

**FDI in Information-Poor Contexts: The Strategic Behavior of Colombian and Foreign
Acquirers**

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Abstract

This paper considers the interaction between domestic and cross-border merger and acquisition (C-B M&A) activity in information-poor contexts. We argue that in information-poor contexts, in which domestic acquirers have information advantages and rely on more effective enforcement mechanisms than foreign acquirers, domestic M&A activity precede C-B M&A activity. As a result, in these cases domestic M&A waves can trigger subsequent C-B M&A waves and effectively stimulate foreign direct investment. We find evidence that is consistent with this theory when we apply data from Colombian M&A activities between 1982 and 2015.

Key words: mergers and acquisitions, cross-border M&As, waves, FDI, Colombia