

Making Sense of Socio-Political Risks in International Business: A Configurational Approach to Embracing Complexity

Thomas C. Lawton ^{a,b}, Maria Andrea De Villa ^{c,*}, Sandra Milena Santamaria-Alvarez ^c

^a Global Competitiveness Institute, Cork University Business School, University College Cork, Cork T12 K8AF, Ireland

^b Surrey Business School, University of Surrey, Guildford GU2 7XH, Surrey, United Kingdom

^c Universidad EAFIT, School of Management, Carrera 49 No 7sur 50, Medellín 3300, Colombia



ARTICLE INFO

Keywords:

Socio-political risks
Complexity
Configurational approach
Qualitative Comparative Analysis
Fuzzy sets

ABSTRACT

As social and political contexts have become major sources of uncertainty for international business, we have witnessed renewed efforts to study the impact of socio-political risks on multinational enterprises. However, predominant methods in the field of international business are, for the most part, limited in their capacity to directly address the complexity intrinsic to socio-political risks. We propose overcoming this limitation by adopting a configurational approach that enables researchers to embrace the complexity of socio-political risks in international business. We explain the fundamental principles of a configurational approach and the typical stages for using its methodological tool, Qualitative Comparative Analysis (QCA). We then outline how scholars can use QCA to pursue future research avenues that identify the configurations of conditions that constitute socio-political risks or the effects of socio-political risks on diverse outcomes of interest. We also clarify how the international business field can benefit from the use of QCA in the study of socio-political risks by advancing knowledge of international business in emerging and informal markets, where data access is limited. These efforts aim to motivate international business and management scholars to broaden their empirical toolbox for the study of socio-political risks by engaging in configurational thinking and theorizing.

1. Introduction

Social and political contexts have become major sources of uncertainty for international business (IB) and, specifically, for the strategies and structures of multinational enterprises (MNEs) (De Villa et al., 2015; John and Lawton, 2018; Kobrin, 1979; Lawton et al., 2014). In turn, international business and management researchers have studied a variety of sources of socio-political risks (SPRs), such as corruption (Cuervo-Cazurra, 2016; Sartor and Beamish, 2018), legal uncertainty (White et al., 2015), violent conflict (Oh and Oetzel, 2017), natural disasters (Oetzel and Oh, 2014), and climate change (Flammer et al., 2021), to better understand their nature and identify ways to mitigate exposure to SPRs. But despite these advances, most studies of SPRs use conventional quantitative methods that assume linear relationships and emphasize the unique contribution of individual explanatory factors to an outcome (Furnari et al., 2021; Nielsen et al., 2020b). Yet, the complexity intrinsic to SPRs in IB simultaneously requires a consideration of various explanatory factors and their interplay. Nevertheless, addressing such complexity poses unique methodological challenges

* Corresponding author.

E-mail addresses: thomas.lawton@ucc.ie, thomas.lawton@surrey.ac.uk (T.C. Lawton), mdevilla@eafit.edu.co (M.A. De Villa), ssantam2@eafit.edu.co (S.M. Santamaria-Alvarez).

(Eden and Nielsen, 2020).

Hence, we go beyond the predominant linear thinking and methods in the field of IB (Nielsen et al., 2020b) by proposing a configurational approach that enables researchers to embrace the complexity of SPRs in an international business setting. Although a configurational way of thinking is not new to IB scholarship, “earlier work in IB and related fields (Dunning, 1988), lacked the methodological tools needed for making this thinking actionable in empirical terms” (Fainshmidt et al., 2020: 456). More recently, modern configurational thinking in management (Fiss, 2007, 2011; Furnari et al., 2021; Misangyi et al., 2017) and IB (Fainshmidt et al., 2020), has introduced the requisite methodological tool: Qualitative Comparative Analysis (QCA). Thus, to contribute to a more granular understanding of SPRs in IB, we outline the limitations of predominant methods in the field to examine complexity. We propose overcoming these limitations by adopting a configurational approach that enables researchers to address the complexity intrinsic to SPRs in IB. In doing so, we explain the fundamental principles of a configurational approach and the typical stages for using its methodological tool, QCA. We then outline how scholars may use QCA to pursue future research avenues that identify the configurations of conditions that constitute SPRs or the effects of SPRs on diverse outcomes of interest. We also clarify how the IB field, more broadly, can benefit from the use of QCA in the study of SPRs by advancing knowledge of IB in emerging and informal markets, where data access is limited.

These ideas contribute to a more nuanced understanding of SPRs in two ways: providing a novel methodological approach for their study and suggesting future research avenues that encourage its application. First, we explain and advance a configurational way of thinking and QCA as a methodological approach that enables the study of the complexity inherent to SPRs in IB. Introducing this approach into the study of SPRs answers calls for methodologies that embrace complexity (Cantwell and Brannen, 2016; Eden and Nielsen, 2020; Nielsen et al., 2020a; Shenkar, 2004), and for pluralistic scholarship that enables greater methodological and theoretical diversity to benefit SPRs and IB research (Nielsen et al., 2020b; Welch et al., 2022; Welch et al., 2011).

Second, we suggest and delineate future research avenues that rely on this methodological approach. These research opportunities clarify and extend how scholars may apply a configurational way of thinking and QCA (Fainshmidt et al., 2020), particularly in the study of SPRs. They also provide insights into the types of contributions that can be achieved through a configurational approach, and how these can advance knowledge of SPRs and IB. Cumulatively, these efforts aim to motivate international business and management scholars to broaden their empirical toolbox for the study of SPRs by engaging in configurational thinking and theorizing.

2. Complexity and predominant methods in international business

Complexity is a feature that underlies the study of SPRs in IB. This is because SPRs by themselves are complex, as they can simultaneously encompass a variety of sources and different levels of analysis. For example, in emerging markets, they can originate from corruption and violent conflict. Corruption can operate at the state level, but also within the business sector and informal markets; violent conflict may have different effects on specific industries and foreign and domestic MNEs. In particular, the study of SPRs in IB implies that SPRs are examined not in a vacuum but in a context also characterized by complexity. This contextual complexity derives from going beyond national contexts, to studying phenomena across contexts. For instance, studying SPRs across home and host countries or sets of countries. Thus, SPRs are complex phenomena on their own, and their study in an IB setting increases their degree of complexity.

However, predominant methods in the field of IB are, for the most part, limited in their capacity to directly address the study of complexity (Cantwell and Brannen, 2016; Eden and Nielsen, 2020; Nielsen et al., 2020a). On the one hand, conventional quantitative methods assume linear relationships and emphasize the unique contribution of individual explanatory factors to an outcome (Furnari et al., 2021; Nielsen et al., 2020b). They focus on the net effects of these factors, building on the assumption that they are capable of leading to an outcome of interest by themselves (Furnari et al., 2021). In doing so, they produce correlational theorizing in the form of “the more poverty, the more violent conflict across emerging markets.” Thus, conventional quantitative methods, despite being rigorous and extensively used, follow a “net-effects approach” (Ragin, 2008) that is not well-suited for studying the complexity of SPRs in IB. This is because analysis of the related complexity requires simultaneously studying the joint (rather than the net) effects of multiple explanatory factors and their interplay in leading to an outcome (Eden and Nielsen, 2020). For instance, studying how different combinations of multiple factors beyond poverty, including human rights violations, poor public provision of services, and authoritarian governments, can lead to violent conflict across emerging markets.

On the other hand, conventional qualitative methods enable researchers to provide thick, detailed descriptions and achieve a richer understanding of phenomena (Gephart, 2004; Jarzabkowski et al., 2021; Pratt, 2009). They have been used to a lesser degree in the study of SPRs but have helped to unravel the influence of specific factors on SPRs. For example, the impact of distance in government relations in experienced host-country political risk (De Villa et al., 2019) and the influence of MNE subsidiaries’ active relationships in managing social-political risks (Röell et al., 2022). However, conventional qualitative methods suffer from the lack of a systematic approach to analyze and compare more than a few cases or units of analysis (Rihoux and Lobe, 2009). Therefore, conventional qualitative studies are limited in the number of cases or units of analysis they can incorporate. For instance, De Villa et al. (2019) compared a single MNE’s operations in five host countries, while Röell et al. (2022) examined four MNEs in a single host country. This limitation restricts the capacity of conventional qualitative methods to fully capture the complexity of SPRs in IB.

3. A configurational approach

To overcome the limitations of predominant methods in the field, we propose that an alternative or complement is adopting a configurational approach that enables studying the complexity of SPRs in IB. A configurational way of thinking is more aligned, and has a better fit, as it emphasizes that causality is complex (Edmondson and McManus, 2007; Fainshmidt et al., 2020). Causal complexity implies that different combinations of conditions can lead to a given outcome (Ragin and Fiss, 2008). Hence, following a configurational approach, researchers may examine the causal complexity leading to an outcome that is an SPR. For example, a high level of corruption, that can originate from a variety of conditions (Cuervo-Cazurra, 2016) including lower levels of growth (Mauro, 1995), less investment (Lambsdorff, 2003), lower public policy effectiveness (Ades and di Tella, 1997), less investment in education and healthcare (Mauro, 1998), lower inward foreign direct investment (FDI) (Wei, 2000), and less inward FDI from countries with anti-corruption laws (Cuervo-Cazurra, 2006, 2008). Using a configurational approach, researchers can determine the different combinations of these conditions that lead to a high level of corruption across sets of countries. For instance, home and host countries or developed and emerging countries.

A configurational approach can enable researchers to more adequately theorize and empirically examine causal complexity in SPRs in IB because of its three distinctive fundamental principles: (1) *conjunctural causation*, (2) *equifinality*, and (3) *causal asymmetry* (Fainshmidt et al., 2020; Misangyi et al., 2017), that are summarized in Table 1. First, *conjunctural causation* foresees that outcomes are often caused by the combination of multiple conditions and rarely by the effect of a single condition (Schneider and Wagemann, 2012). For example, a high level of corruption can be caused by the combination of lower public policy effectiveness, less investment in education and healthcare, and lower inward FDI, while rarely only by lower public policy effectiveness. Second, *equifinality* refers to the characteristic that different combinations of conditions (configurations) can lead to the same outcome (Schneider and Wagemann, 2012). For instance, a high level of corruption can be caused by the combination of lower public policy effectiveness, less investment in education and healthcare, and lower inward FDI, or by the combination of lower public policy effectiveness and lower levels of growth. Third, *causal asymmetry* implies that the combinations of conditions leading to the presence of an outcome are not necessarily the inverse of the combination of conditions leading to the absence of the same outcome (Fainshmidt et al., 2020; Schneider and Wagemann, 2012). For example, the simultaneous presence of two conditions, lower public policy effectiveness and lower levels of growth, can be sufficient to lead to a high level of corruption. However, the absence of lower public policy effectiveness and lower levels of growth, does not necessarily lead to not having a high level of corruption. Thus, causal asymmetry suggests that the simultaneous presence of the prior two causal conditions leads to a high level of corruption. But in the absence of this combination of conditions, some countries may still have a high level of corruption. This implies that the analysis of the presence of an outcome is different from the analysis of the absence of the outcome. Each analysis is commonly conducted separately, and then compared, to identify differences or causal asymmetry between the configurations leading to the presence and the absence of the outcome. In this way, causal asymmetry differs from the notion of symmetry in conventional quantitative methods, which implies that by explaining positive values, one is also able to explain negative values (Schneider and Wagemann, 2012).

Although a configurational approach enables the direct study of causal complexity through conjunctural causation, equifinality, and causal asymmetry, until recently, researchers lacked the methodological tools to apply this approach empirically (Fainshmidt et al., 2020; Fiss, 2007; Fiss et al., 2013). However, modern configurational thinking in management and international business introduced Qualitative Comparative Analysis (Fainshmidt et al., 2020; Fiss, 2007, 2011; Furnari et al., 2021; Misangyi et al., 2017), the required methodological tool for the empirical analysis of causal complexity.

Table 1
Fundamental principles of a configurational approach.

Principle	Description	Examples
1) Conjunctural causation	The combination of several different conditions may lead to the outcome, rather than just one condition producing the outcome	A high level of corruption (Y) can be caused by the combination of lower public policy effectiveness (A), less investment in education and healthcare (B), and lower inward FDI (C), while rarely only by lower public policy effectiveness (A). In Boolean algebra: $A^*B^*C \rightarrow Y$ $A \not\rightarrow Y$
2) Equifinality	Several different configurations may lead to the same outcome	A high level of corruption (Y) can be caused by the combination of lower public policy effectiveness (A), less investment in education and healthcare (B), and lower inward FDI (C); or by the combination of lower public policy effectiveness (A) and lower levels of growth (D). In Boolean algebra: $A^*B^*C + A^*D \rightarrow Y$
3) Causal asymmetry	The presence and the absence of the outcome may be caused by different combinations of conditions	A high level of corruption (Y) can be caused by the combination of lower public policy effectiveness (A) and lower levels of growth (D). However, the absence of lower public policy effectiveness ($\sim A$) and lower levels of growth ($\sim D$) does not necessarily lead to not having a high level of corruption ($\sim Y$). In Boolean algebra: $A^*D \rightarrow Y$ $\sim A^*\sim D \not\rightarrow \sim Y$

4. Qualitative comparative analysis

Charles Ragin, a sociologist, developed QCA in 1987, “to address problems resulting from studying comparative political science and sociological phenomena at the macro-level (e.g., involving countries or governments) with sample sizes too small for regression techniques but too large for systematic cross-case comparisons” (Misangyi et al., 2017: 258). QCA is a comparative case-oriented method based on set theory and Boolean algebra, that aims to analyze causal complexity by combining the advantages and transcending the limitations of conventional quantitative and qualitative methods (Marx et al., 2014; Ragin, 2008). Thus, QCA requires in-depth knowledge of cases (as qualitative methods), while allowing the systematic comparison of cases and generalization from findings (as quantitative methods) (Ragin, 1987, 2000, 2008). QCA examines causal complexity by conceptualizing and analyzing cases as configurations of causal conditions to determine which conditions are sufficient (and necessary) to achieve a given outcome (Fiss, 2007). Further details on the QCA method and its technical procedures can be found in the works of Ragin (1987, 2000, 2008, 2014), Rihoux and Ragin (2009), Fiss (2007, 2011), Schneider and Wagemann (2012), Dusa (2021), Mello (2021), and Oana et al. (2021). Other useful work on QCA is focused on graphic approaches to presenting the analysis (Rubinson, 2019), avoiding common errors (Rubinson et al., 2019), as well as standards of best practice (Greckhamer et al., 2018; Schneider and Wagemann, 2010).¹ In the following sections, we explain the typical stages of QCA, as well as its limitations and use in management and international business.

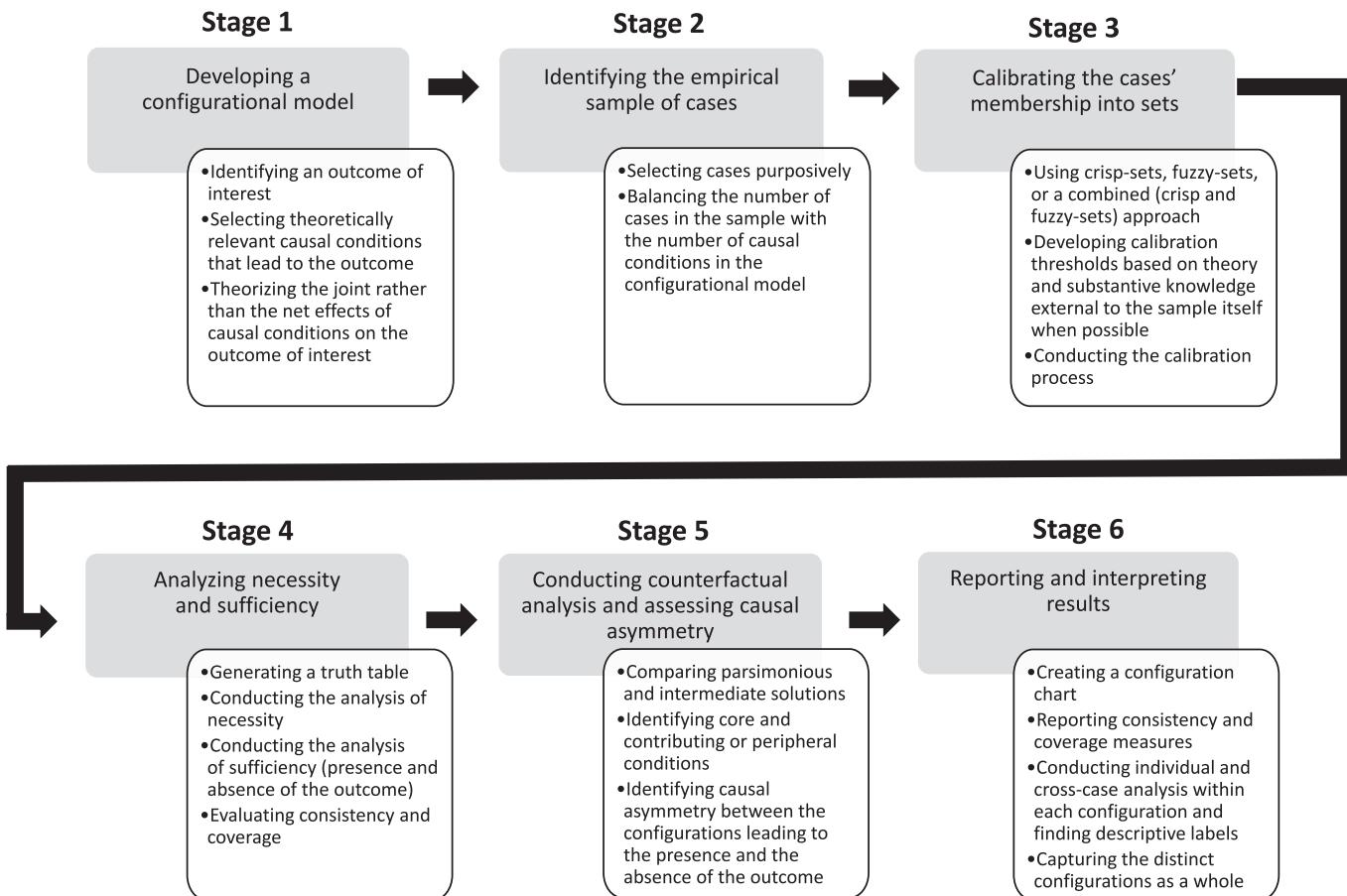
4.1. Stages of QCA

To apply a configurational approach using QCA in the study of SPRs in IB, we suggest following the six stages illustrated in Fig. 1. The first stage involves *developing a configurational model*. This entails identifying an outcome of interest and selecting multiple theoretically relevant causal conditions that explain or lead to the outcome (Furnari et al., 2021). For example, Greckhamer and Gur (2021) identified high firm performance as their outcome of interest and studied what combinations of generic strategies (cost leadership, differentiation, focus) and other firm-level strategic attributes (asset parsimony, firm size, financial slack resources, firm age) led to this outcome. In the development of a configurational model, an important consideration is to apply a configurational way of thinking by theorizing the joint rather than the net effects of causal conditions on the outcome of interest (Greckhamer et al., 2018). Accordingly, Greckhamer and Gur (2021) focused on studying the joint effects of generic strategies and firm-level strategic attributes on high firm performance, rather than their isolated effects. An example related to SPRs in IB research is the work of Pajunen (2008). The configurational model driving this study, identified the attraction of FDI as the outcome of interest, and assessed what combinations of institutional conditions (corruption, political stability, labor regulation, justice and judicial system, political rights and civil liberties, property rights, taxation policies) jointly led countries to attracting FDI.

The second stage is *identifying the empirical sample of cases* in which the causal conditions and the outcome of interest will be analyzed (Greckhamer et al., 2018). QCA views cases as configurations of conditions and outcomes, rather than as a disaggregation of factors that are treated in isolation from each other (Ragin and Rubinson, 2009; Rihoux and Marx, 2013). Cases (including the causal conditions and the outcome of interest) often focus on one level of analysis, such as countries (Haxhi and Aguilera, 2017) or firms (Greckhamer and Gur, 2021), or can reflect multiple levels of analysis (Greckhamer, 2016; Greckhamer et al., 2008; Gupta et al., 2020; Lacey and Fiss, 2009), depending on the aims of the study and the research question. A common practice is that cases must be selected purposively rather than randomly, using the outcome of interest to identify the suitable population of cases (Ragin, 2008). A sample of cases may be constituted either by the entire population of relevant cases that explain the outcome, representative cases from this larger population, or a combination of cases where the outcome is present and where the outcome could be expected but is absent (Greckhamer et al., 2018; Mahoney and Goertz, 2004). For instance, Dwivedi et al. (2018) included in the sample of their study, cases of female CEO successions leading to post-succession high firm performance and cases not leading to post-succession high firm performance. Similarly, Pajunen (2008) used a sample of cases that included countries with institutional conditions leading them to being attractive and unattractive for FDI. An important consideration is balancing the number of cases in the sample with the number of causal conditions in the configurational model (Marx, 2010). For small-N samples between 12 and 50 cases, 4 to 8 causal conditions are suggested, whereas for large-N samples beyond 50 cases, 6 to 12 causal conditions are typically used (Greckhamer et al., 2013). Following these guidelines, Pajunen (2008) used a sample of 47 countries to examine 7 causal conditions. In balancing the number of cases and causal conditions, one way to reduce the number of causal conditions, is to combine several conditions into higher-order concepts (Greckhamer et al., 2018).

The third stage is *calibrating the cases' membership into sets*. This is a crucial step because QCA uses set theory to conceptualize the causal conditions and the outcome of interest as sets and to examine relationships between the conditions and the outcome through a set-theoretic analysis (Misangyi et al., 2017; Ragin, 2008). The process of determining cases' membership into sets representing the conditions and the outcome, is referred to as calibration (Ragin, 2008). Initially, QCA only used a crisp-set approach (Ragin, 1987), where cases are calibrated as either having full membership (1) or full non-membership (0) into sets, allowing the identification of differences in kind. This approach is useful when there is no ambiguity in cases' membership in a set. For example, in a study on the factors that can lead to a lower level of corruption, one of the conditions that may be analyzed is whether a country has ratified the United Nations Convention Against Corruption (UNCAC). The calibration of cases in this set would involve identifying if a country has ratified the convention (full membership) or not (full non-membership). The United States has ratified the convention (1), while Syria has not done so yet (0).

¹ Commonly used software programs for QCA analysis are fs/QCA, R, and TOSMANA. Further details and free access to software programs are available at the Comparative Methods for Systematic Cross-Case Analysis (COMPASSS) website: <https://compasss.org/software/>

**Fig. 1.** Stages of QCA.

Nonetheless, in many circumstances, it is not clear whether a case has full membership or full non-membership in a set, and therefore, it is necessary to calibrate using degrees of membership. Thus, Ragin (2000, 2008) developed QCA to offer a fuzzy-set approach, that allows cases to have partial membership in both the conditions and the outcome by using fuzzy membership scores in the interval between 1 (full membership) and 0 (full non-membership). For example, Haxhi and Aguilera (2017) used three-value (1, 0.67, 0), four-value (1, 0.67, 0.33, 0), and six-value (1, 0.8, 0.6, 0.4, 0.2, 0) fuzzy set membership scores to calibrate the conditions and outcomes in their study. In the calibration of fuzzy sets, using the score of 0.5 (cross-over point) should be avoided since it represents the highest level of ambiguity, not allowing to determine whether a case has membership or not in a set (Fainshmidt et al., 2020; Rubinson et al., 2019). Both, crisp and fuzzy set membership scores can be used simultaneously to calibrate the conditions and the outcome in a single study. An important consideration is that despite the type of calibration and data (quantitative or qualitative, e.g., Crilly, 2011; Crilly et al., 2012) that is calibrated, the calibration thresholds that are used must be based on theory and substantive knowledge external to the sample itself when possible (Ragin, 2008). For example, Dwivedi et al. (2018) used calibration thresholds for “female CEO post-succession high firm performance” that were based on the extant CEO succession literature and prior QCA studies examining firm performance. When theoretical knowledge is nonexistent, an alternative is to consult an expert panel to determine calibration thresholds. Once the type of calibration and the calibration thresholds are defined, the calibration process can be done by researchers assigning a membership score to each observation or by the direct method of calibration (Ragin, 2008), which uses an algorithm and requires the specification of three calibration thresholds: full membership (1), full non-membership (0), and a cross-over point of maximum ambiguity (0.5), to assign membership scores to the observations. Researchers’ choices on the type of calibration, calibration thresholds, and process must be transparently explained to enable others to assess their validity.

The fourth stage is *analyzing necessity and sufficiency*. After calibrating the conditions and the outcome, a truth table must be generated. The truth table captures all the logically possible combinations of conditions (configurations), including those lacking empirical evidence (Ragin, 2008). By means of logical minimization, the truth table is analyzed, to determine the necessary and sufficient conditions or combinations of conditions that can lead to the outcome of interest (Schneider, 2019; Schneider and Wagemann, 2012). On the one hand, the analysis of necessity identifies a condition or combinations of conditions that are always (or almost always) present in the occurrence (or non-occurrence) of the outcome. Thus, the presence of this condition or combination of conditions is necessary for the occurrence (or non-occurrence) of the outcome. For instance, Pajunen (2008) found through the analysis of necessity, that no conditions were necessary for less-developed countries to be attractive to FDI, while the absence of property rights and corruption were necessary conditions for less-developed countries to be unattractive to FDI. On the other hand, the analysis of sufficiency determines what combinations of conditions can lead to the outcome of interest. Therefore, the presence of each combination of conditions (configuration) is sufficient for the occurrence (or non-occurrence) of the outcome (Ragin, 2000, 2008). An important consideration is that beyond conducting the analysis of sufficiency for the presence (occurrence) of the outcome, researchers should separately analyze sufficiency for the absence (non-occurrence) of the outcome. For example, through the analysis of sufficiency for the presence of the outcome, Pajunen (2008) identified that eight different combinations of conditions (configurations) were sufficient for less-developed countries to be attractive to FDI. In contrast, through the analysis of sufficiency for the absence of the outcome, Pajunen (2008) identified that seven different combinations of conditions were sufficient for less-developed countries to be unattractive to FDI.

A common practice is evaluating the results of the analysis of necessity and sufficiency through the measures of consistency and coverage (Ragin, 2006, 2008). Consistency measures the degree to which the cases sharing a given combination of conditions agree in displaying the outcome. Coverage measures the empirical importance of a condition or a combination of conditions for producing the outcome (Ragin, 2008; Schneider and Wagemann, 2012). For the analysis of necessity, a consistency of at least >0.90 is recommended (Greckhamer et al., 2018; Ragin, 2008; Schneider and Wagemann, 2012). For the analysis of sufficiency, a consistency of ≥ 0.80 is suggested (Greckhamer et al., 2018; Ragin, 2000, 2008). For the analysis of necessity or sufficiency, a high coverage measure is recommended as it indicates empirical relevance, however, there is no agreed minimum coverage for the results to be considered valid.

The fifth stage is *conducting counterfactual analysis and assessing causal asymmetry*. A combination of conditions that lacks empirical evidence is a counterfactual case; and evaluating its plausible outcome is counterfactual analysis (Ragin, 2008). QCA facilitates counterfactual analysis through the production of parsimonious and intermediate solutions that are compared to distinguish those conditions that are “core” from those that are “contributing or peripheral” (Fiss, 2011). Core conditions are those that are part of both parsimonious and intermediate solutions, and contributing or peripheral conditions are those that only appear in the intermediate solution. Counterfactual analysis distinguishes core conditions in terms of the strength of the evidence relative to the outcome, and thus, they are decisive causal conditions for the outcome of interest (Fiss, 2011; Greckhamer et al., 2018). For example, Greckhamer and Gur (2021) found that in air transport, following a focused differentiation strategy, having financial slack, and being a non-legacy airline were core conditions, that along with being a relatively small carrier as a contributing or peripheral condition, led to high firm performance.

An important consideration is that counterfactual analysis should be conducted after analyzing sufficiency for the presence (occurrence) of the outcome, and then, after analyzing sufficiency for the absence (non-occurrence) of the outcome. This allows the assessment of causal asymmetry between the combinations of conditions (configurations) leading to the presence and the absence of the outcome, enabling researchers to enhance their explanations of the occurrence and non-occurrence of the outcome of interest. Accordingly, Pajunen (2008) separately analyzed sufficiency for the attractiveness and the unattractiveness of less-developed countries to FDI. Then, a comparison of both analyses uncovered differences among the combinations of conditions leading the attractiveness and the unattractiveness of less-developed countries to FDI, meaning that causal asymmetry was identified.

The sixth stage is *reporting and interpreting the results*. To report the results of the analysis of sufficiency, a configuration chart (Ragin and Fiss, 2008) is commonly used. This chart displays the multiple combinations of conditions (configurations, causal paths, or recipes) leading to the presence and absence of the outcome of interest (e.g., Dwivedi et al., 2018). Boolean algebra statements are also often used to present the results (e.g., Verbeke et al., 2019). In addition, reporting consistency and coverage measures is important to allow

the interpretation of the results in terms of validity and empirical relevance (Greckhamer et al., 2018). However, beyond using a configuration chart, Boolean algebra statements, and reporting consistency and coverage measures, researchers are required to go back to the cases covered by each combination of conditions (configuration) and theorize from the case-level on the conditions and mechanisms underlying each configuration. Thus, conducting individual and cross-case analysis within each configuration is requisite to explain the essence of a configuration and find a descriptive label that represents each configuration. Comparison across configurations is also needed to identify similarities among them and capture the distinct configurations as a whole. Guidance on the heuristics behind configurational theorizing and the feedback loops involved in this process can be found in the work of Furnari et al. (2021). It is important to note that although we discuss the stages of QCA in sequential order for clarity in their exposition, applying QCA involves an iterative process between the different stages.

4.2. Limitations of QCA

As with any other methodological tool, QCA has some limitations. First, QCA results are very sensitive to the selection of cases, causal conditions, and calibration thresholds. Adding or deleting a case from the sample can change the results, questioning the validity of findings (Goldthorpe, 1997). But including or excluding a case can have theoretical importance, since changes in cases can lead to a new causal path or explanation of the outcome of interest (Marx et al., 2014). Likewise, a flawed selection of causal conditions or an inadequate calibration of such, can lead to deficient results. The number of causal conditions to be included has limits, and therefore, researchers may omit some theoretically relevant causal conditions, raising omitted-variable bias concerns (Marx et al., 2014). At the other extreme, having many causal conditions increases the complexity involved in the interpretation of results (Fainshmidt et al., 2020). Nonetheless, this is not a unique problem of QCA, as “from a theoretical point of view, it is not straightforward to deal with models containing many interacting terms” (Marx et al., 2014; 123). Moreover, calibration is done by researchers according to their knowledge and expertise (Ragin, 2008), leaving some space for questioning. Because of this, it is recommended that researchers are transparent and carefully describe their selection of cases, causal conditions, calibration thresholds, and the rationale behind them.

Second, QCA has been criticized for its static nature not allowing more processual or longitudinal analysis. An advanced QCA approach has been developed to overcome this limitation, namely temporal QCA (tsQCA) (Caren and Panofsky, 2005; Hak et al., 2013; Ragin and Strand, 2008). Furnari (2018) suggests that other approaches include the analysis of configurations over time or lagged time windows (Aversa et al., 2015; Fainshmidt et al., 2017; Meuer and Rupietta, 2015), panel data set-theoretic research (Garcia-Castro and Ariño, 2016), and case-oriented calibration of change patterns (Ragin, 2014).

Third, empirical diversity can be hard to manage in QCA, since some combinations of conditions or configurations may have no empirical evidence, might not be plausible, or might represent “logical remainders” (probable but not present in the sample). There have been different efforts to overcome this limitation, most notably the two-step QCA approach (Schneider and Wagemann, 2006). In this approach, conditions are initially classified either as proximate or remote, and then each group of conditions is analyzed separately. However, in a revisited version, Schneider (2019) refined the two steps as the analysis of necessity and the analysis of sufficiency.

Fourth, as described by Fainshmidt et al. (2020), QCA is not a statistical technique in the traditional sense. Therefore, there is no way to assess the probability of occurrence or non-occurrence of the combinations of conditions or configurations that are identified. A suggestion to address this gap is using tailored permutation tests (Braumoeller, 2017).

4.3. QCA in management and international business

The use of QCA in management started as a complement to more conventional methods (Misangyi et al., 2017). Gradually QCA was used as a standalone method, and later the work of Fiss (2007, 2009, 2011) accelerated its application (Misangyi et al., 2017). Specific research domains, primarily marketing, followed by innovation, human resources, strategy, organization studies, production and operations, public management, information systems, finance, and operations research, increasingly incorporated QCA into their methodological toolbox (Kan et al., 2016). Common themes that characterize how QCA has been used in management are a trend from small-N to large-N samples, a focus on lower levels of analysis (e.g., organizations and individuals), an interest in conducting deductive analyses, and an increase in using QCA as a complement in both inductive and deductive mixed method studies (Misangyi et al., 2017).

By comparison, in the field of international business, researchers have been slower in the adoption of QCA, despite most of the phenomena they study being inherently complex. But several studies have used QCA to make significant theoretical and empirical contributions (see Fainshmidt, 2020; Fainshmidt et al., 2020). Thus, future research in the IB field can benefit from progressively applying QCA to tackle challenging questions that address complex phenomena, involve multi-level analysis, different sample sizes (from small-N to large-N), and causal asymmetry (Buckley et al., 2017; Fainshmidt et al., 2020; Sun et al., 2021). Likewise, future research on SPRs in IB can benefit from using QCA.

5. QCA in future research on socio-political risks in international business

Applying QCA to the study of SPRs in IB can encourage the development of future research in two overarching categories, as illustrated in Fig. 2. The first category involves research that aims to identify the configurations of conditions that constitute SPRs across contexts. For instance, studies using QCA to assess the combinations of socio-political conditions that lead to a high level of violent conflict across Arab countries or developed versus emerging countries. Research under this category is important because it can contribute to a more nuanced understanding of the factors that comprise SPRs across contexts, allowing researchers to better capture

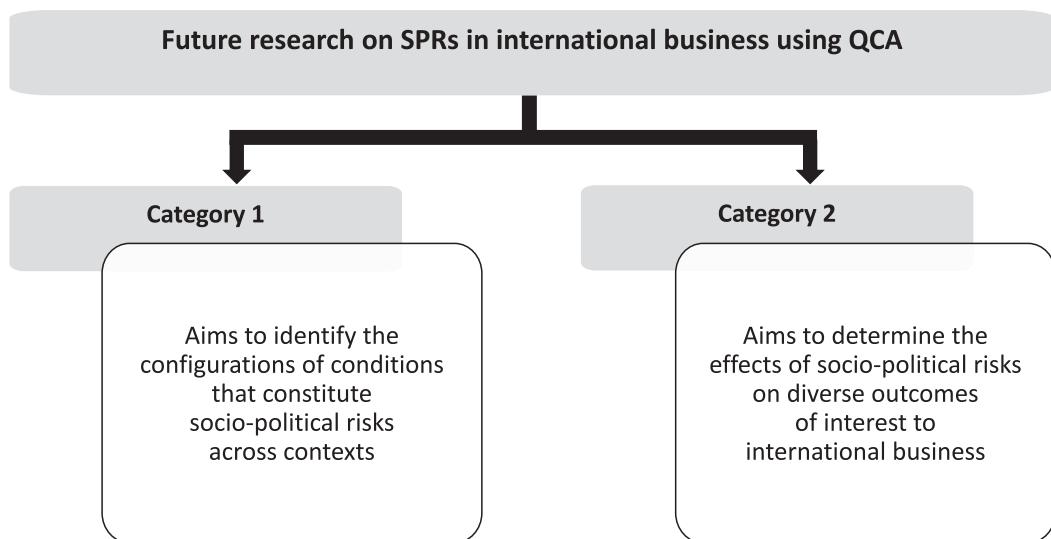


Fig. 2. Future research on SPRs in international business using QCA.

the complexity of SPRs in IB.

The second category includes research that aims to determine the effects of SPRs on diverse outcomes of interest to IB. For example, studies using QCA to analyze the impact of socio-political conditions on MNE subsidiary performance or the level of competitiveness of

Table 2

Features of QCA and avenues for future research on SPRs in international business.

Features of QCA	Avenues for future research	Examples of research questions
Complex phenomena	The factors that lead to a high level of corruption in Latin American countries The effects of social-political conditions on the level of corruption across developed and emerging countries	What combinations of factors lead to a high level of corruption in Latin American countries? How do social-political conditions affect the level of corruption across developed and emerging countries?
Multi-level analysis	The influence of headquarters' strategic orientation and host country social-political environment on subsidiaries' social engagement The effects of MNEs' political capabilities and home and host government relations on experienced host country political risk	What combinations of headquarters' strategic orientation and host country social-political conditions promote subsidiary CSR activities? What configurations of MNEs' political capabilities and home and host government relations lead to experiencing high host country political risk?
Small-N samples	The effects of social-political conditions on FDI attraction in European Union countries The impact of corruption on the level of internationalization of Arab countries	What combinations of social-political conditions attract FDI in European Union countries? How do the underlying factors of corruption impact the level of internationalization of Arab countries?
Large-N samples	The impact of diverse activist groups on the performance of the top 100 digital MNEs The effects of using different social media on the corporate reputation of the largest 200 MNEs in the U.S.	How do different types of activist groups influence the performance of the top 100 digital MNEs? How does the use of different social media affect the corporate reputation of the largest 200 MNEs in the U.S.?
Causal asymmetry	The social-political conditions leading to a high or not high level of innovation in developed and emerging countries	What configurations of social-political conditions lead to high levels or not high levels of innovation in developed and emerging countries?
Quantitative and qualitative data	The effects of social-political risks on the selection or non-selection of acquisitions as a mode of entry by foreign MNEs The impact of social-political conditions in emerging countries (quantitative data) on the formalization of informal businesses (qualitative data)	What configurations of social-political risks lead foreign MNEs to select or not select acquisitions as their mode of entry? Why and how do social-political conditions in emerging markets limit the formalization of informal businesses?
Inductive research	The influence of home and host country corruption (quantitative data) on subsidiary manager's ethical behavior (qualitative data) The factors that determine a high level of social-political risks across sets of countries The combinations of MNEs' corporate social responsibility (CSR) and corporate political activities (CPA) leading to experiencing a low level of social movement boycotts	Why and how does home and host country corruption influence subsidiary manager's ethical behavior? What are the factors that underlie a high level of social-political risks in developed and emerging countries? What combinations of MNE CSR and CPA lead to experiencing a low level of social movement boycotts?
Deductive research	Theory: Signaling theory The impact of MNE socio-political activism on stock value Theory: Resource-based view The effect of MNE socially responsible activities on political access	What configurations of MNE socio-political activism lead to high stock value? What combinations of MNE corporate socially responsible activities lead to a high level of political access?

countries. This second research category is key, because beyond identifying the specific factors that comprise SPRs, there is a need to broaden our understanding of the effects of SPRs on different outcomes of interest to IB.

Future research on SPRs in either of these two categories can benefit from different features of QCA. We now outline several features of QCA, and in Table 2 summarize avenues for future research and examples of research questions that can be pursued by taking advantage of these features.

First, QCA allows the study of *complex phenomena* that involve multiple explanatory factors and their interplay. SPRs in IB are complex in nature. Thus, QCA can be used to address research questions on SPRs that involve assessing causal complexity or multiple causal paths leading to an outcome of interest. For example, QCA can enable future studies to assess what combinations of factors lead to a high level of corruption in a set of countries (e.g., Latin American countries) or to determine the effects of socio-political conditions on the level of corruption across sets of countries (e.g., developed and emerging countries).

Second, QCA enables *multi-level analysis* by permitting the inclusion of conditions and outcomes found at different levels such as the supranational, regional, country, city, firm, intra-firm, team, or individual level. The study of SPRs in IB often requires including multiple levels of analysis. Thus, to take advantage of multi-level analysis, future studies can examine the influence of headquarters' strategic orientation and host country socio-political environment on subsidiaries' social engagement or the effects of MNEs' political capabilities and home and host government relations on experienced host country political risk.

Third, QCA examines from *small-N* to *large-N samples*, overcoming the limitations of conventional quantitative methods (for analyzing small-N samples) and of qualitative methods (for analyzing large-N samples). This is especially relevant to the study of SPRs in IB, where conventional methods have, for the most part, led researchers either to conduct a comprehensive analysis of only one or few cases (with potential generalization issues), or to use a quantitative approach to cover a bigger sample. The latter enables generalized findings but assesses the impact of only one or few conditions potentially affecting the outcome. Thus, by using QCA, future studies of SPRs involving small-N samples can benefit from a more systematic comparison of cases. For instance, when examining the effects of socio-political conditions on FDI attraction in European Union countries or the impact of corruption on the level of internationalization of Arab countries. Whereas studies of SPRs including large-N samples can benefit from assessing complex rather than linear causality, for instance, when analyzing the impact of diverse activist groups on the performance of the top 100 digital MNEs or the effects of using different social media on the corporate reputation of the largest 200 MNEs in the U.S.

Fourth, QCA identifies *causal asymmetry* in the combinations of conditions leading to the presence and the absence of a given outcome. In the study of SPRs in IB, determining causal asymmetry can enhance researchers' explanations of the occurrence or non-occurrence of the outcome of interest. This can provide an advantage to expand our knowledge, for example, on the socio-political conditions leading to high or not high levels of innovation in developed and emerging countries or the effects of socio-political risks on foreign MNEs' selection or non-selection of acquisitions as their mode of entry.

Fifth, QCA can include *quantitative and qualitative data*. This allows researchers to use different types of data from diverse sources to overcome potential evidence shortcomings or missing observations. This can benefit research on SPRs in IB, as studies often need to integrate both types of data, particularly in the analysis of emerging and informal markets or underexplored phenomena, for which information might be scarce, dated, unreliable, or absent. Combining quantitative and qualitative data can be useful, for instance, to assess the impact of socio-political conditions in emerging countries (quantitative data) on the formalization of informal businesses (qualitative data); or the influence of home and host country corruption (quantitative data) on subsidiary manager's ethical behavior (qualitative data).

Sixth, QCA can be used to engage in *inductive or deductive research*. Indeed, studies of SPRs in IB can advance by using QCA in inductive and deductive approaches. Inductively using QCA involves developing theory from empirical observations. In doing so, for instance, studies can identify similarities and differences among the factors that underlie a high level of socio-political risks across sets of countries (e.g., developed and emerging countries) or the combinations of MNEs' corporate social responsibility and corporate political activities leading to experience a low level of social movement boycotts. In contrast, using QCA deductively implies testing conditions or factors that previous research has identified as affecting an outcome, to provide guidance on which factors or combinations of factors affect the outcome of interest. For instance, studies can test configurations of MNE socio-political activism leading to high stock value (drawing on signaling theory) or combinations of MNE socially responsible activities leading to a high level of political access (building on the resource-based view).

These six features of QCA, can benefit not only SPRs research but also the field of IB more broadly, by facilitating advances in our understanding of IB in emerging and informal markets. In particular, data in these markets are either not available or often of questionable quality (Eden and Nielsen, 2020). Therefore, the possibility of researchers including self-collected quantitative and qualitative data, can help them overcome the lack or questionability of data that tends to restrict studies to developed markets' data or theories. Using QCA, researchers can incorporate different types and sources of data to customize data needs, and as a result, achieve a more nuanced understanding of IB in emerging and informal markets.

As a final note, QCA opens opportunities for research avenues not previously addressed because of methodological limitations. We hope this article encourages international business and management scholars to broaden their empirical toolbox for the study of SPRs by using QCA and engaging in configurational thinking and theorizing. Beyond the study of SPRs, the international business and management fields at large can benefit from greater methodological and theoretical pluralism by embracing a configurational approach in future research.

Data availability

No data was used for the research described in the article.

Acknowledgements

We appreciate suggestions advanced by the Co-Editors of this special issue, Tatiana Vashchilko, George O. White III, Andreea Mihalache-OKeef, Crystal Jiang, Irem Demirkan, and Asda Chintakananda. We wish to specially thank Peer Fiss, Vilmos F. Misangyi, Rodney Lacey, Carsten Schneider, and Ioana-Elena Oana for their training and advice on the use of QCA. Our thanks also to the presenters and mentors at the QCA workshops of the Academy of Management, the 2021 International QCA Paper Development Workshop at ETH Zurich, the 2022 QCA Conference of the Americas, and to the audiences at the 2023 Academy of International Business and Academy of Management Annual Meetings. Maria Andrea De Villa and Sandra Milena Santamaria-Alvarez also gratefully acknowledge the financial support provided by Universidad EAFIT.

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