A B S T R A C T

The purpose of this paper is to examine the determinants of a firm's strategy to invest in a conflict location. To the best of our knowledge, this has not been done before. We examine this using a standard model of international business, overlaid with the fundamental approach to corporate social responsibility. We start with the population of multinationals who have chosen to invest in low income countries with weak institutions. We then split this sample in order to distinguish between firms that have invested in conflict regions compared to those that haven't. Our analysis then proceeds to explain the decision of those firms to invest in conflict locations by using a simple Probit model. We find that countries with weaker institutions and less concern about corporate social responsibility (CSR) are more likely to invest in conflict regions. Finally, firms with more concentrated ownership are more likely to invest in such locations.