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TU-L0030 Qualitative Research Methods; Session 4

"Institutions and inflows of foreign direct investment: a fuzzy-set analysis" (Pajunen, 2008)

What makes the qualitative analysis powerful?

In fact, this article is utilizing a combination of qualitative and quantitative analysis, which is one of the strengths of this paper. The qualitative analysis can be considered, in this case, the first step in the methodology applied. Within that methodological step, two outcome fuzzy-set categories and seven causal institutional factors are operationalized through, to the large extent, qualitative analysis. The resulting group membership scores are further used in quantitative analysis of fuzzy-sets.

This approach turns out to be a powerful one, since the received literature presents a lot of contradictory results. These inconsistencies in the results are driven by various institutional factors being used in different papers and data sets covering only specific regions. Pajunen (2008) is able to accommodate and explain these differences thanks to the flexibility offered by fuzzy-set analysis. Consequently, theoretical contribution of his paper rests primarily on skillful application of a novel, in this context, methodology. This is an illustration of a fresh methodological approach, which enables advancement of scholarly know-how.

What are the potential challenges with the approach?

Since the reliability of the analysis is rooted in the assignment of representative fuzzy-set membership scores, this approach challenges the researchers' transparency in reporting judgement calls at this stage of the analytical process. Pajunen provides an overview of material that he used in the scoring of the fuzzy-set group memberships. However, there is only limited detail available on the actual scoring, which makes it extremely difficult for other research teams to replicate his approach. Consequently, I argue that this article suffers from poor reproducibility of results.

Another potential shortcoming is related to lack of discussion of how multinational enterprises evaluate foreign direct investments in practice. One common approach is the use of country credit ratings as proxies for investment risk. Even if such operationalization is not used in the primary analysis of fuzzy-sets, it could be utilized in results' robustness checks.

How could you further strengthen the analysis?

Apart from potential use of country credit ratings, which was discussed in the previous section, the methodological transparency would benefit from providing further details regarding the protocol used in the assignment of grouping scores for fuzzy-set analysis. Details on such procedure would make the study easier to replicate and further build upon.

Furthermore, the analysis could be strengthened by cross-checking the results from fuzzy-set analysis with expert interviews. In this case, there are multiple organizations around the world, which support export credit (in Finland, Finnvera). Such institutions, which are present in majority of the developed countries, hold not only insight into foreign direct investments of multiple corporations, but they are also intimately familiar with criteria used by companies in evaluating investments of that type. Consequently, cross-validation of the results with expert interviews could provide a powerful way to make the analysis more robust.

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This is good, because it describes the method briefly and in a processual way.

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Commented [MOU7]: The author criticizes an aspect of the paper and discuss the operationalization of a construct suggesting a robustness check to improve the study. There is a challenge identified and a proposed solution, there could be more reasoning for the challenge.

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Commented [MOU9]: Here clear actionable suggestions to improve the study. There are quite many ways to suggest improvements, but this is a good example.