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Foreign and Domestic Firms in Colombia: How Do They Differ?

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This paper studies foreign and domestic firms in Colombia and, in particular, whether these firms behave differently. The study uses a dataset containing the 2003 balance sheets and income statements for some 7,001 firms. The dataset was obtained from the Superintendencia de Sociedades. The study concludes that foreign and domestic firms differ in a number of aspects. Foreign firms tend to have a larger total asset turnover than domestic firms; they are more leveraged than domestic firms; and they tend to have a lower net-profit margin than domestic firms. However, these results are not conclusive. When the dataset is broken down by sector, the results are much less clear. When analysing external debt, foreign firms do, nevertheless, tend to hold almost four times as much external debt as domestic firms of the same size. Foreign firms also tend to import more.

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