them in their own words. In-depth interviews follow the format of a conversation between equals, it is of a participatory type that includes the subject to dialogue (Viejó, 2022) and not of a formal exchange of questions and answers).

### **Population.**

The population under study are the businessmen selected by means of theoretical sampling and who are formally established in the area under study, such as the Nueva Sexta sector of Cenabastos. The sample consisted of 200 businessmen.

### **Collection of information.**

The number of interviews applied to the entrepreneurs was defined by the saturation method, as a result of which ten (10) semi-structured interviews were applied randomly to the different economic sectors by products such as warehouses and groceries, fish and meat, fruits and vegetables, delicatessen and dairy products, packaging and packing.

### **Analysis of the information.**

The arguments given by the informants through the interviews were transcribed and treated as qualitative data of a textual nature. The analysis technique used is called theoretical coding (Vives & Hamui, 2021), which allowed the systematic treatment of the development and refinement of the interpretations of the data (texts, images), this technique is commonly used within the context of qualitative theory. The method is based on a grounded approach in order to "make theory and relationships emerge" from the data (Ortiz, 2020).

In the coding of the information, Lych (2020) insists that this method does not ensure reliability either, since one of his strongest postulates indicates that in a word association the terms cited first are more important than the others and it would seem that what is relevant is to focus on the average rank obtained in the population as a whole Araya (2002).

According to Rojano et al. (2021) the process of theoretical coding comprises three types: open, axial and selective. Open coding led to the identification and interpretation of the concepts underlying the application of the semi-structured interview booklet, which entails: (a) gathering similar events, occurrences or objects under a heading that classifies them based on a common characteristic; (b) making an abstraction of the data in order to decompose them into ideas, events, incidents and acts to then give them a denomination that represents or substitutes them, of course under constant comparison with the theory and the other codes identified. This is followed by axial coding, the purpose of which is to regroup the data that make up the category and relate them to their subcategories and dimensions, resulting in a brief explanation of the phenomena identified selective which refers to the process of grouping and filtering the identified categories. Finally, coding for the process that occurs at the same time with open, axial and selective coding, the process of analysis of these data was developed with the support of ATLAS/TI software version 7.0.

This method is applied in order to identify the categories that emerge as a result of the dialogue between the interviewee and the theory under the constant comparative method.

## RESULTS

In this section there is an analysis and presentation of results under the use of the Atlas ti tool, from an inductive approach after applying the interview protocol to the entrepreneurs of the Nueva Sexta sector of Cenabastos, under the qualitative and interpretative analysis and the subtraction of the predetermined category: Economy, which emerged in the present research, and which underlie the codification and categorization process. Therefore, taking into account the structural approach to SRs proposed by Jean Claude Abric, the statistical results of the application of the instrument divided into this study category are presented below:

### Predetermined Category: Economy.

**Table 1. Qualitative questions asked to the entrepreneurs in the Category: Economy.**

Default Category	Qualitative question
Economy	Which products do you buy in Colombia for marketing and for which ones do you use the service of the Bachaqueros, after the closing of the border?
	With the closing of the border and as a businessman, what has been the change regarding the origin of the products you sell, Colombian or Venezuelan?
	What has been the commercial impact after the border closure?
	What impediments has the closing of the border brought you, or consequences regarding your commercial relations with Venezuelan businessmen?
	What have been the commercial impacts, after the border closure, with the use of Venezuelan fuel and currently Colombian fuel?
	How did you consider the behavior of the prices of the goods or services that you provide or market in the Cenabastos area of the new sexta, before and after the border closure?
	How do you think the "closing of the border with Venezuela" has affected the National and Local Economy, could you list some examples?
	What changes have occurred in the phenomenon of the Bachaqueros, before and after the closing of the border in the sector of the new sixth of Cenabastos?
	For a territory to consider an economic reactivation, it requires a commercial relationship between countries, such as imports and exports of basic necessities. According to your perception, how has the closing of the border affected all of the above?
	What have been the effects or changes that have occurred in the informal commerce in the new sixth Cenabastos, as a result of the closing of the border?
What have been the phenomena that have occurred after the border closure, such as the informal meat products business, among others?	

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How have you been affected socially by the border closure?

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Table 2 below presents the theoretical coding of the Emergent-Economy Category that emerges as a result of the dialogue between the interviewee and the theory under the constant comparative method:

**Table 2.** Category - Economy.

Codes	%	f	Dimensions	Subcategories	Categories
Fuel price increase	1%	4	Savage capitalism		
Unbridling market freedom	1%	3			
Dollarization of the Venezuelan economy	1%	4	Globalization Economic		
Demand for Imported Products	1%	3			
Increase in freight rates	1%	3	Means of production		
cost-of-living increase	1%	3			
Economic dependence	3%	11			
Decrease in sales	1%	4			
Decrease in foreign buyers	1%	4			
Economic Contraction	12%	45			
smuggling	6%	24			
Increase in product prices	4%	15			
Informal economy	3%	10			
Subway economy	2%	8			
Commercial crisis	2%	6			
Decrease in sales	1%	4			
Decrease in foreign buyers	1%	4			
Economic inflation	1%	3			
High prices	1%	3			
Border trade balance deficit	1%	2			
Increased inflation	1%	2			
Shortage of products	0%	1	Obstacles to economic development	Economic Antagonism (contradictions)	
financing due to economic crisis	0%	1			
Loss of market low prices for Venezuelan products	0%	1			
Smuggling	6%	24			
Bachaquerismo or smuggling	5%	21			

Abandonment of business associations	3%	11	
Decrease in border traffic	3%	11	
Legitimizing smuggling	2%	6	
Commercial distrust	1%	3	<b>ECONOM</b>
Increase in smuggling	1%	2	<b>Y</b>
High risk of financial and commercial default	0%	1	
Fuel smuggled into Venezuela	0%	1	
Regional and local shortages	0%	1	
Increased unemployment	0%	1	
Retail market syndrome	0%	1	
			Penalties
Shortages in Venezuela	1%	5	penalties
Increased labor migration	1%	4	Productive
Informality causes migration	1%	3	forces
Economic acceleration	3%	13	
Commercial reactivation	2%	6	
Price stabilization	1%	4	
Economic equilibrium point	1%	2	Commercial
Supply in Venezuela	0%	1	Economics
Price stabilization by supply and demand	1%	2	
Foreign investment	1%	2	Commercial
Economic adaptation	5%	21	exchange
Domestic consumer	5%	19	
Increase in domestic consumption	1%	2	
Decrease of the "Bachaquerismo"	2%	9	
Decrease in Venezuelan fuel smuggling	1%	5	conomic
Restrictions on smuggling	1%	2	protectionism
Authority control of informal commerce	0%	1	Economic development
New markets	0%	1	
Economic Ethnocentrism	9%	37	

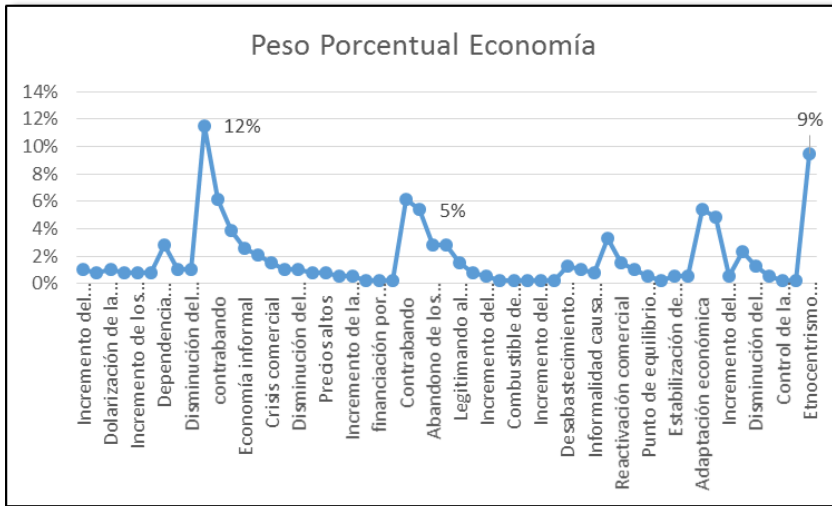


Figure 1. Percentage Weight Economy

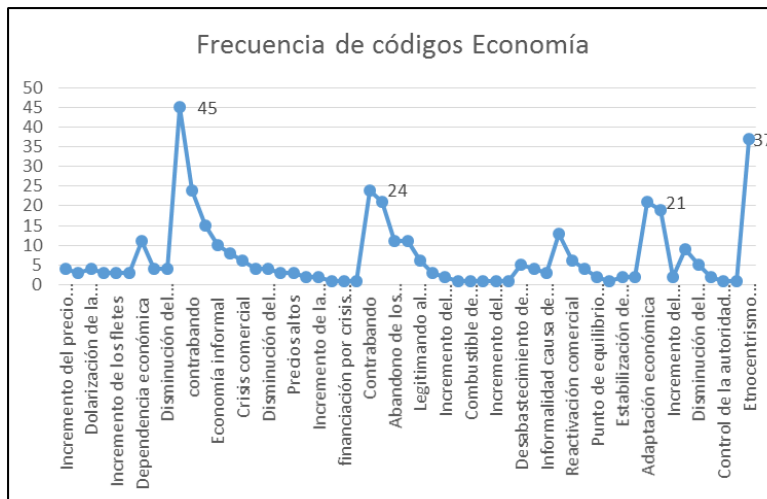


Figure 2. Frequency by Economy codes

In the Economy category, it can be seen that in the subcategory Economic Antagonism and Contradictions, dimension obstacles to economic development, 12%, followed by smuggling with 6% and economic dependence on Venezuela with 3%. In the subcategory Economic Development, dimension economic protectionism, the economic ethnocentrism code has 9%, followed by the commercial exchange dimension with 5% and the national consumer code with 5%, respectively, which indicates that internal consumption is in a state of economic growth.



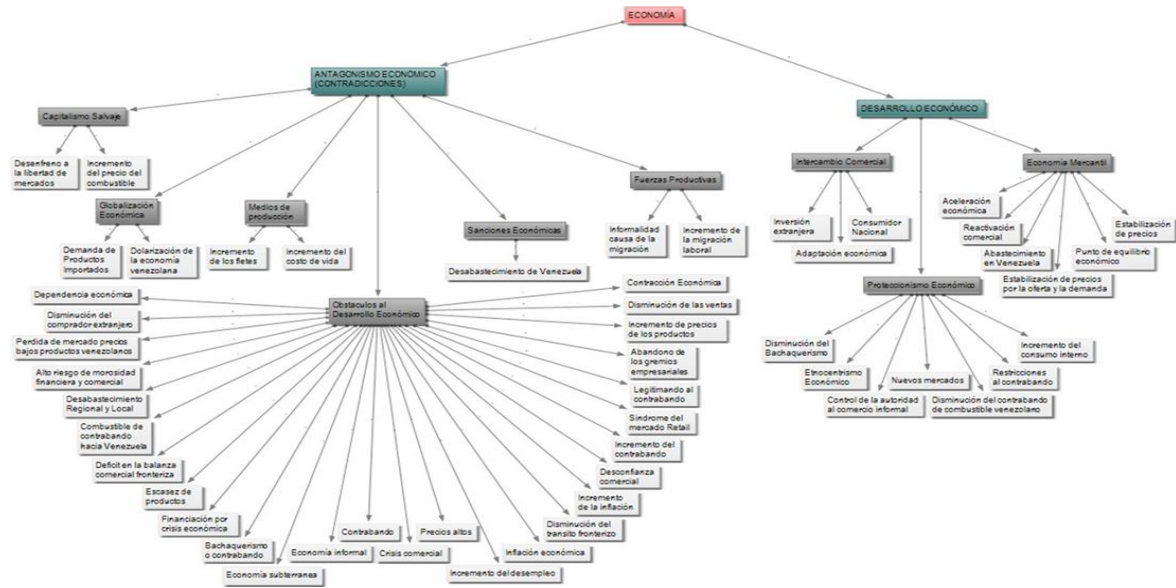


Figure 3. Economy Category

In Figure 3, it can be seen that from the Economy Category, economic antagonism and Economic Development are derived or underlie. From the first one, wild capitalism emerges, from this we are talking about a phenomenon already known as the market of the stores or Retailers sector, particularly the case of D1 and Justo y Bueno stores among others, which saw the opportunity in the city of Cúcuta, thanks to the decrease of smuggling from Venezuela, of course this product of the border closure and shortage of supplies in the neighboring country. According to Almeyda (2016). D1 stores offer their national and imported products to their customers under the promise of low prices and high quality, supported by a cost reduction policy in terms of logistics, personnel, transportation, advertising, decoration, packaging, exhibition, etc. This has been greatly affecting the grocery market in Cenabastos.

On the other hand, the Economic Globalization dimension was identified as part of the economic antagonism resulting from the closing of the border, as well as the demand for imported products, likewise the dollarization of the Venezuelan economy, of the above, Urdaneta et al. (2019) develop an explanation regarding how this phenomenon occurs, "When the exchange control policy is implemented in the Venezuelan economy by the government, the demand for money in foreign currency begins to be higher than the demand for money in local currency, causing a process of informal dollarization of the economy to occur gradually in the country" (p. 125).

Means of Production were also identified, as an effect of the closing of the border and the rise in fuel prices due to the shortage of these products has resulted in the consumption of this product turning to Colombia, which leads to an increase in freight costs as well as in the cost of basic necessities, which is why Uribe (2016) argues that "The sustained increase in the international prices of basic goods, together with low country risk premiums in emerging economies" (p. 7).

As for Obstacles to Economic Development and Economic Sanctions, they are another of the effects of the border closure and the mismanagement of the Venezuelan economy, the shortage of products in the neighboring country is presented, De Rodríguez et al. (2017) describes this phenomenon as a

Scenario, pressured by the economic crisis in Venezuela (falling oil prices, high inflation, shortages, etc.), political polarization and a regional context turning to the right, in the context of nationalist discourses that call for protectionism and xenophobia (Trump phenomenon).(p. 77).(p. 77)

At the same time the economy of the region has felt its effects, as described by Bustos et al. (2018) "In Venezuela the contraction of the economy has caused the closure of companies and therefore the supply of employment has decreased and the largest formal employer is the State" (p. 37). From the above the border zone especially the sector of the new sixth of Cenabastos has not been alien to this negative effect, contradiction of the economy, articulated to the category economic antagonism (contradictions) contrary to the main objective of the economy of the countries which is to seek the welfare of its inhabitants.

It should also be mentioned that, historically, Colombian businessmen have a certain distrust in trade relations with Venezuelan businessmen, due to the high risk of capital to invest in trade relations with the neighboring country, as described by Sanchez (2012). From October 2007 until the end of 2010, the ZIF has been absent from deliberations or declarations at all levels of government in both Colombia and Venezuela. The reasons for such paralysis are of various kinds, among them, the return to the bilateral sphere, which is more complicated and with a high dose of mistrust, compared to the regional and local sphere. This leads to a decrease in trade relations with the Venezuelan market due to the high investment risk.

Subsequently, in the Economy Category, Figure 3 shows the economic development, where it could also be said that the effects of the border closure, added to the expectation of its opening, present positive results such as the economic development of the region, which would bring, according to businessmen, a mercantile economy through the acceleration and reactivation of trade, price stabilization, as well as the supply of Venezuela through the Norte

de Santander - Táchira State border,

In periods of crisis, porters cross the border, and in times of improvement for one country or the other, the population moves to acquire their products wherever it is more favorable for them. In the current situation, and with the closing of the border as a result of the pandemic, the the number of trails becomes relevant for binational displacement. By February 2021, more than 50,000 cases of COVID-19 were estimated (Ardila et al., (2021).

This public health situation also has negative effects in the border zone, due to the economic slowdown that initially occurred as a result of the quarantine (Avendaño-Castro et al, 2020).

However, the region of Norte de Santander has historically faced crises, which has led to adjustments in the economy, such as economic protectionism, based on the economic ethnocentrism of the region's inhabitants. For Orts et al. (2020)

Ethnocentrism is a consumer's aversion to foreign products. The term was first coined in 1987 by Shimp and Sharma. Its study is very useful, as it helps to make a decision on what kind of product to market in a given geographical area. (p. 131).

This behavior has been occurring and has been marked in the consumers of the border zone, considering that this reactivates the economy of the region, therefore, new jobs are generated, which results in an economic reactivation.

## **CONCLUSIONS**

The development of this research allowed us to determine the effects that the businessmen of the Nueva Sexta de Cenabastos attributed to the closing of the Colombian-Venezuelan border, as well as the phenomena attributed to it, on the other hand and under the grounded theory of Strauss and Corbin, we proceeded to read line by line the results of the interviews already systematized, in order to carry out the open coding, and thus give way to the axial coding and finally the selective coding, The results of the interviews already systematized were read line by line, in order to carry out the open coding, and thus give way to the axial coding and finally the selective coding, whose results allow applying a qualitative analysis, under the approach of the constant comparative method, of the grounded theory, that is to say the theory versus the results, of the construct of semantic networks, which give way to emerging categories such as Economy.

Therefore, the categories that under the application of Strauss' Grounded Theory, such as border closure and economy, were achieved thanks to the use of the specialized software

Atlas-ti version 7, then and with the saturation method and Jodelet's processual approach, and under the approach of the grounded theory such as the constant comparative method, allows understanding in depth the phenomena that underlie through the dialogue with the entrepreneurs in front of the border closure, Likewise, the application of Jean Cloud Abric's structural method generated results that were taken to the specialized software SPSS, in order to systematize, organize the data and develop a statistical analysis of the results of the application of the instrument, which gave way to strengths acquired in the development of the project to the researchers of the project.

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