

An Empirical Examination of the Determinants of Foreign Direct Investment: A firm-level analysis for the Colombian economy

Abstract

We use a large firm level data set to investigate the determinants of foreign direct investment (FDI) in Colombia. We estimate econometric models for the determinants of the probability that a firm receives FDI, as well as for the factors that help to explain the foreign share in a firm's capital. The results show that firms listed on the stock market, involved in foreign trade activities, and operating in sectors with greater capital intensity are more likely to be recipients of FDI. Also, the probability of a firm receiving FDI is directly related to its size.