

Indigenous peoples' reactions to foreign direct investment: a social movement perspective

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Abstract

A growing body of literature highlights that large-scale investments in sensitive contexts can undermine both firm financial performance and peace-positive development. We investigate whether and under what conditions foreign direct investment (FDI) proximate to Indigenous land claims increases or decreases conflict. Drawing on social movement theory's identification of powerful frames and political opportunity structures as drivers of mobilization, we predict that FDI proximate to Indigenous land claims will promote conflict. We leverage novel data on the global location of Indigenous land claims and a global corpus of more than 4 billion news articles. We find that when locations with Indigenous land claims are treated with FDI, we observe an increase in media-reported armed conflict events. We further argue and find this effect to be driven by rebels acting on behalf of Indigenous people who target (multinational) corporations and the governments who offer them the formal license to operate. These negative effects are found across a wide range of industries. Our results underscore that for investments in sensitive socio-political contexts, such as Indigenous lands, firm performance and the livelihoods of community members are heavily influenced by conflict risk mitigation efforts.

Keywords Institutional context \cdot Civil society \cdot Political risk \cdot Longitudinal (or time-series) \cdot Theory of FDI and the MNE (ownership–location–internalization) \cdot Indigenous

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Introduction

In recent decades, conflicts between Indigenous peoples and corporations operating on their traditional territory have frequently made the news. Multinational corporations, such as Danone, are exacerbating the ongoing water crisis in Mexico's Puebla Valley (Pearson, 2022), leading to protests by local Indigenous populations and water rights activists. Vedanta's aluminum mining project in India's Niyamgiri Hills jeopardized the cultural, spiritual, and economic survival of the Dongria Kondh tribe by threatening their sacred lands and disrupting their traditional way of life (Amnesty International, 2010), again leading to action by domestic and international activist groups, which induced the project's eventual halt and significant financial losses for Vedanta. These are often lose-lose situations, with Indigenous people losing life, land, and/or health (Kennedy et al., 2023; Scheidel et al., 2023; Temperet al., 2020), while corporations face financial and reputational costs (Birss & Sirén Gualinga, 2022).

The literature regarding non-Indigenous corporations operating in Indigenous lands has focused on such conflicts

(Bostedt, 2001), particularly related to multinationals in extractive industries (O'Faircheallaigh, 2023; Perez-Rincon et al., 2019). While there is compelling qualitative evidence that suggests the presence of a "resource curse" (Whiteman, 2009), the literature would benefit from large-N research that explores the generalizability of these cases and the mechanisms that underlie them.¹ There are multiple reasons for this.² First, as noted above, there is potential selection bias inherent in case studies (i.e., the case is selected because we observe a conflict outcome). As McAdam and Boudet (2012) point out, scholars often choose to study successful movements (i.e., they select on the dependent variable), which can exaggerate both the prevalence and the causal importance of social movements as a form of political action. Second, a large part of the literature on conflict against multinational corporations is based on evidence from extractive industries where the negative externalities are particularly obvious (Bruijn et al., 2023). This focus can lead to a skewed understanding of corporate conflict, as extractive industries like mining and oil production are prone to high environmental and social costs, such as pollution and displacement of communities. These visible and often severe impacts make conflicts in these sectors more prominent and easier to study. Consequently, the findings from these studies may not be fully representative of conflicts in other industries where the externalities are less apparent or less severe, potentially leading to an overestimation of the frequency and intensity of such conflicts in the broader context of multinational corporate activities.

Despite this qualitative evidence, conventional economic theory argues against such generalizability as the resources, technology, and spillovers provided by foreign direct investment (FDI) should be welfare enhancing, even in the case of extractives in weak institutional environments (Oetzel & Doh, 2009). By contrast, social movement theory would argue that the strength of Indigenous peoples' injustice frame facilitates mobilization in alliances with other aggrieved groups, particularly in political systems that are open to such external pressure. The lack of power of Indigenous groups relative to host country governments, particularly operating in partnership with multinational corporations (Collier & Hoeffler, 2004), creates a clear power asymmetry (Davis et al., 2008) that can form the basis of a protest frame focused on reinforcement of historical injustice (Carroll & Ratner, 1996). Indigenous groups also often lack formal protection of their rights and suffer disenfranchisement, so they are more likely to express their voices through non-traditional means (Meyer, 2004a, b).

We conduct a systematic analysis of conflict across the nearly 800 greenfield foreign direct investment projects in Indigenous-held or Indigenous-adjacent land. Using propensity matching and an instrumental variable approach for greater causal leverage, this paper shows that in areas where both Indigenous claims and foreign direct investment exist, there is an increase in armed conflict. We demonstrate that this is particularly true when the land undergoes a high degree of human modification (e.g., in the context of extractive investments). We confirm that these trends hold across multiple measures of armed conflict and that the findings are not driven by pre-existing conflict. Analyses of more than 4 billion media articles confirm that the conflict is largely carried out by rebels (domestic and international armed and violent groups) toward the government, who typically is required to sign off any foreign investments, as well as corporations themselves.

Our theoretical arguments, and empirical evidence in support thereof, contribute to the specification and identification of mechanisms by which foreign direct investment, despite its economic benefits, may engender socio-political resistance. Where investments can easily fit into an injustice frame by a coalition of actors lacking formal political authority or franchise but with the opportunity for informal political response, political conflict is more likely. Our approach is responsive to recent calls to explore outcomes of FDI beyond spillovers and economic growth that are perceived as more societally impactful (Wiessner et al., 2023), contextually embedded (Ramamurti, 2004), or comprising grand societal challenges (Van Tulder et al., 2021), including a focus on civil society organizations (Bruijn et al., 2023) that address issues such as human rights in general (Wettstein et al., 2019), and Indigenous populations in particular (Anderson et al., 2001).

Social movements against (multinational) investment

While social movement theory originated in the analysis of movements seeking government policy change on social issues (e.g., women's rights or civil rights), a growing range of scholarship has extended that analysis to include cases in which corporations were implicated typically due to negative externalities for which protestors seek policy redress. Prominent examples include the siting of power plants (McAdam & Boudet, 2012), fossil fuel infrastructure (Schilling-Vacaflor et al., 2018), fracking operations (Vasi

¹ Despite the theoretical logic and the evidence amassed in numerous case studies, there is limited large-N empirical analysis of Indigenous peoples' interactions with multinational corporations. Temper et al. (2020), Scheidel et al. (2023), and Kennedy et al. (2023) provide important exceptions. While their findings are stark, the sampling on resistance movements still leaves open the question of what percentage of all foreign direct investment projects, particularly those outside the extractives sector, face such movements.

 $^{^2}$ We are grateful to Reviewer 2 for excellent suggestions related to the motivation of Hypothesis 1.

et al., 2015), mines (Jaskoski, 2014), hydroelectric dams (Kirchherr, 2018), and global supply chains in countries with limited worker rights (Bartley & Child, 2014) or human rights concerns (Minefee & Bucheli, 2021; Soule et al., 2014). In each of these cases, the imposition of localized negative externalities, or the perception thereof, by (multinational) corporations working in partnership with the government facilitated the construction of injustice frames and, in turn, mobilization.

Another common element across these cases is the inability or challenge of operating through formal political channels. These may be non-existent (e.g., labor rights in Myanmar or human rights in apartheid South Africa) or (perceived to be) under the influence of the investor (e.g., fracking or power plant siting in the United States as well as natural resource development in emerging markets). The goal of the social movement is thus to pressure existing or new political actors with the hope of developing new formal channels of influence or constraints on negative externalities in existing or future operations.

Indigenous peoples' reactions to foreign direct investment

Foreign investments proximate to Indigenous lands constitute an extreme case in which social movement theory would predict conflict. Existing evidence suggests that Indigenous peoples frequently respond negatively to foreign direct investments that are proximate to their land claims due to a variety of negative externalities. These include environmental damage (Perez-Rincon et al., 2019), human rights violations (Murphy & Vives, 2013; Whiteman & Cooper, 2016), exacerbation of pre-existing inter-group inequities and tensions (Hilson & Laing, 2017), threats to cultural heritage (Ballard & Banks, 2003), as well as forced resettlement (Boudreaux & Schang, 2019) contributing to social dislocation (Filer, 1990). Existing work suggests that Indigenous peoples protest over perceptions of unfairness in the distribution of positive benefits as well as decision rights (Whiteman, 2009). Frustrations may also mount over a lack of incorporation of Indigenous beliefs or participation of Indigenous peoples, organizations, and practices (Banerjee, 2018).

While such (alleged) behavior on the part of foreign investors could give rise to grievances and conflict under any circumstances, the context of Indigenous peoples' relations with foreign entities and even their own government exacerbates such risks. Indigenous groups are a canonical or extreme case for potential socio-political mobilization. Specifically, they have historically been a low-power stakeholder with long-standing historical grievances, lacking institutional protection and/or franchise, and facing an alliance between domestic and international political and economic elites. However, Indigenous groups also have the ability to access foreign and domestic civil society organizations to assist in mobilization and protest.

The low power of Indigenous groups is evidenced beyond these case studies by their history of forced resettlement, often to land with higher environmental risks. We observe the imposition of foreign belief systems on development, prosperity, and progress (Hewitson, 2013), degradation of Indigenous institutions (Garcia-Barrios & Garcia-Barrios, 1990; Lam & Paul, 2013), underrepresentation and discrimination in the political arena (Whiteman, 2009), and precarious land rights (Sellars & Alix-Garcia, 2018). As a result, Indigenous communities are often economically underdeveloped (Elizalde, 2020) with high inter- and intragroup inequality (Munoz et al., 2007) and aid dependence. Indigenous groups engaging with multinational corporations thus face a substantial power asymmetry (Banerjee, 2018).

Indigenous groups face not only substantial grievances and power asymmetries but also a lack of formal remedy. The national government may even be complicit in maintaining those asymmetries and fail to offer access to the formal institutions that typically protect non-Indigenous national citizens or allow them to seek remedy. Indigenous peoples frequently lack formal legal protections under national law for their pre-existing land claims and rights more broadly (Merino, 2018). These governments often use rents generated from natural resources to support illicit private activity or reinforce the political, economic, and cultural power of groups other than Indigenous peoples. Beyond formal protections, informal norms and belief systems of national governments are also perceived to privilege foreign perspectives and denigrate or undermine Indigenous beliefs (Farrell, 2014). As a result of norms or belief systems that discriminate against Indigenous peoples and the lack of formal legal protection, national governments have a history of adopting discretionary policies that ignore Indigenous peoples' needs (Dwyer et al., 2014), forcing assimilation and dependence, and contributing to ongoing racism (Kinnear, 2020).

Finally, economic inequalities and perceived exploitation by multinational corporations (permitted to operate by the national government) can further stimulate mobilization (Collier & Hoeffler, 2004). Where state institutions are complicit in corporate malpractices, opponents may find a conducive environment to challenge both the state and corporations. They may position themselves as defenders against an alliance of corporate greed and political oppression that reinforces economic, political, and social disparities. In the context of globalization, groups with anti-imperialist ideologies might target multinational corporations as symbols of neo-colonialism or globalization (Giddens, 1990). Relatedly, conflicts often arise in areas rich in natural resources, where multinational corporations' **Hypothesis 1** Foreign direct investment in Indigenous-held and Indigenous-adjacent land leads to an increase in armed conflict.

Once again, national government collaboration with foreign investors and prioritization of those investors' interests over those of the Indigenous communities form a canonical case of this pattern (Schilling-Vacaflor et al., 2018; Spiegel, 2012). Together, governments and corporations have repeatedly ignored Indigenous peoples' demands for labor market participation (Hu et al. 2019) or more equitable wages (Dixon & Mare, 2007; George & Kuhn, 1994). In the same manner that national governments historically cooperated with foreign colonial powers in displacing Indigenous peoples and undermining their economic and social rights (Dell'Angelo et al., 2017; Trawick, 2003), they now make similar arrangements with (multinational) corporations (Ballard & Banks, 2003). So long as corporations, in order to achieve the formal license to operate, must align with national governments which, both historically and in the present, are often perceived as guilty or complicit in disenfranchisement, the lived experiences of Indigenous peoples with such investor-government coalitions will continue to include, at best, benign neglect. More commonly, that experience will include human rights abuses (Kemp et al., 2011), ecological damage at a massive scale (Scheidel et al., 2023), and culture loss (Fernández-Llamazares et al., 2021) without any participation in or voice over policies and strategies guiding development.

Given the inability of Indigenous peoples to turn to their national governments to address grievances, they must look to alternative mechanisms. Building on the logic highlighted in the seminal theoretical argument by Keck and Sikkink (1999) and developed in an empirical case study on Indigenous people near the Niyamgiri bauxite mine in India (Kraemer et al., 2013), one available mechanism for such groups is to leverage alternative advocacy groups with complementary objectives. It follows that Indigenous communities under threat have been known to align with rebel groups as a means of advocacy and protection against national governments and (multinational) corporations that encroach upon their territories and rights. In this context, rebel groups are organized factions that actively participate in armed conflict against an established government or authority with the aim of overthrowing or forcing political change. These groups typically emerge in the context of political, social, or economic grievances and strive to challenge the status quo, often feeling that peaceful negotiations or political processes are ineffective or inaccessible for achieving their goals. Particularly in regions where legal and peaceful advocacy has proven ineffective, Indigenous communities may turn to rebel groups as a more forceful means of resisting external threats.

The main reason is a shared opposition to state policies and corporate activities. As previously argued, Indigenous communities often find themselves at odds with state policies or corporate activities that threaten their lands and way of life. In some cases, rebel groups, which also oppose the state for various reasons, can become de facto protectors or advocates for these communities. For example, the Zapatista Army of National Liberation (EZLN) in Mexico has been instrumental in advocating for Indigenous rights against both the state and (multinational) corporations (Stephen, 2002). Kraemer et al.'s (2013) case study on Indigenous people near the Niyamgiri bauxite mine in India demonstrated the power of social movements against domestic corporations. What began as a local movement developed into an alliance of local communities, Indian activists, political organizations, and international nonprofits that eventually succeeded in stalling Vedanta's bauxite mine, which has cost the company upwards of \$10 billion (Chaturvedi, 2014). This leads to the following testable implication:

Hypothesis 2 Foreign direct investment in Indigenous-held and Indigenous-adjacent land leads to an increase in conflict by rebels against corporations, multinational and domestic, as well as national governments.

Data and methodology

We test our hypothesis by constructing a database that explores the impact of foreign direct investment that occurs within 50 km of an Indigenous land claim over the period 2003-2020 in 193 countries. As we must move to subnational analyses when discussing Indigenous land, we conduct our analysis at the level of PRIO-GRID cell-year (Tollefsen et al. 2012). The PRIO-GRID is a spatial grid of 259,200 cells that each account for 0.5 by 0.5 degrees of latitude and longitude, or approximately 50-km × 50-km boxes. Of these 259,200 cells, just under 25% contain some land, yielding 64,818 grid cells in which we can record human interactions. Since its release in 2012, the PRIO-GRID structure has been used extensively in the social sciences, given the ease with which it facilitates subnational analyses. The PRIO-GRID structure also allows for seamless incorporation of time-varying spatial control variables released by PRIO, which include GDP,

population, drought, number of politically excluded groups, and more.

We first test for the impact of foreign direct investments on armed conflict. After establishing that there is a relationship between FDI and armed conflict on Indigenous-held and Indigenous-adjacent land using two different measures, we utilize media data to determine the actors associated with this conflict. We utilize two measures of armed conflict to test Hypothesis 1. The first measure is a metric representing the total fatalities resulting from conflict. This metric is derived from the Uppsala Conflict Data Program-Georeferenced Event Dataset (UCDP-GED) (Sundberg & Melander, 2013), a prominent resource for researchers requiring in-depth and location-specific conflict data. The UCDP-GED offers granular data on individual episodes of political violence that result in at least one death. It provides extensive details on the timing and location of incidents (including the relevant PRIO-GRID), and critically, the metric of "deaths," which records the number of fatalities in each conflict event. The strength of this measurement of conflict is that it has even global coverage from 1989 on but, on the other hand, the measure is also limited as the bar for conflict is particularly high in that it requires at least one death.

Our second measurement of conflict is a count of conflict events. We operationalize conflict events using the Armed Conflict Location & Events Data (ACLED) project (Raleigh et al. 2010). We select ACLED based on its extensive use in the social sciences. To create our dependent variable, we mapped the latitude and longitude provided by ACLED in the original database to its corresponding PRIO-GRID cell, following the methodology of Tollefsen et al. (2012). We then counted the number of ACLED that is not present in the UCDP-GED data (our first measurement) is that its temporal coverage of conflict is uneven globally, causing us to undercount our phenomenon of interest.

We utilize a third measure of conflict, which is based on media data and is intended to give us leverage over which actors are associated with the conflict, to test Hypothesis 2. This measure of conflict is the annual media-reported count of conflictual events between two actors of interest. This count of conflictual events is derived from the Goldstein scale (Goldstein, 1992), which is well-established in the social science literature (D'Orazio & Yonamine, 2015). An outline of the Goldstein scale is provided in Online Appendix A. For any given event between two actors, the Goldstein scale codes the degree of conflict or cooperation on the interval [-10, 10] where -10 is the maximum amount of conflict (consider events such as declaration of war) and +10 is the maximum amount of cooperation (consider events such as signing a peace treaty). We consider events with a negative score on the Goldstein scale to be conflictual events. We rely on the event coding from the GDELT-EVENTS database (Leetaru & Schrodt, 2013). For an extensive discussion of the validity of this data see Odziemkowska and Henisz (2020). GDELT-EVENTS codes events from thousands of worldwide media sources in more than 60 languages. As such, our sample draws on more than 4 billion media articles. As alluded to previously, we rely on GDELT-EVENTS to gain leverage over the question of the relevant actor groups.

GDELT uses the Conflict and Mediation Event Observations (CAMEO) typology to identify both the source and the target involved in the event as well as each actor's type (Schrodt, 2012). We are specifically interested in the following actor categories: business (including MNCs), government, and rebels. According to the CAMEO typology (see Table 1), "business" encompasses entities such as businesses, businesspeople, and enterprises, including multinational corporations. The term "government" refers to the executive branch of a state, which includes governing parties, coalition partners, and various executive divisions. Lastly, "rebels" is a term used to describe armed and violent opposition groups or individuals. This category includes insurgents, who are rebels specifically aiming to overthrow their national government. It also encompasses international militarized groups, which operate beyond national borders and are often involved in armed conflict. These groups are characterized by their use of force in opposition to established governmental authority. Each actor is classified as the "source" or the "target" of the conflict, based on sentence position as subject or object. For example, in the (fictional) sentence "Al Shabab attacked Coca-Cola," the subject (Al Shabab) would be the source of the action, and the object (Coca-Cola) would be the *target* of the action. Further, each of these actors would be grouped into an actor category: in this case, Al Shabab would be coded as "rebels" and Coca-Cola would be coded as "multinational corporation (MNC)." As such, this GDELT-EVENT record would be coded as action from rebels (source) to a multinational corporation (target). The verb, "attacked," would be coded as per the Goldstein scale lexicon on the scale of [-10, 10] as -6, which indicates a relatively high degree of conflict.

Having narrowed the events of interest only to those carried out by rebels and targeting either governments or corporations, multinational or domestic, we sought to further narrow the sample in line with our theoretical discussion. Given that the theoretical discussion stipulates that the rebel groups are acting *on behalf of* Indigenous peoples, we sought to limit the events in question only to those that could plausibly pertain to Indigenous groups. While an admittedly imperfect proxy, we did this by further restricting our event Table 1CAMEO actordefinitions

Actor	Definition
Business	Businesses, businesspeople & enterprises, including multinational corporations
Government	The executive, governing parties, coalition partners, executive divisions
Rebels	Rebels: armed and violent opposition groups or individuals; insurgents: all rebels who attempt to overthrow their national government; international militarized groups

sample to events that were coded by the CAMEO typology as pertaining to an ethnic group. An obvious limitation here is that not all ethnic groups are Indigenous groups, but we are limited by the data that we have. That said, the identification of events is helped by the fact that we are looking at events that are happening on or adjacent to Indigenous-held grid cells. Again, the fact that an event is happening on an Indigenous-held grid cell and pertains to an ethnic group does not mean that it certainly pertains to an Indigenous group, but it is an imperfect proxy that moves us closer to the true sample of interest.

Our independent variable is the presence of greenfield foreign direct investment. Our data comes from fDi Markets, which is a proprietary global dataset of greenfield foreign direct investment announcements.³ The data contains strings for the city, state, and country location that we map onto latitude and longitude using the World Cities Database.⁴ From there, we map each investment to a PRIO-GRID cell. Using the same dataset (fDi Markets), we create two measures of our independent variable as we are interested in both the extent of but also the mere presence of FDI. As such, the first independent variable is the logged amount of capital expenditure (investment) associated with all newly announced FDI projects in a grid cell-year. In other words, if a grid cell had two newly announced projects, one of which recorded as encompassing \$50 million in capital expenditure and one of which was recorded as encompassing \$20 million in capital expenditure, we would sum these and record \$70 million of capital expenditure for that grid cell-year. We log the capital expenditure data to account for skewness.⁵ The benefit of this variable is that we can capture variation in the size of the investment, which may be correlated with the impact on conflict. The second independent variable is an indicator variable that captures whether a new project is introduced in a given cell in a given year. A value of 1 could mean that there is one new project in that grid cell-year or that there

are 20 new projects in that grid cell-year – it simply indicates that new foreign investment is there. The benefit of this formulation is mechanical: it facilitates panel propensity score matching, which is key to our research design. Following Kerner (2014), we selected a data source that provides information on capital investment, rather than stocks or flows, given that our theory is about corporate operations on the ground. Descriptively, 2.73% of grid cells with and adjacent to Indigenous land claims have greenfield FDI projects operating within them, which collectively represents 757 projects. There are multiple limitations associated with this data source. First, the data only begins in 2003, restricting our time sample for this portion of the analysis to 2003–2020. Second, this data only tracks FDI announcements. It does not follow through on whether these announcements were eventually postponed or canceled. Peer datasets, such as ORBIS cross-border investment, suggest that less than 5% of investment announcements are postponed or canceled, alleviating some concerns. That said, we do note that the restriction to only greenfield foreign direct investment presents the hardest possible test of our argument.

We next construct an indicator that tells us whether there is an Indigenous claim to the land. We construct this grid cell level indicator variable using data from LandMark,⁶ that likely undercounts the amount of land belonging to Indigenous peoples globally. If any part of a PRIO-GRID cell was marked by LandMark as having territory held by Indigenous peoples, we score that PRIO-GRID as a "1" (3978 grid cells). We note that we do not have time-varying data on Indigenous claims, but we think it reasonable to assume that there is not meaningful variation between 2003 and 2020. As this measure is certainly undercounting Indigenous land, we create a variable that marks whether a grid cell is directly adjacent to an Indigenous land claim, which constitutes another 4377 grid cells. We use this Indigenous and adjacent measure as our primary specification but confirm robustness to only using Indigenous land claims in the appendix (Online Appendix B).

We control at the PRIO-GRID cell-year level for gross domestic profit (GDP) (logged), population size (logged), the number of ethnic groups excluded from political

³ We note that we cannot legally provide this piece of the data for replication, but we do provide replication code.

⁴ https://simplemaps.com/data/world-cities.

⁵ We add .0000001 to the original value of capital investment as the log of zero is undefined. We show robustness to adding 1 instead of .0000001 in Appendix L.

⁶ This data is used with written permission of LandMark.

power, drought, development (as proxied by night lights), distance to the capital, and agricultural land. We control at the country level for regime type. All variables are timevarying with the exception of distance to capital and percent agricultural land. We measure GDP as the logged level of GDP adjusted for purchasing power parity (Nordhaus, 2006). GDP could influence both the likelihood of receiving foreign direct investment and the likelihood of armed conflict, as a higher GDP often signals a more robust and attractive economy for investors, while potentially also affecting the socio-economic grievances that can fuel unrest and conflict. Our population measure is logged and is from HYDE (Klein Goldewijk et al., 2017). A larger population size may increase a country's appeal for foreign direct investment due to a greater market and labor force, while simultaneously presenting challenges in governance and resource allocation that could escalate the risk of armed conflict. The count of politically excluded groups comes from Vogt et al. (2015). The presence of a higher number of politically excluded groups can deter foreign direct investment by fostering an unstable investment climate, and concurrently escalate the likelihood of armed conflict due to increased grievances and marginalized factions seeking representation or autonomy.

To estimate the impact of drought, we measure the percentage of consecutive months within the growing season with rainfall less than 1.5 standard deviations below the mean (Klein Goldewijk et al., 2017). The presence of drought can diminish the attractiveness of a region for foreign direct investment by impacting economic stability and resource availability, while also exacerbating societal tensions and resource scarcity, potentially fueling the onset or intensification of armed conflict. Nighttime light emission data is from the World Bank and the National Oceanic and Atmospheric Administration (World Bank et al., 2020). Higher levels of development, as indicated by the intensity of night lights, might attract foreign direct investment by signaling economic activity and infrastructure presence, yet could also mark disparities in wealth and development that might incite or exacerbate armed conflict in underdeveloped or marginalized areas (Kummu et al., 2019). We measure the distance to the capital as the spherical distance in kilometers from the cell to the national capital city in the corresponding country, based on Weidmann et al. (2010). Greater distance from a country's capital city might reduce the likelihood of receiving foreign direct investment due to perceived remoteness from political and economic hubs, and simultaneously increase the risk of armed conflict, as peripheral regions may suffer from marginalization and weaker governmental control.

Agricultural land is measured by the percentage area of the cell covered by agricultural land using the FAO land cover classification system (Bontemps et al., 2009). A higher percentage of agricultural land could potentially attract foreign direct investment focused on agribusiness and natural resources, while also possibly increasing the risk of armed conflict, particularly in scenarios where land rights are contested or where agricultural resources are unequally distributed. Lastly, we measure regime type, which we code using the Varieties of Democracy's categorical electoral democracy variable (Coppedge et al., 2023). Regime type can significantly influence the flow of foreign direct investment, with democracies often perceived as more stable and transparent investment environments (Jensen, 2003; Li & Resnick, 2003), and simultaneously impact the likelihood of armed conflict, as democracies might have institutional mechanisms to address grievances, whereas autocracies might suppress dissent, potentially leading to unrest. In all cases except regime type, we extended the data through 2020 using the original sources. Descriptive statistics of all variables are available in Table 2 below.

As noted above, the unit of analysis is the grid cell-year. We use a fixed effects linear model employing both grid cell and year fixed effects, estimated with ordinary least squares regression. The grid cell fixed effects absorb time-invariant unobserved grid cell level factors while the year fixed effects control for global macroeconomic trends. A Hausman test confirmed that the fixed effects model was preferred over random effects (chi-square = 62.2, p = 0.000). We lag the independent variables by one year to avoid simultaneity bias. Though we acknowledge open debate about when the use of a lagged dependent variable is appropriate (Keele & Kelly, 2006; Nickell, 1981), we choose to also include the first lag of the dependent variable for two reasons. First, it is a statistically significant predictor of the current value of the dependent variable and excluding it could lead to omitted variable bias. Second, both the Akaike information criterion (AIC) and Bayesian information criterion (BIC) tests prefer the model that includes the lagged dependent variable. We do, however, confirm robustness to exclusion of the lagged dependent variable in Online Appendix C. We test for stationarity in all variables using both the Levin-Lin-Chu (2002) and Harris-Tzavalis (1999) tests. We find that all variables are stationary except for GDP, which we model using the first difference as taking the first difference makes the variable stationary. We test for spatial autocorrelation among our residuals using a Moran's I test and find approximately 7% positive spatial autocorrelation. Given the weakness of this correlation, we do not correct for this. We use panel matching for time series cross-sectional data to address concerns that greenfield foreign direct investment is not randomly distributed.

Variables Min SD Obs Mean Max Number of deaths $(\sqrt{})$ 0.067 366.483 0.000 1.091 2074149 Number of armed conflict events 0.682 4472.000 0.000 16.326 2093854 Capital investment (ln) (continuous) -20.502-20.7232.335 2093854 10.451 Capital investment (indicator) 0.058 1.000 0.000 0.235 2203812 2.878 Number of conflict events from rebels to all actors 0.061 1344.000 0.000 2203812 0.004 2203812 Number of conflict events from rebels to government 234.000 0.000 0.373 Number of conflict events from rebels to business and 0.004 234.000 0.000 0.382 2203812 government Democracy Index 0.458 0.919 0.000 0.302 2145361 $\Delta \text{GDP}(\ln)$ 13.933 24.940 4.690 2.666 2093534 Population (ln) 7.628 16.954 - 13.633 3.951 2093834 Drought (ln) 0.042 1.333 0.000 0.052 1261333 Distance to capital 1799.498 7958.346 1.773 1613.491 2203812 19.628 Agricultural land 10.674 100.000 0.000 2038334 Number of politically excluded groups 0.385 6.000 0.000 0.569 2145361 Indigenous grid cell 0.061 1.000 0.000 0.240 2074176 0.302 Indigenous or adjacent grid cell 0.102 1.000 0.000 2203812 Human Modification Index 0.004 0.801 - 0.572 0.015 1233750 0.071 0.000 Night lights 1.000 0.071 2156110

Table 2 Descriptive statistics

Findings

We first test Hypothesis 1 in three ways and find, congruent with our theoretical arguments, that where both Indigenous claims and investment exist, there is a statistically significant increase in deaths associated with armed conflict events and armed conflict events themselves (Table 3). Our first two models use a linear model with two-way fixed effects wherein the independent variables are capital investment, logged and measured as a continuous variable (Models (1) and (2) in Table 3) or captured via an indicator variable, which we utilize to facilitate propensity score matching (Models (3) and (4) in Table 3). We do this because one important empirical concern is that greenfield foreign direct investment projects are not randomly distributed globally. There are characteristics of a grid cell that influence whether a grid cell is likely to receive a greenfield investment in the first place. We confirm that this is the case in our data using covariate balancing (Online Appendix D). To address this problem, we use panel propensity matching for time series cross-sectional data. The intuition behind this is that if we can identify grid cells that are otherwise quite similar up to the point of "treatment" (receiving a greenfield investment project) and then compare the effect in those two groups, we have better causal leverage, while noting that the standard limitations of observational data still apply.

To do this, as noted above, we first construct a binary treatment variable that takes a 1 if the grid cell receives FDI in a given year and a 0 if not. We then predict the likelihood of each grid cell receiving FDI of any amount (the treatment). Next, we match each treated grid cell to its five nearest neighbors (based on all variables, including the controls, in our model) and re-estimate the model using only the treatment group and its neighbors. We find our results hold (columns (3) and (4) of Table 3), validating our inference in Models (1) and (2). Our results suggest that, all else equal, if a cell receives the "treatment" of capital investment, we will observe an additional 0.5 deaths from armed conflict (holding the treatment and control groups at their means; p = 0.01) and ten armed conflict events (approximately) in the following year (p = 0.000).

The first potential threat to inference to consider is the presence of pre-trends. The presence of pre-trends might indicate that hidden factors are impacting the outcome, potentially skewing the treatment effect estimation (Angrist & Pischke, 2009). To examine this, we incorporate a lead term of the treatment variable into our regression models, effectively probing if the treatment's impact is evident before the actual implementation of the FDI project. The statistical insignificance of the coefficient associated with the lead term lends credibility to the idea that the conflict is a result of the FDI (Online Appendix E). We also model additional lag terms to determine if the effects are persistent, and we find a statistically significant impact of FDI on conflict from the year of implementation through the following three years (Online Appendix E).

A second threat to inference pertains to the assumption of "unconfoundedness" inherent in propensity score matching, which implies that all pertinent covariates influencing FDI location and the outcome are adequately captured. Non-fulfillment of this criterion may result in skewed estimations (Rosenbaum & Rubin, 1983). Addressing unconfoundedness can be achieved through instrumental variable analysis. This involves a variable correlated with the FDI "treatment" allocation yet uncorrelated with the unseen factors affecting the outcome (deaths from armed conflict and armed conflict events themselves). The purpose of instrumental variable analysis is to segregate the variation in the FDI "treatment" that is entirely random and not related to the error component in the outcome equation. Consequently, instrumental variable techniques can mitigate hidden biases due to unmeasured variables, providing a more accurate estimate of the FDI "treatment" effect. However, the effectiveness of an instrumental variable is contingent on fulfilling the relevance (the instrument's correlation with the FDI "treatment") and exclusion restriction (the instrument's influence on the outcome solely through its impact on the FDI "treatment") conditions. Inability to meet these conditions might lead to skewed estimations (Angrist & Pischke, 2009).

Handling a dichotomous FDI "treatment" variable (necessary for our panel matching) introduces unique complexities compared to a continuous capital investment scenario. A two-step residual inclusion technique offers a solution for endogeneity stemming from the binary nature of the FDI "treatment." In this approach, the initial phase involves estimating a probit model where the binary FDI "treatment" - in this instance, the introduction of an FDI project - is regressed against the instrument and additional covariates. The residuals from this phase are retained and included as a supplementary regressor in the subsequent phase, which examines the outcome of interest (deaths due to armed conflict and conflict events themselves). From an econometric standpoint, incorporating the initial phase residuals eliminates the endogeneity arising from the dichotomous FDI "treatment", facilitating a consistent estimate of the FDI "treatment" effect in the subsequent phase.

We utilize an index of cell-level critical infrastructure, such as airports, railways, and roads, as an instrument for FDI "treatment." This instrument is constructed by aggregating the count of airports, railways, and primary roads within a specific grid cell (Nirandjan et al., 2021). Critical infrastructure is a plausible instrument for FDI for several reasons. The existence of well-established infrastructure likely promotes FDI because of the decreased cost of project implementation and an improved investment atmosphere. We validate this relevance criterion in the initial phase. Moreover, while infrastructure may correlate with the presence of FDI, it is less probable to directly relate to the count of conflict-induced deaths and the number of armed conflict events, thus meeting the exclusion restriction criterion for a valid instrument. We demonstrate the model outcomes using an instrumental variable in Table 3, columns (5) and (6). The coefficients on FDI "treatment" are slightly smaller but still significant for both our primary and secondary dependent variables.

We confirm robustness to estimating the same propensity matching model with the three and eight nearest neighbors (Online Appendix F), as well as to modeling without a lagged dependent variable (Online Appendix C) and to using Indigenous land only instead of Indigenous and adjacent grid cells (Online Appendix B).

We next turn to Hypothesis 2 and specifically investigate the source and target of the conflict. As highlighted in our theoretical arguments, social movement theory would predict conflict from rebels directed towards both corporations and government actors that offer them the formal license to operate and have historically poorly represented the interests of or responded to the grievances of Indigenous peoples. As shown in Table 4, we find results largely consistent with such mechanisms. We observe conflict carried out by rebels,⁷ whom we infer are acting on behalf of Indigenous peoples, and that the conflict is specifically directed at both governments and corporations. As noted above, when we say conflict "from" rebels, we mean that rebels are the source of the action (the subject of the sentence) in the event, as described in the section on GDELT-EVENTS above. When we say conflict directed towards, for example, government, we mean that government was the target of the event (the object of the sentence). Additionally, as noted above, we are looking specifically at conflict events that were tagged as involving an ethnic group (our imperfect proxy for rebels acting on behalf of Indigenous people). We present three models: the impact of capital investment on the number of conflict events from rebels to all other actors (where an ethnic group is indicated), the impact of capital investment on the number of conflict events from rebels to government actors (where an ethnic group is indicated), and the impact of capital investment on the number of conflict events from rebels to government actors and businesses (where an ethnic group is indicated). We combine corporations, multinational and domestic, as well as government in the last model because there are only 57 instances of conflict events

⁷ In additional analyses not reported due to space constraints, we separately explored sentiment by all actors towards corporations and governments, by all actors towards actors in other sectors, and by actors in different sectors towards corporations and governments. The only statistically significant change in sentiment after treatment by a multinational investment was the reported increase in conflict from rebels to corporations and governments.

Table 3 FDI is associated with increased armed conflict events

	(1)	(2)	(3)	(4)	(5)	(6)
Variables	UCDP	ACLED	UCDP Panel	ACLED	UCDP Panel matching	ACLED Panel
	CODI	TTOBLD	matching	Panel	& instrumental var.	matching &
				matching		instrumental var.
Capital investment (ln) (continuous) (t-1)	0.00744***	0.277***				
	(0.000771)	(0.0111)				
	[0.000]	[0.000]				
Capital investment (indicator) (t-1)			0.442**	10.04***	0.397**	9.119***
			(0.177)	(2.503)	(0.193)	(2.713)
			[0.0125]	[6.27e-05]	[0.0398]	[0.000790]
Democracy Index (t-1)	-0.0400^{***}	1.087***	0.359	6.519	0.400	9.895
	(0.0148)	(0.212)	(0.546)	(6.961)	(0.630)	(8.548)
	[0.00671]	[2.83e-07]	[0.511]	[0.349]	[0.526]	[0.247]
$\Delta \text{GDP}(\ln)$ (t-1)	- 0.0341	- 0.286	- 0.466	2.624	- 0.363	3.516
	(0.0275)	(0.394)	(1.435)	(12.86)	(1.605)	(13.95)
	[0.215]	[0.468]	[0.746]	[0.838]	[0.821]	[0.801]
Population (ln) (t-1)	0.000398	0.0233	0.234	- 2.588	0.288	- 1.950
	(0.00203)	(0.0292)	(0.302)	(3.706)	(0.321)	(4.162)
	[0.845]	[0.424]	[0.439]	[0.485]	[0.369]	[0.639]
Drought (ln) (t-1)	-0.0478^{**}	- 0.368	1.872*	12.66	1.650	11.00
	(0.0242)	(0.347)	(1.061)	(14.38)	(1.119)	(15.59)
	[0.0481]	[0.289]	[0.0779]	[0.379]	[0.141]	[0.480]
Night lights (<i>t</i> -1)	- 0.211	12.12***	0.502	45.92*	0.223	55.42*
	(0.136)	(1.945)	(1.749)	(26.09)	(1.926)	(29.19)
	[0.120]	[4.67e-10]	[0.774]	[0.0785]	[0.908]	[0.0578]
Distance to capital	0.000160*	- 0.000139		-0.00586		- 0.00879
	(8.29e-05)	(0.00119)		(0.0210)		(0.0232)
	[0.0541]	[0.907]		[0.780]		[0.704]
Agricultural land	-0.00410	0.0667	- 0.0421	- 0.246	- 0.0222	- 0.404
	(0.00424)	(0.0608)	(0.0943)	(1.526)	(0.100)	(1.601)
	[0.333]	[0.273]	[0.656]	[0.872]	[0.825]	[0.801]
Number of politically excluded groups (t-1)	0.0233***	0.0753	- 0.0404	- 0.829	- 0.0182	- 1.201
	(0.00788)	(0.113)	(0.215)	(2.806)	(0.228)	(3.140)
	[0.00305]	[0.505]	[0.851]	[0.768]	[0.936]	[0.702]
Constant	0.0198	3.323*	- 2.079	30.79	- 3.048	35.34
	(0.137)	(1.964)	(4.521)	(63.77)	(4.797)	(69.45)
	[0.885]	[0.0905]	[0.646]	[0.629]	[0.525]	[0.611]
Observations	98,610	98,610	1680	3277	1565	3035
R-squared	0.178	0.666	0.166	0.686	0.161	0.682
Number of grid cells	3,291	3,291	573	786	545	759
Grid fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Lagged dependent variable	Yes	Yes	Yes	Yes	Yes	Yes
Panel matching	No	No	Yes	Yes	Yes	Yes
Instrumental variable	No	No	No	No	Yes	Yes

UCDP indicates the square root of the total fatalities resulting from conflict. This metric is derived from the Uppsala Conflict Data Program-Georeferenced Event Dataset (UCDP-GED). ACLED indicates a count of conflict events. We operationalize conflict events using the Armed Conflict Location & Events Data (ACLED) project

Standard errors in parentheses

p values in square brackets

Distance to capital omitted from models (3) and (5) due to collinearity

***p<0.01

**p < 0.05

*p < 0.1

between rebels and corporations on Indigenous-held or adjacent land where an ethnic group is indicated in the data, underpowering any potential results.

In all three cases, the coefficient on capital investment is positive and significant (p = 0.000), providing evidence for our theoretical priors. We note that in all cases the coefficients are quite small in terms of practical significance, indicating that the amount of capital investment has a limited impact on the amount of conflict between rebels and other actors in the year following the investment (although this conflict may propagate over time through the lagged dependent variable).

Additional analyses

In this section, we consider additional post hoc questions about potential additional sources of variation, such as industry and degree of legal protection for Indigenous land. To best capture and test for specific mechanisms suggested in qualitative studies such as greater disruption to the natural environment on which Indigenous populations are inexorably linked, we first rely on the Human Modification Index (Theobald et al., 2020), which is a grid-level index of the degree to which humans have transformed that particular square of earth. We first calculate the first difference to determine the degree of change in the level of modification between time periods.⁸ We then divide the sample into instances in which there was an increase in human modification and those in which the degree of human modification stayed the same or declined. We find that our results are being driven by the grid cells that have experienced an increase in human modification (which we presume to be associated with FDI) (Table 5).

We are also interested in whether countries vary in meaningful ways that could affect the likelihood of investment fostering conflict in Indigenous-proximate land. Of particular interest are national characteristics that would increase or reduce Indigenous peoples' political rights, voice, and standing thereby allowing them to address any grievances through formal political channels (i.e., create political opportunity structures). As such, we consider the level of legal protection for Indigenous peoples provided by the country's government.⁹ This data is coded on a scale of one to four, where one indicates the most robust national legal protection. We find that our results do not hold in countries with high degrees of legal protection but are instead driven by countries with low degrees of legal protection (Online Appendix G). In other words, high degrees of legal protection for Indigenous people may be effective. Where legal protection is low, however, the threat or reality of political and military coercion or oppression undermines the likelihood of observed conflict even if grievances remain. We also consider the role of regime type and media censorship. We divide our observations into two groups (democracy and non-democracy), using Varieties of Democracy's (V-DEM) categorical electoral democracy variable (Online Appendix H) as well as its Government Censorship Effort measure (Online Appendix I) (Coppedge et al., 2023). In both cases, we find that our results hold across both subsamples but that the larger coefficient sizes appear in non-democracies in which Indigenous communities are less likely to have access to formal political authority even in their geographic area due to a lack of elected representation (Online Appendix H).

Finally, we considered an alternative approach to our matching design. Rather than matching grid cells on their propensity to receive foreign direct investment, we matched Indigenous and non-Indigenous lands so that they are otherwise similar. We then examine whether foreign investment near Indigenous lands is more likely to generate conflict than in non-Indigenous lands.¹⁰ As we show in Online Appendix J, when looking at UCDP, which is our measure of deaths from conflict, we found, as expected, that FDI is causing conflict in Indigenous land. When looking at ACLED, which is our measure of the number of armed conflict events, we found FDI to have a statistically significant impact on the number of conflict events in both samples, but with a larger coefficient for Indigenous land.

Finally, an important concern is whether our broad-based pattern of results and interpretation thereof match the facts on the ground, which are inevitably more nuanced than can be captured in a large-N regression upon a global sample of investments. To address this concern, in Online Appendix K, we present two corroborating caselets on Danone in Mexico and Vedanta in India, both drawn from our dataset that align well with our theoretical arguments and demonstrate the underlying mechanisms behind the statistical relationships as well as development impacts of social conflict. These add to the existing qualitative research that supports our arguments outlined above.

⁸ We note that one limitation of this approach is that the data is only available in five-year increments. As such, we carry forward the most recent value until there is a new value in the dataset.

⁹ This data comes from landmarkmap.org.

¹⁰ We thank Reviewer 1 for this interesting suggestion.

Table 4 The conflict stems from rebels (1)(2)(3) Variables Number of conflict events Number of conflict events Number of conflict events from rebels to all actors from rebels to government from rebels to business or government Capital investment (ln) (continuous) (t-1) 0.00568*** 0.000627*** 0.000577*** (0.00129)(0.000130)(0.000222)[9.82e-06] [1.31e-06] [0.00947] 0.0742*** 0.00487** Democracy Index (t-1) 0.00238 (0.0246)(0.00248)(0.00426)[0.00260] [0.0499] [0.577] $\Delta \text{GDP}(\ln)(t-1)$ -0.0448-0.00643-0.00552(0.0459)(0.00463)(0.00794)[0.329] [0.165] [0.487] Population (ln) (t-1) 0.00105 -0.000150-0.000882(0.00340)(0.000342)(0.000588)[0.756] [0.661] [0.133] Drought (ln) (t-1) 0.00708 0.00218 0.00608 (0.0404)(0.00407)(0.00699)[0.861] [0.592] [0.384] Night lights (t-1) -0.1090.0497** 0.0507 (0.226)(0.0228)(0.0392)[0.196] [0.632] [0.0294] Distance to capital 2.15e-05 1.78e-07 - 2.11e-07 (0.000138)(1.39e - 05)(2.39e - 05)[0.876] [0.990] [0.993] Agricultural land 0.00218 -0.000328-0.000476(0.00707)(0.000713)(0.00122)[0.758] [0.645] [0.698] Number of politically excluded groups (t-1) -0.0206-0.00311**-0.00351(0.0131)(0.00133) (0.00228)[0.118] [0.0191] [0.122] Constant 0.0192 0.0104 0.0183 (0.229)(0.0230)(0.0396) [0.933] [0.651] [0.644] Observations 98.610 98.610 98.610 R-squared 0.008 0.003 0.001 Number of grid cells 3291 3291 3291 Grid fixed effects Yes Yes Yes Year fixed effects Yes Yes Yes Lagged dependent variable Yes Yes Yes Panel matching No No No Instrumental variable No No No

Standard errors in parentheses

p values in square brackets

****p*<0.01

**p* < 0.1

Discussion and implications for research, policy, and practice

General discussion

While anecdotal and case study evidence of Indigenous peoples' conflict with (multinational) corporations are numerous, particularly in the extractive industries, the generalizability of these findings remained uncertain. International economics and international political economy literatures suggest that openness and liberalization should offer prospects of increased development (Lake et al. 2021), including for Indigenous peoples. Analysis of cases in Ecuador (Bozigar et al. 2016), Peru (Chavez, 2023; Loayza & Rigolini, 2016), and Australia (O'Faircheallaigh, 2015) reveal instances of support for positive outcomes at least in some cases and measures. However, social movement theory highlights an important set of contextual moderators that can undermine these benefits including historical grievances (Carroll & Ratner, 1996) based on perceptions of inequitable distribution of economic, political, and social resources (Davis et al., 2008), and weak formal political institutions (Meyer, 2004a, b). We provide evidence highlighting that investments proximate to Indigenous lands constitute an extreme case of just such a context. To explore this variation and the generalizability of these findings in this extreme context, we analyze a global sample of foreign direct investment projects and show that the average foreign direct investment proximate to Indigenous land claims, across all industries and regime types and levels of development, controlling for other known conflict drivers, causes an increase in conflict. This conflict comes from rebel groups and is directed at governments as well as corporations.

Implications for research

These results have important implications for research. First, they highlight an important boundary or edge condition for the support of economic liberalization and globalization as compared to the more cautious or contextually dependent arguments regarding the impact of foreign direct investment from social movement theory. Indigenous peoples who have long been disenfranchised and disadvantaged politically, economically, and socially, systematically respond to the arrival of foreign direct investment by mobilizing opposition towards the government and corporations. In an era of populist, nationalist, and nativist retrenchment against the post-war global order (Nandy, 2019), the experience and actions of Indigenous peoples may be considered a representative case of the conflict directed at governments and corporations from identity groups who feel that they have not received their fair share of the benefits and that lack effective channels to translate their grievances into an accommodating policy response. In short, Indigenous peoples may be an important context in which to advance social movement theory and empirical research about the backlash against globalization more broadly by those who feel that their frustrations have been unheard. For example, our findings showing that the government and corporations are the targets of Indigenous mobilization have important parallels in the growing empirical literature on populism which could benefit from similarly focusing on the role of corporations or other elites and their interactions with and impacts upon aggrieved identity groups.

Our results also highlight that the relationship between Indigenous rights, multinational entry, and conflict escalation extends well beyond the extractive sector. The backlash seems to frequently include armed rebel groups with whom Indigenous peoples find common ground in their opposition to the government's opening to foreign investors. While politically excluded groups are an increasingly important vector in the study of conflict, our results highlight an important role for Indigenous peoples and their grievances surrounding foreign investors as well as rebel groups with whom Indigenous peoples and other disaffected groups may forge alliances. Conflict studies and analysis of the political economy of conflict should therefore similarly place greater focus on Indigenous peoples and their grievances. Similarly, the international business literature, which has recently highlighted the importance of civil society organizations (Bruijn et al., 2023), should include violent organizations such as those associated with armed rebellion who act in concert or in support of groups opposed to foreign investment.

From the extensive ethnographic case studies, we already know much about the grievances that drive this conflict, but the methodology we offer might help guide the identification and analysis of cases where conflict was mitigated or avoided. How did corporations and governments manage Indigenous stakeholder relations in investments that either turned conflict into cooperation over time or avoided conflict altogether despite the presence of foreign investment? Prior literature suggests the importance of corporate social responsibility practices (Campbell et al., 2012) including adherence to codes of conduct (Doh, 2005; Sethi et al., 2011), such as Free, Prior and Informed Consent (FPIC) (Fontana & Grugel, 2016), and various Human Rights frameworks (Murphy & Vives, 2013). Others emphasize the importance of specific practices that can help obtain a social license to operate (Boutilier, 2009; Costanza, 2016) including open communication and dialogue (Dorobantu et al., 2024), and community benefit agreements (O'Faircheallaigh, 2015; Odziemkowska & Dorobantu, 2021) Another line of scholarship emphasizes the importance of local value added and embedding

	(1)	(2)	(3)	(4)
Variables	UCDP-GED, Increase in Human Modification Index	UCDP-GED, No increase in Human Modification Index	ACLED, Increase in Human Modification Index	ACLED, No increase in Human Modification Index
Capital investment (indicator)	0.362*	0.140	10.17***	- 0.112
(<i>t</i> -1)	(0.208)	(0.374)	(2.888)	(0.218)
	[0.0816]	[0.710]	[0.000440]	[0.607]
Democracy Index (t-1)	0.412	- 0.144	5.226	0.556
	(0.604)	(3.430)	(7.546)	(1.751)
	[0.496]	[0.967]	[0.489]	[0.751]
Δ GDP (ln) (<i>t</i> -1)	0.455	- 9.987**	4.710	- 0.598
	(1.598)	(3.874)	(13.98)	(2.096)
	[0.776]	[0.0123]	[0.736]	[0.776]
Population (ln) (t-1)	0.221	0.00442	- 2.912	0.315
	(0.356)	(0.608)	(4.132)	(0.489)
	[0.536]	[0.994]	[0.481]	[0.520]
Drought (ln) (t-1)	2.820**	- 2.616	16.97	1.957
	(1.227)	(2.315)	(16.02)	(1.481)
	[0.0218]	[0.263]	[0.290]	[0.188]
Night lights (t-1)	- 0.189	1.110	47.12	0.685
	(2.256)	(3.072)	(33.44)	(2.093)
	[0.933]	[0.719]	[0.159]	[0.744]
Distance to capital			- 0.00564	
			(0.0221)	
			[0.798]	
Agricultural land	- 0.0902	0.0894	0.0443	- 0.211
	(0.127)	(0.156)	(1.733)	(0.151)
	[0.479]	[0.570]	[0.980]	[0.166]
Number of politically excluded	0.0165	- 0.520	- 0.772	0.0858
groups (t-1)	(0.241)	(1.400)	(3.068)	(0.565)
	[0.946]	[0.712]	[0.801]	[0.880]
Constant	- 0.622	- 2.519	25.90	2.382
	(5.524)	(9.621)	(70.26)	(7.761)
	[0.910]	[0.794]	[0.712]	[0.759]
Observations	1474	192	2919	358
R-squared	0.149	0.347	0.654	0.106
Number of grid cells	534	100	740	158
Grid fixed effects	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes
Lagged dependent variable	Yes	Yes	Yes	Yes
Panel matching	Yes	Yes	Yes	Yes
Instrumental variable	No	No	No	No

 Table 5
 Conflict occurs in cases of high human modification to land

UCDP indicates the (square root of the) total fatalities resulting from conflict. This metric is derived from the Uppsala Conflict Data Program-Georeferenced Event Dataset (UCDP-GED). ACLED indicates a count of conflict events. We operationalize conflict events using the Armed Conflict Location & Events Data (ACLED) project

Standard errors in parentheses

p values in square brackets

Distance to capital omitted from models (1), (2), and (4) due to collinearity

***p<0.01

***p* < 0.05

*p < 0.1

local production inside global value chains (Pietrobelli et al., 2021). Other arguments focus on local ownership and control of production with an emphasis on small and medium-sized entrepreneurship over large-scale multinational investment (Jackson et al., 2008). Yet another line of scholarship emphasizes the role and importance of assistance provided by social movement organizations both domestic and international (Bruijn et al., 2023; Durand & Georgallis, 2018). Future research building upon our approach should seek to adjudicate between these and other potential moderators.

Another important extension of our research would be to explore the mechanisms that link violent conflict to development. Such research would extend work in economics (Collier & Hoeffler, 2004; Murdoch & Sandler, 2002; Nafziger & Auvinen, 2002) and political science (Fox & Hoelscher, 2012) by bringing the role of business and, in particular, multinational enterprises into more central consideration. Prior research has emphasized the potential positive role that multinationals (Kwok & Tadesse, 2006) or multinationals in coalition with domestic civil society (Oetzel & Doh, 2009; Teegen et al., 2004; Tian et al., 2021) have on political institutions and the institutional environment as well as labor (Van Der Straaten et al., 2020) and environmental practices (Nippa et al., 2021). However, the experience among Indigenous peoples points to a less optimistic alternative. What specific practices by investors not only mitigate potential conflict but also contribute to peace-positive development? An additional important extension, data permitting, would be to tease apart the effects of foreign ownership versus domestic ownership. While existing research suggests that foreign investments can incite grievances, domestic investment, under some circumstances, may have a similar or worse effect.

Our research also adds to the growing body of work relying on media event data to gain insight into corporate, stakeholder, and political relations over time (Caldara & Iacoviello, 2022; Hassan et al., 2019; Henisz et al., 2014). The density of media coverage allows for causal inference through two-way fixed effect research designs that would not be feasible if we restricted our analysis to only use the far sparser coverage of conflict events in the ACLED or other similar databases as a dependent variable. Beyond what we have shown here, media event data can also provide insight into the precise nature of the grievances, the dynamics among stakeholders in conflict or seeking to mitigate that conflict as well as their relationships with third parties (Ganson et al., 2022; O'Faircheallaigh, 2015).

Implications for policy and practice

Turning from research to policy and practice, the question of the net impact of FDI has been a central one in international business (Meyer, 2004a, b) with substantive policy implications. In addition to existing moderators of this relationship which have focused on formal institutional structures and policies as well as corporate strategies that alter the risk of the "resource curse", our results point to the importance of considering socio-political structures in which some groups may have historical grievances, limited recourse to formal political voice or participation, and an ability to mobilize informally to protest or resist further injustice. These identity group boundaries as well as the relationships between them and the government policymaking apparatus constitute critical elements of the informal socio-political structure to which policymakers, strategists, and academics should attend. Policymakers, in particular, should seek to ensure mechanisms of voice and participation for Indigenous peoples that do not presume consent for investments on or proximate to Indigenous lands but rather live up to the standard of FPIC. Governments should similarly impose that standard upon investors.

Any manager with the responsibility for the consideration or management of operations proximate to Indigenous land claims should similarly be attentive to both Indigenous peoples' grievances against their operations and also the likely long history of conflict that these and other stakeholders have with the government. By entering into such a history of conflict, especially without sufficient conflict awareness and due diligence, managers risk entering into and even exacerbating conflict that undermines their own performance as well as threatening the livelihoods and development of the communities and countries in which they operate. Careful attention to stakeholder and issue analysis, mapping of relationships, and analysis of grievances should be a precursor to economic, financial, technological, or operational activity and continue in parallel with those activities (Ganson et al., 2022; O'Faircheallaigh, 2015). Careful attention to participatory processes and inclusion of disadvantaged groups as well as respect for the principles of FPIC are also heightened in importance (Kowszyk et al., 2023).

Such analysis should, however, proceed with caution. In some cases, the analysis of Indigenous peoples and these dynamics may be unwelcome or perceived as a violation of their rights to privacy. As a result of this reticence, the concerns of bias in media event data may be particularly acute in this context. There should be no presumption that investment, even if conflict could be mitigated or avoided, is desired by Indigenous peoples. Despite these important cautions, we nevertheless hope that our analysis will spur additional analytic and practical focus on Indigenous rights and their implications for the political and social dynamics that link foreign investment to conflict. **Supplementary Information** The online version contains supplementary material available at https://doi.org/10.1057/s41267-025-00778-y.

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