RESEARCH IN EMERGING ECONOMIES: READING SMALL TYPE IN DIM LIGHT IN A SPEEDING TRAIN?

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ABSTRACT

We argue that the specific mix of research constraints and opportunities salient in the emerging economy context should impel researchers to prioritize case studies over variance studies in management research in emerging economies.

INTRODUCTION

The answers we get depend on the questions we ask. Increasingly, concerns are being raised in academic as well as practitioner circles about the relevance, to the problems of practice, of the questions asked in research. The rising attention being paid to problems of management and organization in emerging economies both in the spheres of academia and practice stimulates us to revisit the nature of the questions we ask and the manner in which we pose those questions. We argue that, within the emerging economy context, variance studies are seriously handicapped on account of a non-facilitative institutional infrastructure and the inappropriateness of the falsifiability norms and research designs that are characteristic of variance studies. We propose, further, that case studies are more suitable than variance studies when the primary challenges facing the researcher in the research context are the problems of analytical equivalence, extreme cases, inseparability of phenomenon and context, and the primary opportunity lies in the understanding of causal patterns and historical processes.

THE EMERGING ECONOMY SETTING AS A CONTEXT

'Context' (from Latin for 'to make a connection') refers to the enmeshed set of "situational opportunities and constraints that affect the occurrence and meaning of organizational behavior as well as functional relationships between variables" (Johns, 2006: 386). Contextualization, which has been described by Rousseau and Fried (2001: 6) as "a way of approaching research where knowledge of the setting is brought to bear upon in design and implementation decisions", adds 'explanatory value to a manuscript' (Johns, 2001: 40). Failure to take the 'context' of the phenomenon under study, on the other hand, can lead to erroneous inferences since context can restrict the range over which variables can be observed, affect the base rates of variables, change causal direction, reverse sign, prompt curvilinear effects, tip precarious relationships, and threaten validity (Johns, 2006).

Appraising the socio-cultural context of management research, Boyacigiller and Adler (1991) have noted that key institutions - the most prestigious journals and academic bodies – in management research have a distinctly American basis. They propose that the coincidence of the start of systematic codification of management knowledge in the 1950s with the predominant economic position of the United States in the post-World War II era imprinted management research with an American bias and a tendency to generalize managerial prescriptions developed in the context of the American economy to firms and industries in other socio-economic contexts (Boyacigiller & Adler, 1991). Management scholars are increasingly sceptical about "the extent to which theories and methodologies used to study strategy in mature, developed economies are suited to the unique social, political, and economic contexts as well as firm characteristics of emerging economies" (Wright, Filatotchev, Hoskisson & Peng, 2005: 2). Narayanan and Fahey (2005) find, for example, that a taken-for-granted model like Porter's Five Forces Framework in strategic management possesses significantly lower validity in emerging economies because assumptions regarding key qualifiers in the Five Forces Framework were not met in emerging economies and because firms in such economies adopted strategies 'not derivable' from the said framework. Failure to take account of 'essential conceptual differences' between developed and emerging economies may result in a serious misspecification of research designs (Hoskisson, Eden, Lau & Wright, 2000: 257). Contextualization makes it incumbent upon researchers to acknowledge not only the *substantive* context of research – a context bound in time and space but also the corresponding *methodological context* (Johns, 2001). 'Methodological context' refers to the opportunities and constraints that define the choices and experiences of the researcher as she seeks to study the phenomena of interest in a substantive context. The methodological context has a bearing upon the nature of access to data, the research design and its implementation, and the difficulties entailed in the research process at each step.

THE LIMITATIONS OF VARIANCE STUDIES IN EMERGING ECONOMIES

Hoskisson et al. (2000) have already noted that survey research for conventional variance studies is problematic in emerging economies. Variance studies, to be effective, need to be supported by an enabling institutional infrastructure in the ecology of the substantive context of research. Hasty employment of cross-sectional variance methods in the emerging economy context is a dubious research strategy not only because of the institutional difficulties of conducting such research in emerging economies but also because of the inherent design characteristics of cross-sectional variance research that surface as major limitations – in terms of their potential to lead the researcher into flawed inferences – in the emerging economy context.

More specifically, while conducting conventional variance research in the emerging economy context, dichotomous significance testing decisions and low power of the statistical test can act as systematic hindrances to theory development. Observing that the convergence in psychometry on 0.05 as the appropriate level of significance for hypothesis testing has acquired an 'ontological mystique' in spite of having no 'ontological basis', Rosnow and Rosenthal (1989: 1277) write that the choice of level of significance is made, at a given point in time, by the researcher and the scholarly community to which he belongs. When these choices are not subjected to frequent revaluations, however, the said community of scholars may fail to discern nascent patterns, in a different substantive context, in the phenomenon under study (cf. Labovitz, 1968). Scholars informed by the theoretical edifices shaped in the developed economy context, thus, may fail to note subtle theoretical deviances in the emerging economy context unless they adopt an appropriate level of significance so as to reduce the incidence of Type II error, i.e., failing to reject a false null hypothesis. The other problem associated with conventional variance research in the emerging economy context is that of low power of the statistical tests. Deviant incidences of management phenomena in the emerging economies would correspond, generally, to sparsely distributed points of data. This follows directly from the characteristics of the *substantive* context of emerging economies where novel patterns of phenomena emerge as hitherto dormant sets of opportunities and constraints become active. Especially in their early stages, these novel patterns, such as distinctive configurations of costs of doing business abroad or alternative rationales for diversification strategies, correspond to small numbers (low N) and also small effect sizes (low r). The probability of Type II error increases with small effect sizes, small N and demanding p values. This has the consequence of making nascent patterns of phenomena difficult to detect (and expediting the rejection of alternate hypothesis) and reinforcing beliefs about the prevalence of established theories in the emerging economy context (through the failure to reject the null hypothesis). This is doubly unfortunate since the early incidences of sparsely distributed data are the ones that provide the most fertile ground for theory development. Nevertheless, variance studies continue to be the overwhelmingly favored research technique in management & organization studies, irrespective of the substantive or methodological context of research.

In contrast, case studies ordinarily possess low legitimacy in the hierarchy of research methods. The key 'disqualifier' against case studies is their low reliability and low replicability. This point needs some examination. 'Reliability' refers to the 'consistency' and 'stability' of scores resulting from a certain 'measurement process' (Lee, 1999). The principle of replicability demands that the research report of the researcher should make it possible for subsequent researchers to 'duplicate the data' and 'trace the logic' that underlie the original researcher's conclusions (King, Keohane & Verba, 1994, 24-26). As Popper (1959: 45) asserted, "Only by repetition can we convince ourselves that we are not dealing with a mere isolated 'coincidence', but with events which, on account of their regularity and reproducibility, are in principle intersubjectively testable." Case studies have been deemed to possess low replicability and, hence, more vulnerable to opportunistic interpretation by researcher. Consequently, they possess lower legitimacy as opposed to other research techniques, e.g., survey research, that are more amenable to replicability. But, ***replicability and reliability*** may not be as powerful a necessity for adjudicating the quality of research in management studies as ***validity*** (particularly internal and construct validity). Numagami (1998) observes that the idea of reliability presumes the existence of invariance in social laws (since management activities are performed in a social setting) over time. However, he argues, whatever 'lawlike regularities' exist in society, do so because they have been continuously created and recreated by human beings and do not exist independently of human action. Since human beings can reflect on their actions, they may seek to derive practical advantages from the findings of researchers. Under such circumstances, the character of the research findings may be changed, howsoever faithfully the test is replicated. The infeasibility of invariant laws in management makes redundant the quest for reliability and replicability criteria (Numagami, 1998).

CASE STUDIES AS A VALIDATION TOOL IN EMERGING ECONOMIES

Case studies can deal with both abstract conceptualizations as well as contingent manifestations of the mechanism under study. The potential in case studies to be concurrently 'up in the clouds' (deal theoretically with the former) as well as 'down to earth' (engage empirically with the latter) allows us to connect observations, experiences and mechanisms

(Tsoukas, 1989). Unlike variance studies, case studies can potentially tackle the implications of changing relations between the variables of study, emergence of new variables during the course of the study, and are based upon the access negotiated by the researcher with the decision makers in the firm rather than the enabling institutional infrastructure required for variance studies. The use of case studies in emerging economy research can raise the theoretical (construct) validity of the research in four ways: - (a) by facilitating analytical equivalence for existing theoretical concepts and hypotheses, (b) by illuminating extreme cases that can lead to new hypotheses, (c) by providing rich interpretations when phenomena and context are inextricably intertwined, (d) and by deciphering causal mechanisms.

First, the meanings of most concepts in the social sciences and in management are complex, multifaceted and highly embedded in the context in which they were first conceptualized. Consequently, ***analytical equivalence*** is an essential step in building up valid research when concepts are borrowed from a different substantive context. In order to retain theoretical validity, researchers must conduct "contextualized comparison… [that]… self-consciously seeks to address the issue of equivalence by searching for analytically equivalent phenomena – even if expressed in substantively different terms – across different contexts" (Locke & Thelen, 1998 q.v. George & Bennett, 2005: 19). In moving from a developed country context to an emerging economy context, researchers need to ensure analytical equivalence so that transplanted theories retain their validity. Second, emerging economies constitute a substantive context for the researcher where the phenomena under study is often characterised by a state of disequilibrium, non-patterned variety and unique frames of references. Such conditions constitute the dimensions of uniqueness that characterizes ***extreme cases*** (Pondy & Olson, 1977). Case studies, unlike variance studies, are capable of analyzing not only modal or median cases but also extreme cases. Third, in emerging economies, management phenomena are continuously evolving functions of the rapidly altering substantive context and it is, therefore, difficult to separate the phenomenon from the context. This point recalls the argument made by Bateson about the evolution of the horse and the grassy plains as a two-way process of adaptation as both adapted to each other (Morgan & Smircich, 1980). Under such circumstances, the arbitrary ***separation of the phenomena and its context*** reduces the theoretical validity of the inferences derived from such results. Case studies can provide rich interpretations when phenomena and context are deeply intertwined, as in emerging economies. Finally, the dynamism of emerging economies accentuates the need to develop rich case studies because of the need to trace ***causal and historical processes*** and the patterns of interrelationships between changing managerial & organizational logics and societal & institutional changes. Stoecker (1991: 94) writes, "'Process' is both historical and idiosyncratic, and statistical analysis is unable to capture either of those. In fact, it is the case study's ability to explain the idiosyncrasies which make up the unexplained 'variance' that is the source of its strength." Inattention to process denies us the ability to understand the underlying mechanisms that shape the differentiated sets of opportunities and constraints available to managers in the emerging economy context, restricts access to novel theoretical insights and holds back theoretical advancement that management research in emerging economies potentially offers.

CONCLUSION

Case studies can provide the richness of nuance that may induce hermeneutic cycles of sensemaking that allow us to sensibly align management theories emanating from different contexts of experience. A hermeneutic approach also steers us away from simplistic contextualization of the sort where collectivism is measured using data from any Asian country and individualism is measured using data from the United States (cf. White, 2002). The emerging economy context, when viewed as a higher-order omnibus context – an entity that comprises multiple sets of situational opportunities and constraints or multiple nested discrete contexts (cf. Johns, 2006), can provide a powerful driver for enriching existing theories and building up alternate ones. However, dry, sparse prose of the kind that is common in variance studies is inadequate for the purposes of advocacy of new theory. Van Maanen (1995: 135) writes, "Communication… implies that we are also and necessarily concerned with persuading our readers – the more the better – that not only do we have something to say but that what we have to say is correct, important and well worth heeding….Our writing is then something of a performance with a persuasive aim." As managers from emerging economies become more influential in the global economic order while grappling with new and complex problems of management & organization, we are provided with a renewed opportunity to include a managerial community as willing and listening members of our audience. For this purpose, we need case studies to develop nuanced and contextually rich theoretical insights, build upon the existing theoretical edifice in mainstream management studies, and translate our arguments and findings back into the managerial realm.

Too often, the case study method has been relegated to the exploratory phases of a research project. We have sought, in this paper, to juxtapose the limitations of variance studies in the substantive and methodological context of emerging economies with the advantages of case studies in such a research context. Rosnow and Rosenthal (1989: 1278) argue that "working simultaneously with a small effect, a small sample, and a binary decisional $p = 0.05$ might be compared to *trying to read small type in a dim light*: It is harder to make out the material." This is an effective metaphor for the research context of emerging economies, with the added dimension of dynamism and rapid transformation. Doing management research in emerging economies is, then, like *reading small type in dim light* ***in a speeding train*** – a task for which case studies, with their superior potential to handle research in contexts laced with the constraints and marked by opportunities for the discovery of novel causal patterns and historical processes, are more suitable It may be opportune, therefore, to grant the case study method pride of place among research methods, *irrespective of the phase of research*, in the emerging economy context.

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