

Chapter Three: Research Methods and Procedures

3.1. Research Design and Methods

Research design permits the researcher to integrate the different components of research and conduct the study in a systematic. Selection of appropriate research design and the data collection method is mandatory to draw the valid conclusions and ensure that research problem has been addressed properly. The suitable research type for this study is quantitative research design. The quantitative type provides objective analysis and results with facts and figures. The reason for using quantitative research design is that it provides empirical and scientific evidence instead of delivering a subjective background like qualitative study. Quantitative research is based on the experimentation, objective and controlled testing and finally rejecting or supporting the research hypothesis. A major benefit of quantitative type is that the results are reliable, proper, valid and generalizable to a greater population. The other advantage of using a quantitative research design is it allows the researcher to collect data from a large sample size. Moreover, it assumes a measurable reality of the collected data.

3.2. Time Horizon

The researcher uses longitudinal research for the study. The reason for using a longitudinal study is the factors of the study. The factors affecting FDI in Pakistan are changing over the time that is why the longitudinal study is suitable for the research. The other advantage of using longitudinal study is to determine the pattern of a variable over the time period and the researcher can ensure the clear validity and focus of the study. The factors in this study that are GDP, FOREX, Interest rate and Corruption are the changing over the time and are dynamic.

3.3. Target population

The target population of the study is the economy of Pakistan. By considering Pakistani economy researcher has conducted the study to analyse the data related to the factors affecting FDI in Pakistan. For this purpose, only data related to four factors GDP, FOREX, corruption and interest rate of Pakistan has been accumulated to test the impact of each factor over FDI.

3.4. Sample of the study

The sample of the study is taken from the specific period from 2004 to 2018. The researcher collects data of Pakistan and estimated the results of the research study.

3.5. Sources of Data

The suitable method used for this research is secondary data collection method. The secondary data denotes to the data which is not collected by the researcher himself. The researcher collects data from the resources such as journal articles, databases and annual reports. The most useful sources are FDI, World Bank, UN websites, and other related published articles. Through secondary sources data collected from the related sources of the FDI, from where authentic information related to the GDP, FOREX, interest rate, and corruption. The major focus for the data collection of a researcher is to use the latest data for analysing the data that leads to the best possible solutions about the factors affecting FDI in Pakistan. The time frame in which data is collected from Pakistan is from 2004 to 2019. The justification of making secondary data collection is suitable for the study related to the identification of factors which affect the FDI of Pakistan is that this data is easily available, accessible and taken from the authentic sources. Moreover, the period selected for data collection which is from 2004 to 2019 is suitable to analyse the reasonable data related to the FDI because in small scale data the results are not justifiable.

3.6. Treatment of Data

The nature of this research is based on the quantitative design and data is collected through secondary sources. Hence, secondary quantitative researcher uses Econometric Views (E-Views) software for the data analysis. E-Views is an economic and statistical package used broadly by the researchers, analysts and economists for statistical, financial and economic analysis, prediction and model simulation (Aljandali & Tatahi 2018). Hence, the reason for using E-Views in this research because the factors of this study are changing by the time and can be properly analysed through this tool. It is a user-friendly tool which is easily available and accessible for the analysis. For this research, the researcher has used regression and correlation

analysis in order to analyse the factors related to FDI. In this study, correlation analysis was adopted by researcher to explore the existence of a relation between FOREX, GDP, corruption and interest rate over FDI in Pakistan respectively. Furthermore, Correlation analysis was Chosen to check the level of impact these four identified factors have on FDI and how these factors individually affect the FDI.