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Keep in mind

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This is the second of three papers investigating the differences between foreign and domestic firms in Colombia. The study uses a dataset containing annual balance sheets and income statements for a sample of 3,452 firms for the period 1996 to 2003. This period includes the 1999 economic crisis. The dataset was obtained from the Superintendencia de Sociedades. If the development of foreign majority-owned firms, as an aggregate, is compared to that of domestic firms, it is shown that foreign firms have, in terms of aggregate sales, grown faster than their domestic counterparts, and that they were less affected by the 1999 crisis. Profit developments have also been more positive for foreign firms than for domestic firms, both in terms of operating margin and net-profit margin. While the net-profit margin of domestic firms was seriously affected by the 1999 crisis, that of foreign firms was hardly affected at all. The leverage of foreign firms, measured as total liabilities to total assets, has, furthermore, increased during the period, while that of domestic firms have remained more or less flat. For foreign minority owned firms, on the other hand, the results are less conclusive.

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