

**CAN NATIONALISM FOSTER FOREIGN DIRECT INVESTMENT?
EVIDENCE FROM AZERBAIJAN AND TÜRKİYE**

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ÖZET

MİLLİYETÇİLİK DOĞRUDAN YABANCI YATIRIMI TEŞVİK EDEBİLİR Mİ? AZERBAYCAN VE TÜRKİYE'DEN KANITLAR

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Son yirmi yılda, doğrudan yabancı yatırım (DYY) konusunda hem teorik hem de ampirik araştırmalarda önemli bir artış gözlemlenmiştir. Konu ile ilgili akademinin artan ilgisi DYY akışlarında küresel düzeyde yaşanan artışla ilişkilendirilebilir. Bu bağlamda, DYY belirleyicileri genellikle akademik araştırmaların odak noktası olmuştur. Öte yandan Brexit, göç ile ilişkili politikalar ve kamuoyu tutumu ve Rusya Ukrayna savaşı gibi olaylardan da anlaşılacağı üzere milliyetçi söylem ve davranışlarda küresel çapta bir artış gözlemlenmektedir. Uluslararası işletmecilik başta olmak üzere milliyetçiliğin farklı pek çok alanda etkisi hissedilse de milliyetçiliğin uluslararası işletmecilik alanında etkileri yeterince irdelenmemiştir. Bu nedenle bu çalışma, milliyetçilik ve DYY arasındaki ilişkiyi incelemektedir.

Sınırlı sayıda çalışma bulunmakla birlikte, son bulgular milliyetçiliğin DYY akışlarını olumsuz etkileyebileceğini göstermektedir. Milliyetçiliğin DYY üzerindeki olumsuz etkisi hem DYY'ın hem de milliyetçiliğin kavramsal çerçevesine dayandırılarak açıklanmaktadır. DYY'ın doğası, ev sahibi ülkede değerli varlıkların edinilmesini içerirken, milliyetçiliğin doğası, ulusal gücü ve itibarı uluslararası arenada artırmayı hedefler. Bu bağlamda DYY, ulusal egemenlik için varoluşsal bir tehdit olarak algılanmaktadır. Bu nedenle, milliyetçilik genellikle milliyetçiliğin yoğun olduğu ülkelere DYY girişini azaltan bir risk faktörü olarak kabul edilir.

Mevcut literatürün aksine bu araştırma, sürekli olarak DYY akışlarını destekleyen yeni bir milliyetçilik biçiminin varlığını araştırmayı amaçlamaktadır. Azerbaycan ve Türkiye arasındaki özgün ilişkiden hareketle bu çalışma, "kardeşlik

olarak milliyetçilik” kavramını yeni bir milliyetçilik türü olarak önermektedir. Azerbaycan-Türkiye ilişkisi, bu tür milliyetçiliğin incelenmesi için özgün bir bağlam sunmakta olup, bu iki ülke, “Tek Millet, İki Devlet” sloganını benimseyerek, ayrı ülkeler olmalarına rağmen birlik içinde hareket etme kararlılıklarını yansıtmaktadır.

Bu bağlamda, araştırma öncelikle kardeşlik olarak milliyetçiliğin özgün özelliklerini, farklı paydaşların perspektiflerini tematik ve içerik analizleri yoluyla incelemektedir. Kardeşlik olarak milliyetçiliği tanımlayan özellikler belirlendikten sonra, çalışma bu özgün özelliklerin firmaların DYY kararlarını nasıl şekillendirdiğini, Kurumsal Kuram, Sosyal Ağ Kuramı ve İşlem Maliyet Kuramı temelinde üç farklı mekanizma öne sürerek ve doküman analizi kullanarak ele almaktadır. Son olarak, araştırma, kardeşlik olarak milliyetçiliğin DYY akışları üzerindeki olumlu etkisini makroekonomik düzeyde kantil regresyon analizi ile incelemektedir.

Sıralı karma yöntem ve karma vaka çalışması tasarımı benimseyen bu araştırma, şu bulgulara ulaşmıştır: (i) kardeşlik olarak milliyetçilik, güçlü ilişkiler, karşılıklı destek, karşılıklı çıkarlar, milliyetçi duygular, gelecek, pazar, firma perspektifi ve pazar perspektifi olmak üzere sekiz tema ile tanımlanmıştır; (ii) kardeşlik olarak milliyetçilik, kardeş ülkeler arasında meşruiyet yaratarak, güven oluşturarak ve işlem maliyetlerini azaltarak DYY akışlarını artırmaktadır; ve (iii) kardeşlik olarak milliyetçiliğin DYY akışları üzerindeki makroekonomik düzeydeki etkisi istatistiksel olarak anlamlı ve pozitifdir.

Bu araştırma, literatüre birçok özgün katkı sunmakla birlikte, araştırmanın üç katkısı öne çıkmaktadır. Birincisi, milliyetçilik ve DYY arasındaki ilişkiyi anlamaya dair farklı ve özgün bir bakış açısı sunarak, sürekli olarak DYY akışlarını destekleyen bir milliyetçilik biçimi öne sürmektedir. İkincisi, milliyetçi söylemlerin sadece söylem olarak kalmayıp ekonomik ve pratik sonuçlar da doğurabileceğini göstermektedir. Üçüncüsü, araştırma, Kurumsal Kuram, Sosyal Ağ Kuramı ve İşlem Maliyet Kuramı için araştırmaya değer özgün bir bağlam ve yeni bir kavram sunmaktadır.

Anahtar Sözcükler: Milliyetçilik; Doğrudan Yabancı Yatırım; Kardeşlik; Meşruiyet; Güven; İşlem Maliyeti.

ABSTRACT

CAN NATIONALISM FOSTER FOREIGN DIRECT INVESTMENT? EVIDENCE FROM AZERBAIJAN AND TÜRKİYE

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Over the past two decades, there has been a marked increase in both theoretical and empirical research focused on understanding foreign direct investment (FDI). This growing interest within the academic community can be largely attributed to the substantial rise in global FDI flows. Consequently, the determinants of FDI have been a primary focus of scholarly inquiry. On the other hand, there has been a global surge in nationalistic rhetoric and actions, as evidenced by events such as Brexit, policies and public attitudes towards immigration, and the Russian-Ukrainian war. While nationalism appears to influence various fields, particularly international business, its specific impacts on international business activities remain underexplored. This study, therefore, examines the relationship between nationalism and FDI.

While research on the topic remains limited, recent studies indicate that nationalism can negatively influence FDI flows. This adverse effect is often analyzed within the conceptual frameworks of nationalism and FDI. The inherent nature of FDI, typically involving the acquisition of strategic assets in host countries, clashes with nationalism's focus on strengthening and preserving national power and prestige on the global stage. In this context, FDI is frequently viewed as a potential threat to national sovereignty, leading to the perception of nationalism as a risk factor that deters FDI inflows into nationalist-leaning countries.

Contrary to the literature, this study aims to explore the possibility of a new form of nationalism that consistently supports FDI flows. Using the unique case of Azerbaijan and Türkiye, this study introduces the concept of "nationalism as

brotherhood” as a new form of nationalism. The Azerbaijan-Türkiye relationship provides a unique context for examining this type of nationalism, as these two nations embody the slogan “One Nation, Two States,” reflecting their commitment to acting in unity despite being separate countries.

In this context, the research first investigates the unique features of nationalism as brotherhood by analyzing the perspectives of various stakeholders through thematic analysis and content analysis. Upon identifying the defining features of nationalism as brotherhood, the study addresses how these distinctive characteristics influence firms’ FDI decisions by proposing three mechanisms grounded in Institutional Theory, Social Network Theory, and Transaction Cost Theory, utilizing document analysis. Finally, the research assesses the positive impact of nationalism as brotherhood on FDI flows at the macroeconomic level through quantile regression analysis.

Utilizing a sequential mixed-method and a case study design, this study has yielded the following findings: (i) nationalism as brotherhood is defined by eight themes: strong relationships, mutual support, mutual interests, nationalist feelings, future, market, firm perspective, and market perspective; (ii) nationalism as brotherhood supports FDIs between brother nations by fostering legitimacy, building trust, and reducing transaction costs; and (iii) the impact of nationalism as brotherhood on FDI flows at the macroeconomic level is statistically significant and positive.

While this research offers several original contributions to the literature, three stand out as particularly significant. First, it presents a unique and entirely different perspective on the relationship between nationalism and FDI by introducing a form of nationalism that consistently supports FDI flows. Second, it demonstrates that nationalistic discourses do not merely remain rhetorical but can also have tangible economic and practical outcomes. Third, the research provides a unique context and introduces a novel concept for further exploration within the frameworks of Institutional Theory, Social Network Theory, and Transaction Cost Theory.

Keywords: Nationalism; Foreign Direct Investment; Brotherhood; Legitimacy; Trust; Transaction Cost.

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Her şey güzel olacak (Everything will be alright) ...

29/11/2024

STATEMENT OF COMPLIANCE WITH ETHICAL PRINCIPLES AND RULES

I hereby truthfully declare that this thesis is an original work prepared by me; that I have behaved in accordance with the scientific ethical principles and rules throughout the stages of preparation, data collection, analysis and presentation of my work; that I have cited the sources of all the data and information that could be obtained within the scope of this study, and included these sources in the references section; and that this study has been scanned for plagiarism with Turnitin scientific plagiarism detection program used by İzmir Bakırçay University, and that “it does not have any plagiarism” whatsoever. I also declare that, if a case contrary to my declaration is detected in my work at any time, I hereby express my consent to all the ethical and legal consequences that are involved.

Emre BİLGİÇ

TABLE OF CONTENTS

TITLE PAGE	i
FINAL APPROVAL FOR THESIS	ii
ÖZET	iii
ABSTRACT.....	v
ACKNOWLEDGMENT	vii
STATEMENT OF COMPLIANCE WITH ETHICAL PRINCIPLES AND RULES	ix
TABLE OF CONTENTS	x
LIST OF TABLES	xv
LIST OF FIGURES	xvii
LIST OF GRAPHS	xviii
1. INTRODUCTION	1
1.1. Research Background	1
1.2. Research Purposes, Research Questions and Importance of the Research	2
1.3. Research Methodology and Method	4
1.4. The Structure of the Research.....	6
1.5. Conclusion	8
2. NATIONALISM IN INTERNATIONAL BUSINESS CONTEXT: A NEW FORM OF NATIONALISM?.....	9
2.1. Introduction.....	9
2.2. Nationalism: An Emergent Issue in the Age of Globalization.....	9
2.3. Nationalism in the Context of International Business.....	13
2.3.1. Nationalism and consumer behavior towards foreign products and entities	13
2.3.2. Nationalism and international trade.....	14

2.3.3. Nationalisms and foreign direct investment	15
2.4. Azerbaijan and Türkiye Relations	24
2.5. Conclusion: Towards A New Form of Nationalism and its Implications for International Business	25
3. THE RELATIONSHIP BETWEEN FDI AND THE NEW FORM OF NATIONALISM FROM THE PERSPECTIVES OF ORGANIZATIONAL THEORIES.....	30
3.1. Introduction.....	30
3.2. Exclusion of Major Organizational Theories.....	31
3.3. Inclusion of Institutional Theory, Social Network Theory and Transaction Cost Theory	33
3.3.1. Institutional theory perspective on nationalism and FDI.....	34
3.3.2. Social network theory perspective on nationalism and FDI.....	36
3.3.3. Transaction cost theory perspective on nationalism and FDI.....	38
3.4. Towards A Research Model Revealing Mechanisms Regulating Nationalism as Brotherhood and FDI Decisions	40
3.5. Conclusion	44
4. REFLECTIONS OF THE NEW FORM OF NATIONALISM ON FDI AS A MACROECONOMIC VARIABLE	45
4.1. Introduction.....	45
4.2. Determinants of FDI.....	45
4.2.1. Macroeconomic variables and FDI.....	46
4.2.2. Social, political and institutional variables and FDI	47
4.3. Bilateral FDI Flows.....	48
4.4. Characteristics of FDI flows in Azerbaijan and Türkiye.....	51
4.4.1. Characteristics of FDI flows in Türkiye.....	51

4.4.2. Characteristics of FDI flows in Azerbaijan	57
4.5. The Role of Nationalism as Brotherhood in FDI Flows Between Azerbaijan and Türkiye.....	59
4.6. Conclusion	60
5. RESEARCH METHODOLOGY	62
5.1. Introduction.....	62
5.2. Philosophical Paradigm.....	63
5.2.1. Positivism	63
5.2.2. Constructivism.....	64
5.2.3. Critical Realism	64
5.2.4. Pragmatism	64
5.2.5. Conventionalism	65
5.2.6. Rationale for choosing conventionalism as the philosophical paradigm.....	66
5.3. Research Approach	67
5.3.1. Inductive, deductive and abductive approaches.....	68
5.3.2. Justification of abduction as a research approach choice	69
5.4. Research Method	69
5.4.1. Quantitative method.....	70
5.4.2. Qualitative method	70
5.4.3. Mixed method	71
5.4.4. Rationale for choosing exploratory sequential mixed method as research method.....	71

5.5. Research Design	73
5.5.1. Rationale for choosing mixed case study as research design.....	74
5.5.2. Research questions and propositions.....	75
5.5.3. Unit and level of analysis	76
5.5.4. Research data.....	77
5.5.5. Research sample	78
5.5.6. Triangulation and trustworthiness	80
5.6. Conclusion	82
6. ANALYSES AND FINDINGS.....	83
6.1. Introduction.....	83
6.2. Elaborating The Concept of Nationalism as Brotherhood	83
6.2.1. Thematic analysis and content analysis.....	83
6.2.2. The process of thematic and content analyses	85
6.2.3. Extraction of descriptive statistics	89
6.2.4. Findings	90
6.3. Elaborating The Mechanisms Regulating Relationship Between Nationalism as Brotherhood and FDI.....	104
6.3.1. Document analysis.....	104
6.3.2. The process of document analysis.....	106
6.3.3. Findings	107
6.4. The Effect of Nationalism as Brotherhood on FDI Flows.....	119

6.4.1. Analysis process	119
6.5. Conclusion	129
7. DISCUSSION AND CONCLUSION	135
REFERENCES	147
APPENDICES	173
CURRICULUM VITAE	206



LIST OF TABLES

Table 2.1. Nationalism-FDI attitude matrix	17
Table 3.1. The fundamental question and concepts of excluded theories	31
Table 3.2. The fundamental question and concepts of included theories.....	34
Table 5.1. Research questions, level of analysis and sample selection	79
Table 5.2. Triangulation in this study	82
Table 6.1. General process of thematic analysis	85
Table 6.2. Summary of themes used to define the nationalism as brotherhood.....	91
Table 6.3. Yearly number of visits of the president Erdogan to key investment partners of Türkiye.....	101
Table 6.4. Yearly number of visits of the President Aliyev to key investment partners of Azerbaijan.....	101
Table 6.5. The structure of delegation in visits of the President Erdogan.....	103
Table 6.6. Agreements and other official documents between Türkiye and its key investment partners between 2014 – 2023.....	103
Table 6.7. The perception of brotherhood and nationalism as brotherhood.....	108
Table 6.8. Advantages to invest in brother country.....	111
Table 6.9. Descriptive statistics for analyzing differences.....	121
Table 6.10. Levene test results	121
Table 6.11. T test results.....	122
Table 6.12. Mann Whitney U test results	122
Table 6.13. OLS results	123
Table 6.14. Likelihood ratio test results	124
Table 6.15. Descriptive statistics.....	126
Table 6.16. The results of traditional quantile regression	127
Table 6.17. Research summary	131
Table 7.1. Summary of research contributions.....	135

LIST OF FIGURES

Figure 2.1. Co-occurrence analysis of nationalism ad FDI literature	21
Figure 3.1. Research model on nationalism as brotherhood and FDI decision	42
Figure 4.1. Co-occurrence analysis of bilateral FDI flows	49
Figure 5.1. Outline of the chapter	62
Figure 6.1. Thematic analysis process	86
Figure 6.2. Example coding on Word file	87
Figure 6.3. Example coding on Excel file.....	87
Figure 6.4. Example colored table for thematizing.....	88
Figure 6.5. Official agreements and other documents between Türkiye and its key investment partners (2014-2023)	93
Figure 6.6. The contextual distribution of discourses across different stakeholders	98
Figure 6.7. The percentage distribution of the presidents' visits to key investment partners of their countries	102

LIST OF GRAPHS

Graph 4.1. FDI inflows to Türkiye	52
Graph 4.2. Aggregate FDI inflows of countries to Türkiye.....	53
Graph 4.3. Number of firms operating in Türkiye	54
Graph 4.4. Sectoral distribution of FDI inflows in Türkiye	55
Graph 4.5. FDI outflows of Türkiye.....	56
Graph 4.6. Aggregate FDI outflows of Türkiye	57
Graph 4.7. FDI inflows to Azerbaijan	58
Graph 4.8. FDI outflows of Azerbaijan.....	58

1. INTRODUCTION

1.1. Research Background

Over the past two decades, there has been a significant increase in both theoretical and empirical research on foreign direct investment (FDI)¹. This surge in academic interest can be plausibly attributed to the substantial rise in global FDI flows, particularly after the 1990s. According to data from the World Bank (2022), global FDI net inflows increased nearly sevenfold between 1990 and 2019, reaching a peak of 3.11 trillion USD in 2007. Similarly, global FDI net outflows grew approximately fivefold over the same period, also peaking at 3.19 trillion USD in 2007. However, there were two notable declines in both global FDI net inflows and outflows: one following 2007 and another after 2015. The decrease following 2007 is commonly attributed to the 2008 financial crisis (Ucal et al., 2010; Mohapatra and Gopaldaswamy, 2016). While it is reasonable to argue that the COVID-19 pandemic exacerbated the decline in FDI flows that began after 2015 (Sharma, 2021), the downward trend started before 2019, suggesting that other factors may have contributed to this decrease.

It is reasonable to suggest that the current discourse on the relationship between rising nationalism and FDI is one of the factors contributing to the decline observed after 2015. Nationalistic rhetoric and actions by governments have shown an upward trend, as evidenced by events such as the Brexit decision (Born et al., 2019), shifts in immigration policies across various countries (Ko and Choi, 2022), and the Russian-Ukrainian war (Estrada, 2022), among others that occurred after 2015. These developments underscore the increasing relevance of nationalism as a subject within the fields of international business (IB) and political economy. Given the resurgence of nationalism, it is crucial to investigate its potential impacts on IB and national economies. Despite the significance of this topic, it remains underexplored in the literature (Dau et al., 2019; Tocar, 2022). Although a few studies exist, recent findings indicate the possibility of nationalism exerting a detrimental effect on FDI flows (Ko and Shin, 2021; Tocar, 2022).

¹ According to Web of Science indicators reached at 14.11.2022, the number of studies focusing on FDI increased by 10 times compared to pre-2002.

The negative impact of nationalism on FDI is typically explained by two fundamental reasons rooted in the conceptual frameworks of both FDI and nationalism. At its core, nationalism is an ideology that seeks to enhance and maintain the power and reputation of the nation (Smith, 1983; Druckman, 1994; Li and Brewer, 2004; Ertan, 2014). Conversely, FDI involves the acquisition of productive assets within the host country (Çavuşgil, Knight, and Riesenberger, 2011). In other words, FDI represents an effort by firms from one nation to obtain assets from another. The first reason nationalism is considered detrimental to FDI is that FDI is perceived as an existential risk to the nation, due to the threat of losing valuable assets, which may, in turn, lead to a loss of power on the international stage (Kobrin, 2017). Secondly, FDI is an activity undertaken by “foreigners,” which automatically triggers a sense of “otherness” and evokes concerns about potential risks posed by other nations to one’s own nation (Coşkun and Bilgiç, 2021). In summary, the literature suggests that nationalism constrains FDI flows due to the perceived risks associated with the activities of firms from other nations.

While it is accepted that FDI tends to decline in regions where nationalism is prevalent, there is limited evidence suggesting that the impact of nationalism on FDI may be conditional (Wilson, 2015; Ko and Shin, 2021). Factors such as the configuration of political-economic institutions (Wilson, 2015) and the system of government, whether autocratic or democratic (Ko and Shin, 2021), play a role in moderating the effect of nationalism. These studies highlight instances where nationalism may have a temporary positive or insignificant impact on FDI. However, the literature largely overlooks the potential for a new form of nationalism that could permanently enhance FDI flows. This research aims to fill this gap in the existing literature.

1.2. Research Purposes, Research Questions and Importance of the Research

It is worthwhile to ask whether there could be unique cases in which nationalism consistently enhances FDI flows between specific countries. This question becomes particularly relevant when considering the relationship between Azerbaijan and Türkiye. These two nations embrace the slogan “One Nation, Two States,” which implies that, despite being separate countries, they act in unison as one nation. This new form of nationalism appears to extend the concept of the “nation” to encompass both countries.

Given that this nationalism envisions the unity of two distinct nations, it may have unique implications for FDI flows between them.

This research aims to explore the characteristics of the emerging form of nationalism between Azerbaijan and Türkiye and its implications for FDI flows between these countries. It is posited that the relationship between Azerbaijan and Türkiye embodies unique aspects of nationalism that expand the current understanding of the concept. Furthermore, this research argues that these distinctive characteristics of nationalism contribute to a permanent increase in FDI flows between the two nations at macroeconomic level and that different mechanisms govern this relationship at firm level. Accordingly, the second aim of this research is to examine the mechanisms regulating the relationship between this new form of nationalism and FDI flows, while the third aim is to demonstrate its impact on FDI flows at the macro level. The research questions formulated in alignment with these objectives are as follows:

- Is there any new form of nationalism which permanently and positively affects FDI flows at both firm and macroeconomic levels?
- If so, what are the unique characteristics of this new form of nationalism that distinguish it from the current understanding of nationalism?
- Does this new form of nationalism gain acceptance within firms and if so, what are the mechanisms that regulate its relationship with FDI decisions at the firm level?
- Does this new form of nationalism have an observable positive impact on FDI flows at the macroeconomic level?

This research may be important for its potential theoretical and practical contributions. These contributions can be summarized as follows:

- In the nationalism-FDI literature, it is argued that nationalism is perceived as a political risk by multinational enterprises (MNEs), while FDI is viewed as a national threat by nationalist ideologies. Consequently, nationalism is often seen as a factor that inhibits FDI flows. This research seeks to explore a new form of nationalism that may have a permanent and positive impact on FDI flows. The first contribution of this study, therefore, is to broaden the current understanding of nationalism in the literature and offer an alternative perspective on how nationalism can be perceived. Proposing a new concept would represent a significant conceptual contribution to the field.

- Although nationalism is on the rise globally, efforts to understand its impact on firm activities remain insufficient. This study has the potential to contribute to this under-researched area by offering a unique perspective.
- This research introduces a new concept and examines its influence on FDI decisions, with a particular focus on organizational decision-making processes. By presenting this new concept and demonstrating its applicability within organizational settings, the study has the potential to offer a unique context and perspective for organizational theories. This new concept provides a novel setting for testing organizational theories and introduces a new variable that should be considered in organizational analysis, especially concerning international business activities.
- While the economic determinants of FDI have been extensively examined in the literature, institutional and political determinants have received less attention. This new form of nationalism has the potential to act as both an institutional and political determinant of FDI flows, given its broad acceptance among various societal stakeholders and the frequent emphasis placed on nationalistic sentiments by politicians. Thus, this research contributes to the literature by investigating a unique institutional and political determinant of FDI.
- In the literature, the disadvantages of nationalism for firms are frequently highlighted, and countries with high levels of nationalism are often depicted as investment environments to be avoided. This research has the potential to demonstrate the benefits of high nationalism for firms. Illustrating these benefits may constitute a significant practical contribution of this research.

1.3. Research Methodology and Method

Methodology examines the concepts, theories, and fundamental principles used in reasoning about a subject, addressing the question of how we know. It necessitates the explanation of the philosophical paradigm and research approach adopted by the research. The assumptions and principles provided by the chosen philosophical paradigm guide the researchers. In this regard, this research adopts conventionalism as its philosophical paradigm due to its (i) relativist ontology and subjectivist epistemology, which accommodate both qualitative and quantitative methods, (ii) allowance for both the

utilization of existing theories and the development of new concepts, and (iii) critical stance toward theories, experiences, and data. Consistent with the conventionalist paradigm, this research employs abduction as its research approach, which refers to the reasoning process employed in the study.

The research method provides the framework for ensuring that knowledge or results are scientific, detailing how to systematically construct knowledge while minimizing biases, guiding evidence collection, and establishing logical rules for research practice. This study employs a sequential mixed-method for several reasons: (i) to facilitate cross-checking between different data sources, (ii) to offer a comprehensive and nuanced understanding of the phenomenon under investigation, and (iii) to begin with qualitative analysis of the phenomenon before progressing to quantitative analysis of its impact. Additionally, the research adopts a mixed case study as a research design, which provides a structured approach for data collection and analysis, given the need for an in-depth, comprehensive, and contextual examination of the unique case involving Azerbaijan and Türkiye.

The unit of analysis for this research is the FDI relationships between Azerbaijan and Türkiye, with three levels of analysis: societal, firm, and macroeconomic levels. The study employs both primary data (responses to open-ended questions) and secondary data (documents, descriptive statistics, macroeconomic variables), which include both quantitative and qualitative characteristics obtained from various samples. The samples are as follows: (i) a diverse group of stakeholders related to FDI activities, including the Presidents of Azerbaijan and Türkiye, economy ministers, managers, and other relevant figures such as congressmen, mayors, and NGO representatives; (ii) 23 managers or founders; and (iii) countries that have received the most investment from Azerbaijan and Türkiye.

Furthermore, the study ensures trustworthiness by utilizing various triangulation techniques, including method, investigator, theory, and data source triangulations, and adhering to criteria of credibility, transferability, dependability, and confirmability. This involves using direct quotations, publicly available data, clear and transparent processes, and intercoder consistency. Finally, data analysis incorporates both qualitative techniques (content analysis, thematic analysis, and document analysis) and quantitative techniques (T-test, Mann Whitney U test, and quantile regression analysis).

1.4. The Structure of the Research

To achieve its objectives, this research is structured into six chapters, excluding the introductory chapter. The second chapter is dedicated to the concept of nationalism. It begins by examining the role of nationalism in IB reviewing studies that explore its impact on consumer behavior towards foreign products and entities, as well as its effects on international trade and investment. Additionally, the chapter critically evaluates models developed to understand the relationship between FDI and nationalism. Finally, the chapter considers the potential emergence of a new form of nationalism through a detailed analysis of the case of Azerbaijan and Türkiye. By the end of the chapter, it is anticipated that a clearer understanding of nationalism within the context of IB will be achieved, along with an exploration of the possibility of a new form of nationalism.

The third chapter focuses on understanding the mechanisms that regulate the relationship between the new form of nationalism and FDI. Given that FDI is a decision made at the firm level, the discussions in this chapter are grounded in theories that explain firm decision-making. Three theories are considered particularly relevant for elucidating these mechanisms: Institutional Theory, Social Network Theory and Transaction Cost Theory. This chapter examines how nationalism functions as an institution influencing FDI decisions, its impact on the structure of social networks and its role in the calculation of transaction costs. By addressing these aspects, the chapter aims to reveal the mechanisms governing the relationship between nationalism and FDI. Additionally, the chapter discusses why other theories related to firm decision-making are not included in the analysis of nationalism and FDI.

The fourth chapter examines FDI as a macroeconomic variable. In macroeconomic literature, FDI is often treated as either a dependent or independent variable. Extensive research has been conducted on how total FDI flows within a particular country or group of countries are influenced by or influence variables such as GDP, employment, exchange rates, and inflation rates. Additionally, macroenvironmental factors such as institutional quality, environmental uncertainty, and government policies are also explored in relation to FDI. However, there is limited research on the relationship between nationalism and FDI flows at the country level. This chapter aims to illustrate how FDI has been studied as a macroeconomic variable and to provide insights into how nationalism might impact FDI flows at the country level.

The previous chapters of this research aim to provide theoretical background and to explain the arguments and propositions of this research. The fifth chapter of this research aims to explain the research methodology which meets the requirements of research questions. This chapter first explores various philosophical paradigms that shape research methodology in IB and explains the rationale for selecting conventionalism as the guiding philosophical paradigm for this research. It then discusses the research process, highlighting that abduction is the most suitable reasoning technique for this research. Furthermore, the chapter details the rationale behind choosing a mixed-method and a case study design, providing an in-depth explanation of the research design. It addresses how the research questions and propositions are aligned with the unit and level of analysis, data collection process, sampling techniques, and techniques of triangulation and ensuring trustworthiness. By the end of the chapter, it is established that a mixed-method case study is the most appropriate for this research and confirms the study's trustworthiness.

The sixth chapter of this research details the processes of data analysis and findings. It is structured into three sections, each addressing different research questions. The first section extracts the dimensions of the new form of nationalism from the data using both thematic and content analysis. It also examines changes in nationalist discourse among various stakeholders and provides additional descriptive statistics to support the research claims. In this section, eight themes identifying the new form of nationalism are delineated, and changes in stakeholder discourses are illustrated based on their emotional or rational orientations. The second section focuses on the mechanisms regulating the relationship between the new form of nationalism and FDI at the firm level, employing document analysis and direct quotations. It investigates three mechanisms discussed in the theoretical framework: the new form of nationalism as a legitimacy creator, trust enhancer, and transaction cost diminisher. The final section assesses the impact of the new form of nationalism on FDI flows at the macroeconomic level, utilizing quantile regression analysis, T-test, and Mann-Whitney U tests. This analysis reveals a positive impact of the new form of nationalism on FDI flows at macroeconomic level.

The final chapter presents the research findings and offers concluding remarks. It begins by assessing these findings in the context of existing literature. Subsequently, the chapter addresses the theoretical, conceptual, and practical contributions of the study.

Additionally, it outlines a research agenda for future inquiry. The chapter concludes with a discussion of the research limitations.

1.5. Conclusion

This chapter is dedicated to providing an overview of the research. It begins by outlining the research background and identifying the specific literature gap that the study addresses. The chapter then summarizes the research objectives and the corresponding research questions. The significance of the research is discussed, highlighting its potential theoretical and practical contributions. Additionally, the chapter offers a brief presentation of the research methodology, and method employed. Finally, it provides a summary of the research structure and a brief description of each chapter.

2. NATIONALISM IN INTERNATIONAL BUSINESS CONTEXT: A NEW FORM OF NATIONALISM?

2.1. Introduction

This chapter aims to elucidate the role of nationalism within the context of IB and to explore new perspectives on the relationship between nationalism and IB activities, particularly FDI flows. To this end, the chapter will first examine how nationalism has emerged as a significant issue in the era of globalization, a period expected to reduce nationalistic sentiments (Ohmae, 1990; Ohmae, 1995; Fukuyama, 2018) and will define how this research conceptualizes nationalism. Following this, the chapter will summarize the relationship between nationalism and key elements of IB, including consumer attitudes towards foreign products and entities, trade, and investment activities. The chapter will then consider the unique case of Azerbaijan and Türkiye, which forms the foundation of a new form of nationalism and discuss how the characteristics of this case may provide fresh insights into nationalism. Ultimately, this chapter seeks to enhance the understanding of nationalism within the IB context and to consider the potential for a new form of nationalism that consistently promotes FDI activities.

2.2. Nationalism: An Emergent Issue in the Age of Globalization

Nationalism is a longstanding yet contemporary concept that dates back to the 18th century. Over time, a diverse range of ideas, from German romantic thought and Kant's principle of self-determination to modernism and ethno-symbolism, have been debated within the scope of nationalism (Özkırımlı, 2020; Spencer and Wollman, 2020). While this diversity enriches the understanding of nationalism, it has also contributed to confusion between nationalism and other related concepts. Nationalism has often been conflated with notions such as racism, patriotism, citizenship, ethnocentrism, and populism (Rosenblatt, 1964; Viroli, 1995; McCrone and Kiely, 2000; De Cleen, 2017; Spencer and Wollman, 2020). Additionally, the multiplicity of definitions attempting to delineate nationalism has further intensified the ambiguity surrounding its meaning (Smith, 1983; Druckman, 1994; Li and Brewer, 2004; Ertan, 2014). This complexity is often attributed to the expansive and multifaceted nature of nationalist phenomena, which

cannot be confined to a single disciplinary perspective (Hutchinson and Smith, 1994, p. 3).

Despite trends towards globalization and privatization, nation-states continue to exhibit nationalistic reactions and remain the predominant form of political organization. Examples such as the Brexit decision (Born et al., 2019), immigration policies in various countries (Ko and Choi, 2022), and the Russian-Ukrainian war (Estrada, 2022) can be viewed as manifestations of nationalistic responses by nation-states. The rise in nationalist behaviors has prompted concerns about economic disintegration and deglobalization, which have the potential to influence investment and consumption patterns (Born et al., 2019, p. 1). These instances of rising nationalism highlight its relevance as a subject of study within IB and political economy disciplines.

While all efforts to understand nationalism are valuable, it is important to acknowledge that each author, regardless of their discipline, provides their own definition of nationalism, resulting in varied interpretations (Kecmanovic, 1996, p. 15). Examining the definitions presented in the literature (Smith, 1983; Druckman, 1994; Li and Brewer, 2004; Ertan, 2014), key themes such as power and reputation, loyalty, shared cultural and historical backgrounds, and the promotion of national interests are prominent. In conjunction with these definitions and from a political economy perspective, this research defines nationalism as *an ideology that envisions a nation which consists of individuals, who are culturally and historically connected and are loyal to each other, and works for having more power and reputation in international arena through having an independent state and economy, and being dominant position over other states*. It can be argued that, irrespective of the specific definition, the fundamental objective of nationalist thought is to enhance the state's power on the international stage. Therefore, nationalism aims to achieve power across various domains, including politics, science, industry, and economy.

In the era of globalization, which is characterized by the convergence and integration of societies across economic, political, and social dimensions, as well as a tendency towards a unified global institution (one single country "world"), it might be expected that nationalistic behaviors of both countries and individuals would diminish (Roudometof, 2001; Bearce et al., 2023). While globalization is often perceived as a continuous process, with the world becoming increasingly interconnected, a historical perspective reveals distinct waves of deglobalization. These periods are characterized by

factors such as hegemonic decline, financial crises, economic slowdowns, intensified competition among core states and firms, rising immigration and anti-immigration movements, and the growth of protectionism and nationalism (Chase-Dunn et al., 2023). Two notable periods of deglobalization in history are 1879–1901 and 1921–1945 (Chase-Dunn et al., 2023). In the contemporary context, several parallels can be drawn with these earlier periods, including increased immigration to developed nations, the implementation of stricter anti-immigration policies in countries such as Italy, the United States, and Poland, and economic slowdowns affecting both emerging markets and developed economies. In this sense, the recent rise of nationalistic governments has called into question the trajectory of globalization, particularly in economic matters (Kregel, 2019, p. 1). Given that economic activities are a key source of power in the international arena and considering the nationalist responses of governments, it is essential to understand how IB activities are influenced by the conditions created by nationalist governments.

IB encompasses the range of business activities conducted to satisfy the needs of individuals and institutions and that extend beyond national boundaries (Coşkun et al., 2021, p. 7). In other words, it involves the execution of trade and investment activities by firms across national borders (Çavuşgil et al., 2011, p. 4). Firms and nations engage in the exchange of various assets through multiple channels, which can be broadly categorized into two fundamental areas: trade and investment². Thus, it can be asserted that IB pertains to trade and investment activities conducted by firms that transcend national borders.

In the past decade, the rise of nationalism has increasingly impeded the trend toward liberalization of international trade (Valentin, 2021, p. 99). Nationalistic reactions in certain nation-states have even escalated into trade conflicts, as exemplified by the trade war between the USA and China (Boylan et al., 2021). Additionally, evidence suggests that nationalism reduces support for international trade and is linked to a greater inclination towards restricting imports (Daniels et al., 2020; Fossati, 2021). Thus, it can be argued that nationalism generally exhibits trade-restricting tendencies. As nationalism intensifies, individuals may become more sensitive to perceived threats to their identity groups and seek to protect their country's economy (Daniels et al., 2020, p. 88, 91).

² Aids and other channels of solidarity including soft power might be another category.

In terms of investments, the literature indicates that during the last decade, within the third wave of globalization, economic linkages between countries have been predominantly reinforced by FDI flows (Leitao, 2012, p. 398; Casey, 2021, p. 22). However, recent research highlights that increasing nationalistic tendencies are detrimental to FDI flows (Ko and Shin, 2021; Tocar, 2022). FDI, defined as an internationalization strategy where a firm establishes a physical presence abroad through the acquisition of productive assets (Çavuşgil et al., 2011, p. 5), is increasingly viewed under rising nationalism as an attempt by foreign firms to gain management and control over domestic productive assets. Consequently, FDI and other international transactions are perceived as existential risks to the nation (Kobrin, 2017, p. 1), as they pose a threat to critical national assets crucial for gaining power on the international stage. However, this view began to lose its validity after the dissolution of the Soviet Union and China's initiation of foreign capital inflows in the 1990s. Instead, inter-country conflicts of interest, which became the primary source of nationalism, emerged as the key factor, with these conflicts ultimately reducing FDI. Additionally, the term "foreign" can evoke the sense of "otherness" and remind people of potential risks associated with external entities (Coşkun and Bilgiç, 2021, p. 32). Therefore, it is reasonable to assert that nationalism often serves as a limiting factor for FDI.

While nationalism is often viewed as an offensive ideology that defends the interest of the nation and consequently restricts international trade and investment, it can also exhibit collaborative characteristics in specific contexts. For example, the "One Nation, Two States" discourse between Azerbaijan and Türkiye has evolved and significantly influences their international relations and foreign policy decisions (Mutluer, 2020, p. 355). This notion of "One Nation, Two States" posits that, despite being separate countries, Azerbaijan and Türkiye consider themselves as part of the same nation. They refer to each other as "brother" and maintain a brotherhood relationship in both bilateral relations and on the international stage (Abedi, 2019, p. 1). Thus, it can be argued that nationalist ideologies in Azerbaijan and Türkiye drive a collaborative effort to enhance their collective power on the global stage by fostering cooperation between nations/countries with shared identities.

In summary, despite the expectation that nationalism would diminish in the era of globalization, the reactions of nation-states often contradict this expectation. The IB literature often suggests that the rise in nationalism, particularly in recent decades,

impedes FDI flows (Jakobsen and Jakobsen, 2011; Zhang and He, 2014; Tzenev, 2019). However, specific cases where nationalism actually facilitates FDI flows, such as the example of Azerbaijan and Türkiye, warrant closer examination. To substantiate this argument, it is essential to understand the role of nationalism within the IB context.

2.3. Nationalism in the Context of International Business

IB encompasses trade and investment activities conducted by firms across national borders. However, the distinguishing feature of IB is not merely its cross-border nature. The complexities encountered by firms engaging in international activities - such as different economic systems, currencies, financial markets, legal frameworks, cultural norms, social and political structures, risks, and the challenges of extensive transportation, communication, and logistics - differentiate IB from general business (Coşkun et al., 2021, p. 10). Nationalistic attitudes and behaviors are also significant considerations within IB. Consequently, IB scholars have explored the relationship between nationalism and trade, as well as investment (Smith, 1935; Ali, 2017; Kretzschmar et al., 2010). Additionally, the impact of nationalistic attitudes and behaviors on consumer responses to international businesses falls within the scope of IB research (Rawwas et al., 1996). Thus, the forthcoming sections will examine the relationship between nationalism, trade, investment, and consumer behavior.

2.3.1. Nationalism and consumer behavior towards foreign products and entities

Nations, institutions, firms and individuals can align their behaviors with nationalist sentiments. In the marketing literature, the country of origin of a product is often considered a significant factor influencing consumer evaluations (Bilkey and Nes, 1982; Byrne, et al., 2021). Nationalism, which supports efforts to gain power in the international arena, can lead consumers to prefer domestic products and/or boycott imported ones in an effort to bolster local industries or limit the economic benefits of foreign owned entities (Balanabis et al., 2001, p. 162). Empirical research frequently shows that nationalism results in negative attitudes towards foreign products, therefore, positive attitudes towards domestic ones (Rawwas et al., 1996; He and Wang, 2015; Topçu and Kaplan, 2015; Muchandiona et al., 2021; Yalley, 2021; De Nisco et al., 2021; Lert-asavapatra et al.,

2022). However, some studies have found no significant relationship between nationalism and consumer attitudes (Coşkun and Altunışık, 2001; Alshammari and Williams, 2018). Although methodic limitations may explain the contradictory results, it is plausible that variations in the level of felt nationalism can, in some cases, be insufficient to drive specific behaviors. Therefore, context-specific research is essential for a more comprehensive understanding of nationalism.

2.3.2. Nationalism and international trade

Globalization, regarded as the dominant international trend since especially the 1990s, is closely linked to the expansion of the world economy through international investments and trade (Lévy, 2007, p. 594). However, the 2008 financial crisis led to growing skepticism about free trade and liberal economic policies, resulting in a resurgence of protectionist and nationalist measures (Yiğenoğlu, 2016, p. 17). In the literature on international trade, protectionism is often associated with nationalism, particularly economic nationalism (Yiğenoğlu, 2016, p. 19). Protectionism is defined as “*the sum of government trade policies intended to assist domestic producers against foreign producers in a particular industry, by means of raising the price of foreign products, lowering costs for domestic producers, and limiting foreign producers’ access to the domestic market*” (Abboushi, 2010, p. 387). Thus, protectionist policies³ are generally characterized by trade restrictions. The rationale behind such policies typically includes safeguarding the country’s preparedness for adversity, addressing perceived injustices in trade relations, protecting nascent industries from global competition, and exerting pressure on foreign governments (Abboushi, 2010, p. 387-389). Additionally, the literature highlights that nationalistic and protectionist reactions can escalate into trade wars between countries (Khan, 2018; Zeng and Sparks, 2020; Boylan et al., 2021), with nationalistic reactions often prioritizing national interests to the extent of conflict (Khan, 2018, p. 21). While discussions on protectionism, nationalism, and trade relationships are relatively well-covered in the literature, empirical research examining the relationship between nationalism and trade at the country or government level remains limited. Although there are studies analyzing how individual nationalistic attitudes

³ It should be noted that nations can choose to maximize their “national interests” through liberal policies rather than protectionism in industries where they have competitive advantage.

influence import and export behavior (Daniels et al., 2020; Fossati, 2021), further empirical research at the country or government level is needed.

2.3.3. Nationalisms and foreign direct investment

FDI is an internationalization strategy in which firms establish a physical presence abroad by acquiring assets such as capital, technology, labor, land, plant, and equipment (Çavuşgil et al., 2011, p. 5). Alternatively, FDI can be viewed as an attempt by firms from other countries to gain management and control over productive assets within the host nation. This can generate the risk of losing critical national assets, which are crucial for maintaining power in the international arena. Additionally, the term “foreign” can evoke a sense of the “other”, reminding stakeholders of potential risks associated with external entities. Consequently, nationalists often perceive FDI activities as a threat to their nation. Studies exploring the relationship between nationalism and FDI can be divided into two categories: (i) those that develop frameworks based on existing literature debates, and (ii) those that empirically investigate this relationship. To achieve a comprehensive understanding, the relationship between nationalism and FDI will be examined through these two perspectives.

2.3.3.1. Frameworks examining the relationship between nationalisms and FDI

In the literature, various frameworks explore the relationship between nationalism and FDI. Li et al. (2019, p. 1) propose a framework designed to understand national sentiment and its effects on FDI. Their framework is organized along two axes: positive versus negative and accumulated versus transient. According to their framework, negative national sentiments are associated with animosity, whereas positive national sentiments are linked to affinity (Li et al., 2019, pp. 3–5). They further argue that accumulated national sentiment is influenced by long-term experiences with historical and cultural roots, such as interstate conflicts, alliances, religion, ethnicity, or political ideology. In contrast, transient national sentiment arises from specific, time-limited events affecting bilateral relations, such as temporary sanctions, short-term cooperations, trade balances and deficits, and other events impacting cross-country interactions for a limited duration (Li et al., 2019, p. 5). Building on this framework, Li et al. (2019, p. 5-6) assert that the

effects of positive and transient national sentiment and those of negative and accumulated national sentiment are asymmetric. They suggest that negative and accumulated national sentiment has a more pronounced impact on FDI compared to positive and transient national sentiment (Li et al., pp. 5–6). However, their framework does not address the effects of positive-accumulated or negative-transient nationalism on FDI, areas which could be further investigated in subsequent research.

Another framework addressing the relationship between nationalism and FDI is presented by Coşkun and Bilgiç (2021). Recognizing that attempts to simplify complex phenomena may overlook significant aspects, they propose a framework called the Nationalism–FDI Attitude Matrix, which aims to illustrate the relationship between nationalism and FDI by critically examining existing literature (Coşkun and Bilgiç, 2021, p. 33). This matrix is detailed in Table 2.1 and comprises three dimensions: (i) the process of emergence of national sentiments, (ii) FDI attitude, and (iii) the changefulness of the direction of the impact on FDI (Coşkun and Bilgiç, 2021, p. 33). Coşkun and Bilgiç (2021) defined these dimensions as follows: (i) The Process of Emergence of National Sentiments: This dimension refers to whether national sentiment arises from a shared historical, cultural, or experiential background or from specific, time-limited events such as boycotts, short-term crises and so forth. It includes two subdimensions: accumulated and transient, similar to the framework proposed by Li et al, (2019, p. 5). (ii) FDI Attitude: This dimension addresses how national sentiments influence attitudes towards FDI, with two subdimensions: positive (FDI enhancing) and negative (FDI deterring). (iii) The Changefulness of the Direction of the Impact on FDI: This dimension refers to the nature of the impact on FDI, which can be either stable (where the direction of the effect remains constant) or changing (where the direction of the effect varies). Based on these dimensions, Coşkun and Bilgiç (2021) classify perspectives on nationalism and its relationship with FDI, identifying six distinct types of nationalism in relation to FDI attitudes. This classification helps in understanding how different aspects of nationalism might affect FDI in various contexts with various conceptualizations.

Table 2.1. Nationalism-FDI attitude matrix

		The Process of Emergence of National Sentiments			
		Accumulated	Transient		
FDI Attitude	Positive	Nationalism as brotherhood (The example of Azerbaijan and Türkiye)	Nationalism as governmental support [Example: Use of governmental supports of home country as a substitute for past entry experience in the host country (Lu, et. al., 2014)]	Stable	The Changefulness of Direction of The Impact
		Nationalism as national identity [Example of positive impact: Civic nationalism; Example of negative impact: Ethnic nationalism (Fosatti, 2021)] Nationalism as state ideology [Example of positive impact: Transition to democratic developmental state ideology in Ethiopia (Gebremariam and Feyisa, 2017)]	Nationalism as national policy [Example of positive impact: FDI Incentives; Example of negative impact: Restrictive regulations (Huidumac-Petrescu and Joia, 2013)]	Changing	
	Negative	Nationalism as national pride [Example: Protecting internationalized national brands for country reputation (Li, 2020)]	Nationalism as economic protectionism [Example: Investments targeting fundamental industries (Zhang, 2014)]	Stable	
Host Country Perspective					

The first type of nationalism is nationalism as national identity, which is constructed based on the unique cultural elements shared by a nation (Keillor and Hult, 1999, p. 66). Since culture is a phenomenon shaped by society over extended periods and is not subject to rapid change, national identity possesses an “accumulated” characteristic. In the context of IB activities, nationalism as national identity manifests as a sense of social bonding rooted in nationhood within business relationships (López Aymes and Salas-Porras, 2012, p. 368). This form of nationalism is founded on claims of belonging to a specific nation, and from an economic perspective, it often translates into preferential behavior toward those sharing the same national identity. Belongingness to a nation or national identity can stem from factors such as kinship (ethnic or religious), ancestry, “blood,” or shared political and civic values (Fossati, 2021, p. 4). The former is referred to as ethnic nationalism, where national identity is defined by ethnic background, while the latter is termed civic nationalism, characterized by shared values. These two types of nationalism, both rooted in national identity, are posited to have divergent effects on FDI. Fossati (2021, p. 15) demonstrates that civic nationalists are more supportive of international flows than ethnic nationalists. This finding can be attributed to the argument that civic nationalism is more inclusive and less likely to adopt an “us versus them” mindset compared to ethnic nationalism (Fossati, 2021, p. 5). Therefore, the impact of

nationalism as national identity on FDI can vary, potentially exerting positive or negative effects depending on how national identity is defined.

The second type of nationalism is nationalism as state ideology, which refers to a set of beliefs or doctrines that underpin political, economic, or other systems. The state ideology provides a framework of values and serves as the foundation for power and solidarity (Murzakulova and Schoeberlein, 2009, p. 1243). To understand the relationship between nationalism and the state ideology, it is essential to grasp the concept of national ideology. National ideology is defined as the systematization and generalization of national interests, forming the basis for a nation's self-determination across social, political, spiritual, and economic domains, and representing a synthesis of national-ethnic ideas (Allahverdiev, 2015, p. 35). National ideology transforms into state ideology when the national-ethnic ideas that constitute its core are integrated to formulate the political ideology of a specific state (Allahverdiev, 2015, p. 36). State ideology is often analyzed through the lenses of democracy and authoritarianism, with democratic state ideologies generally seen as more attractive to investors than authoritarian ideologies (Salami, 2022, p. 5). Gebremariam and Feyisa (2017, p. 29) highlight that adopting a democratic developmental state ideology has led to positive economic outcomes, including increased FDI in Ethiopia. Therefore, the impact of nationalism as state ideology on FDI activities can be either positive or negative, depending on the nature of the state ideology adopted.

The third type of nationalism is nationalism as national pride, which can be defined as the positive affect individuals have toward their country, encompassing social, national, and political concerns that influence decision-making (Hope et al., 2011, p. 35). While national pride is related to feelings of patriotism and nationalism, it is distinct and not synonymous with being nationalistic (Smith and Jarkko, 1998, p. 1). Moreover, national pride is considered a relatively stable concept over time (Smith and Jarkko, 1998, p. 11). Research suggests that individuals with high levels of national pride are more likely to purchase higher-priced, lower-quality domestic products (Wall and Heslop, 1986; Hope et al., 2011). Given that greater national pride fosters positive sentiment toward one's home country, individuals may feel discomfort with FDI, which involves acquisition by foreign firms (Li et al., 2020, p. 305). Furthermore, in contexts where the public exhibits strong national pride and is committed to safeguarding the international reputation of national brands, governments may restrict FDI to protect these high-quality national brands from foreign competitors (Li, 2020, p. 41). Thus, nationalism as national

pride can be characterized as a form of nationalism that negatively influences FDI and evolves over time.

The fourth type of nationalism is nationalism as governmental support. Governmental support refers to the encouragement provided by the government to national firms to invest in foreign countries and industries, aligning with national trade and development objectives (Lu et al., 2014, p. 431). Conceptually, it is essential to distinguish between government support and government incentives, as outlined in Coşkun and Bilgiç's (2020) framework. Government support focuses on encouraging domestic firms to invest abroad, whereas government incentives aim to attract foreign firms to invest in the home country. Governments may offer financial or non-financial support to national firms investing abroad to leverage potential benefits, such as increased competitiveness, reverse spillover effects, enhanced exports, and the substitution of prior international experience (Lu et al., 2014; Gorynia et al., 2015). These supports are often provided for a limited period, necessary to secure the expected advantages for the nation. Therefore, nationalism as governmental support can be defined as a form of nationalism that seeks to benefit the nation internationally for a defined period.

The fifth type of nationalism is nationalism as national policy. Policy is defined as a written articulation of goals aimed at improvement (WTO, 2006, p. 4). Building on this definition, national policy can be understood as statements of national goals or courses of action adopted by governments to enhance the nation and pursue national objectives. National economic policies can influence FDI flows either positively or negatively, meaning they can have characteristics that restrict or encourage FDI inflows (Huidumac-Petrescu and Joia, 2013, p. 104). Nations may adjust their policies within relatively short timeframes in response to changes such as financial crises or political shifts, as seen in countries like India, Russia, China, Argentina, Angola, among others (Huidumac-Petrescu and Joia, 2013, p. 106-108). In summary, nationalism as national policy represents a form of nationalism that can either enhance or restrict FDI flows depending on the short-term requirements of national objectives.

The final type of nationalism proposed by Coşkun and Bilgiç (2020) is nationalism as economic protectionism. Economic protectionism is defined as prioritizing domestic firms over foreign competitors, driven by nationalistic sentiments (Zhang and He, 2014, p. 214). In the context of FDI, protectionism involves either completely prohibiting foreign investors from entering the home market or implementing measures that compel

national firms to repatriate their assets or activities to the home country and restrict certain types of new investments abroad (Sauvant, 2009, p. 7). At the heart of protectionism lie concerns about national security and the pursuit of national interests (Zhang and He, 2014, p. 215). Although similar, protectionism and FDI-restricting policies differ in the degree of restriction imposed. Protectionism entails a total prohibition of FDI flows, whereas FDI-restricting policies aim to discourage foreign investment but still allow a limited possibility for investors to enter the market.

Coşkun and Bilgiç (2020) identify a significant gap in the current literature, highlighting the absence of a form of nationalism characterized by positive, accumulated, and stable attributes. This research purposes to address this gap by exploring whether such a distinct type of nationalism exists and by examining its potential influence on FDI flows, specifically within the context of bilateral relations between Azerbaijan and Türkiye.

2.3.3.2. Empirical studies examining nationalism and FDI relationship

While these frameworks serve as valuable tools for understanding the relationship between nationalism and FDI, they do not fully capture what is empirically examined in the literature. These frameworks primarily aid in conceptualizing and positioning the topics. Therefore, conducting a co-occurrence analysis can provide deeper insights into the themes explored in the literature on nationalism and FDI. Figure 2.1 presents the results of this co-occurrence analysis. The co-occurrence analysis used keywords related to FDI and nationalism (FDI and its various expressions such as DFI, and nationalism and concepts often confused with it such as racism, populism, etc.). Conducted on November 18, 2024, using the Web of Science database and VOSviewer, the analysis included 221 studies without additional filters to ensure a broad and inclusive discussion of the relevant topics.

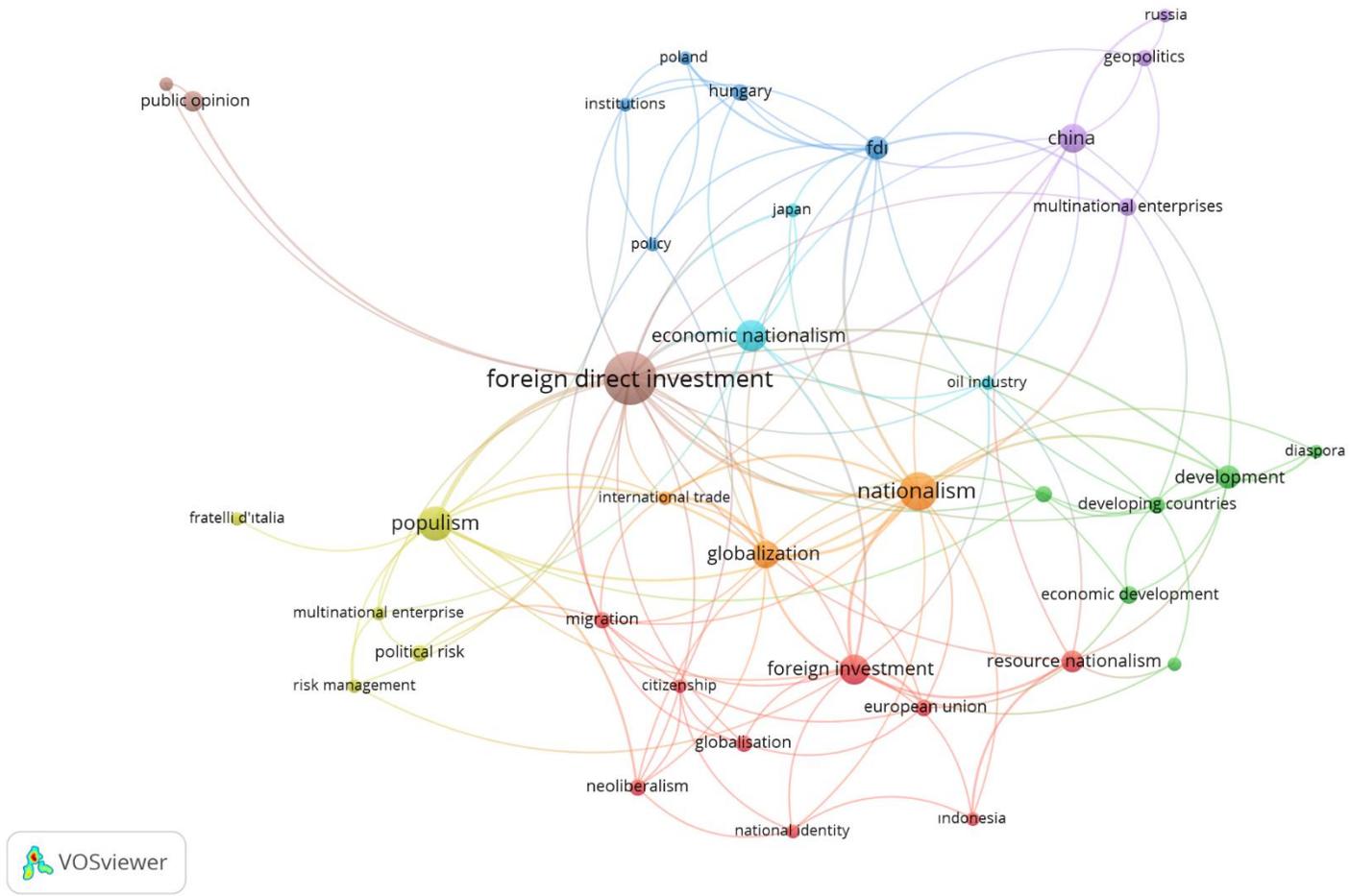


Figure 2.1. Co-occurrence analysis of nationalism and FDI literature

Figure 2.1 can be examined from three perspectives: target countries, industries, and concepts. The analysis identifies the primary focus countries as China, Mexico, Indonesia, Hungary, India, Ecuador, Japan, Russia, Australia, and South Korea, along with notable groups such as the European Union, BRICS, Eastern Europe, and developing nations. In terms of industries, the mining and oil sectors dominate, both being natural resource-based and significant contributors to national productive assets. While FDI is often studied alongside economic development and international trade, these concepts fall outside the scope of this research and will not be addressed.

When examining Figure 2.1, three primary concepts emerge: economic nationalism, resource nationalism, and geopolitics (including related concepts such as national identity and public policy). Among these, economic nationalism receives the most attention. Proponents of economic nationalism argue against FDI, contending that MNEs seek to enrich themselves and their home countries at the expense of host nations (Jakobsen and Jakobsen, 2011, p. 62). They assert that to achieve successful economic development, countries must exert control over their economies through protectionist policies, which limit the influence of foreign firms and favor domestic companies (Jakobsen and Jakobsen, 2011, p. 62). Empirical evidence supports the notion that economic nationalism deters FDI inflows, particularly in “sensitive/essential” industries, and prompts foreign investors to consider alternative locations for their investments (Jakobsen and Jakobsen, 2011; Zhang and He, 2014; Tzenev, 2019).

The second notable form of nationalism is resource nationalism. Proponents of resource nationalism assert that the management of natural resources necessitates a state-directed, mercantilist approach, and that resource-rich countries should leverage their legal authority over these resources to achieve national development objectives (Wilson, 2011, p. 285). They advocate for selective and interventionist policies to maximize local benefits (Wilson, 2011, p. 285). Consequently, resource nationalism is argued to have detrimental effects on FDI activities (Vivoda, 2009; Kretzschmar et al., 2010).

The third area of interest is geopolitics and its associated concepts. Geopolitics can be defined as an approach to studying contemporary international affairs grounded in the analysis of history, geography, and culture (Granieri, 2015, p. 292). As Dr. James Kurth puts it, geopolitics involves examining the “realities and mentalities of the localities” (Granieri, 2015, p. 292). Geopolitics is closely related to two adjacent fields: International Relations and the Practice of Foreign Policy by Government (Dittmer and Sharp, 2014,

p. 3-4). Geopolitical factors are typically categorized into three main classes: stable, variable, and interactional factors (Teixeira and Dias, 2013, p. 81). Stable factors include geographical extent, position, physical structure, and climate, while variable factors encompass population, resources, and social, economic, and political structures (Teixeira and Dias, 2013, p. 81). Interactional factors involve technology, history, ideology, power, and strategy (Teixeira and Dias, 2013, p. 81). Concepts related to nationalism, such as national identity, national pride, government incentives and support for FDI, state ideology, and national policies (Coşkun and Bilgiç, 2021, p. 33), can be examined under the broader framework of geopolitics and its relationship with FDI. Although geopolitics does not correspond to a singular phenomenon, making it challenging to formulate a general argument about its relationship with FDI, it can be posited that FDI activities may be influenced by factors such as national security threat perception (Zeng and Li, 2019), type of national identity (Fossati, 2021), national policies (Wang, 2009; Huidumac-Petrescu and Joia, 2013), state ideology (Zhu, 2012; Gebremariam and Feyisa, 2017), and government incentives (Dusitnanond, 2011).

In the literature on nationalism, nationalism is typically categorized into two forms: “good” nationalism, which is deemed acceptable and necessary, and “bad” nationalism, which is subject to criticism (Spencer and Wollman, 2020, p. 15). “Bad” nationalisms are characterized as reactionary and malign, while “good” nationalisms are seen as benevolent and progressive (Spencer and Wollman, 2020, p. 172). This typology is used to illustrate various dualities in nationalist ideas, such as Western versus Eastern, political versus cultural, and individualistic versus collectivistic nationalisms (Spencer and Wollman, 2020, p. 176). Although these dualities are outside the scope of this study, the “good” versus “bad” nationalism framework can be applied to understand different perceptions of FDI within the context of nationalism. In the field of IB, the prevailing view is that nationalism often prioritizes and protects domestic interests in relation to FDI, frequently alienating foreign investments except in mandatory situations (Coşkun and Bilgiç, 2021, p. 32). This alienation stems from the perception of FDI as a political risk and a desire to mitigate this risk to enhance national power on the international stage. Consequently, nationalism is generally seen as a restrictive factor for FDI, with “bad” nationalisms being prominent. Therefore, it can be argued that the IB literature may overlook “good” forms of nationalism that consistently promote FDI activities (Coşkun

and Bilgiç, 2021, p. 31). Further discussion and research are needed to explore and understand these forms of nationalism that actively support and enhance FDI.

Although nationalism is commonly understood to have a limiting effect on FDI, its impact on FDI activities is conditional (Wilson, 2015; Ko and Shin, 2021). Thus, before examining a new form of nationalism that may promote FDI, it is essential to delineate the context or conditions under which such a form of nationalism might emerge. Accordingly, the following section will describe the relations between Azerbaijan and Türkiye. Subsequently, the potential for a new form of nationalism and its implications in the context of IB will be discussed.

2.4. Azerbaijan and Türkiye Relations

In terms of geographical, linguistic, and cultural proximity, Azerbaijan is considered the most proximate country to Türkiye among the Turkic states (Cinar, 2013, p. 263). Consequently, the relationship between Azerbaijan and Türkiye is often described as unique, brotherly, and friendly (Robins, 1993; Cinar, 2013). This close relationship dates back to the Ottoman era and has been maintained continuously since the establishment of the Turkish Republic (Cinar, 2013, p. 263-264).

A survey conducted by Kadir Has University in Türkiye found that participants identified Azerbaijan as the closest friend (brother) of Türkiye. In 2016, 59.3% of respondents classified Azerbaijan as Türkiye's closest friend (KHAS, 2017). Additionally, 71.3% of participants agreed on the strong amity (brotherhood) between Türkiye and Azerbaijan (KHAS, 2017). These findings indicate that the close relationship between the two countries extends beyond the state level to also encompass individual perceptions.

Politicians and elites in Türkiye and Azerbaijan frequently use the slogan "One Nation, Two States" (Tek Millet, İki Devlet) to characterize their strong and unshakeable bilateral relations (Abedi, 2019, p. 1). This discourse plays a significant role in shaping international relations and foreign policy for both countries (Mutluer, 2020, p. 355). It underscores the commonalities and shared bonds between Azerbaijan and Türkiye, affirming that Azerbaijan's independence, liberty, and peace are respected and equated with those of Türkiye (Abedi, 2019, p. 63). As a result of this discourse, the strategic dimension of their relationship has been increasingly reinforced, with both countries

supporting each other in international contexts, such as during the Karabakh War II or during the coup attempt in Türkiye (Özgen, 2021; Erarslan and Özdemir, 2021; Hayrapetyan, 2022). Although this discourse has led to a focus on political and military factors in Azerbaijan-Türkiye relations, economic factors have been overlooked (Aslanlı, 2018, p. 16).

Following Azerbaijan's independence, economic relations between Azerbaijan and Türkiye have significantly deepened. Key aspects of their economic relationship include bilateral trade, regional and global energy and transportation projects, and mutual investments. Energy-based projects, in particular, form the cornerstone of their economic ties. Since Azerbaijan's independence, energy and transportation collaborations with Türkiye have flourished, exemplified by Turkish Petroleum Corporation's (Türkiye Petrolleri Anonim Ortaklığı) investments in Azerbaijan, the Baku-Tbilisi-Ceyhan Pipeline Project, the South Caucasus Natural Gas Pipeline Project, the Baku-Tbilisi-Kars Railway Project, the Trans-Anatolian Natural Gas Pipeline Project, and SOCAR's investments in Türkiye. According to OECD data, Turkish investments in Azerbaijan doubled between 2003 and 2013 (OECD, 2022). During the same period, Azerbaijani investments in Türkiye increased from \$1 million to \$946 million (OECD, 2022). As brother nations, Azerbaijan and Türkiye continue to advance their economic relations based on mutual benefits and shared strategic objectives.

2.5. Conclusion: Towards A New Form of Nationalism and its Implications for International Business

Nationalism is a multidimensional concept with various spheres of influence. Its primary objective - to acquire power for the nation across all possible domains - renders it a multidisciplinary field, as achieving such power necessitates engagement on multiple fronts. Given the role of international firms in contributing to national welfare and power, and their operations across national borders, nationalism becomes a pertinent subject for investigation within the IB literature.

International firm activities are generally categorized into two types: trade and investment. Nationalists often view FDI as a political risk and a threat of losing control over critical assets to foreign entities. Consequently, research exploring the relationship between nationalism and FDI typically argues that nationalism generally has a negative

impact on FDI, with positive effects occurring only in specific temporal situations, such as gaining expertise (Peng, 2012, cited in Vargas-Hernandez et al, 2016, p. 40). In other words, nationalism pragmatically supports FDI if the perceived benefits outweigh the costs after considering all potential advantages and disadvantages. This implies that the perception of FDI often leans toward the belief that costs outweigh benefits, with benefits only temporarily surpassing costs. However, this analysis often focuses on a single nation. However, important questions remain underexplored in the literature: Does nationalism apply solely to an individual nation, or can it extend to a group of nations or a collective of countries? Are there “brotherly” nations? Are nations equally distanced in terms of origin? Is there a form of nationalism that consistently supports FDI without prioritizing the benefits of only one nation??

To address these questions, it is essential first to examine the concept of the nation and consider whether closely connected nations, despite being separate countries and not classified as ethnic groups, can exist. This discussion will explore the possibility of nationalism among a group of countries. Smith (1979, p. 87) defines a nation as “*any social group with a common and distinctive history and culture, a definite territory, common sentiments of solidarity, a single economy, and equal citizenship rights for all members.*” According to this definition, a nation is characterized by features such as a defined territory, government, single economy, and equal citizenship rights. Consequently, it can be argued that ethnic groups or races dispersed across different countries cannot be considered a nation. This raises a critical question: What does nationalism signify for nations that, while existing as separate countries, share similar backgrounds and origins? Additionally, what defines the boundaries of a nation?

In the literature, the concept of the nation’s boundaries is explored through the frameworks of nationhood (Brubaker, 1994; Fox and Miller-Idriss, 2008), nation building (Hodulova, 2010; Kaya, 2012; Bereketeab, 2014), psychic distance (Håkanson and Ambos, 2010), and Multilevel Process Theory (Wimmer, 2008). This discussion primarily focuses on (i) how ethnic groups evolve into nations and (ii) how diverse ethnic groups within a single country may merge into one nation. However, it generally does not extend to discussions of multiple nations. While some literature considers psychic distance between countries, the aspect of ethnic background and origins is often overlooked. As a result, the potential for multiple nations with different political entities but shared ethnic backgrounds or cultures is not adequately addressed. Although the

nation-building processes of countries such as Kazakhstan and Azerbaijan have been studied individually (Kesici, 2011; Rosenberg, 2015), their interrelations from a nationalist perspective remain unexplored. For instance, it is unclear whether nationalist behaviors in Azerbaijan affect Kazakhstan and other countries like the USA, Türkiye, and Iran similarly or does Azerbaijani nationalism adapt differently in interactions with Turkish, Russian, British, or Persian nations? Evidence suggests that such behaviors and discourses do vary. For example, Türkiye refers to some nations as “brothers” while designating others as “friends,” “allies,” or “strategic partners” (Karataş, 2021, p. 37). The meaning of the term “brotherhood⁴” also varies among countries. The discourse of “One Nation, Two States” between Azerbaijan and Türkiye illustrates how this concept has evolved to influence international relations and foreign policy in both countries (Mutluer, 2020, p. 355). Thus, understanding nationalism merely as “us” versus “others” may be inadequate and sterile. The “One Nation, Two States” discourse provides insight into an expanded notion of nationalism, suggesting that relationships between “brother” countries might exhibit distinctive patterns. It is reasonable to expect that countries’ behaviors differ according to the perceived level of brotherhood with others, potentially leading to protective policies and prioritization of mutual interests on the international stage in favor of brother country.

Building on this background and the case of Azerbaijan and Türkiye, Coşkun and Bilgiç (2021) introduced the concept of “nationalism as brotherhood” in their conference paper. They defined “nationalism as brotherhood” as “*a phenomenon in which two “brotherly” countries with common ethnic, historical, and emotional ties consistently prioritize their shared interests with a spirit of unity and act with a vision of a common future*” (Coşkun and Bilgiç, 2021, p. 34-35). The concept encompasses four dimensions: ethnic, historical, and cultural ties; common interests; unity; and future (Coşkun and Bilgiç, 2021, p. 34-35). According to Coşkun and Bilgiç (2021), the discourse of “One Nation, Two States” and “brotherhood” reflects a form of nationalism that *transcends state borders*⁵ and is deeply ingrained in national identity as an ideology (Coşkun and Bilgiç, 2021, p. 33). Their comparative analysis of FDI inflows to Türkiye from

⁴ There are many meanings attributed to “brother” in the literature. It is used as “having responsibility to each other” (Spicker, 2006, p. 119), “solidarity among members of an organization” (Niray, 2002, p. 5; Cora, 2020, p. 616). In this study, brotherhood is used as “sharing similar cultural, historical and ethnic background”.

⁵ Researchers’ own emphasis.

Azerbaijan and other selected countries, and FDI inflows to Azerbaijan from Türkiye and other selected countries, demonstrated that nationalism as brotherhood positively influences FDI activities. However, their study did not elucidate the mechanisms through which this phenomenon affects FDI activities or identify the underlying processes driving this relationship.

Despite some limitations in their paper, Coşkun and Bilgiç (2021) provide a unique perspective that suggests the potential existence of a new form of nationalism, which encompasses multiple countries and consistently supports FDI activities, particularly among brother countries. It is essential to explore the implications of this type of nationalism within the context of IB. The prevailing view of nationalism is characterized as protectionist and mercantilist, aiming for complete financial independence of the nation-state by countering foreign capitalists and governments through trade barriers, tariffs, and other mercantilist policies (Lee and Lee, 2015, p. 128). In contrast, the new form of nationalism does not impose barriers on imports and investments from at least brother countries but instead actively supports them. This could make brother countries attractive investment destinations for firms from these nations. Furthermore, the literature suggests that foreign firms often face liabilities of foreignness due to information asymmetries, transaction costs, decision-making impediments, and local biases (Mezias, 2002, p. 229). However, under this new form of nationalism, a firm from one brother country might be perceived similarly to domestic firms by another brother country, potentially reducing the liabilities of foreignness. Additionally, although limited, some studies view FDI as a relational social process influenced by institutions, power struggles, social networks, and cultural understandings (Bandeli, 2003). This new form of nationalism could foster relationships with firms in brother countries and promote an FDI-enhancing cultural institution. Moreover, while nationalism often leads consumers to favor domestic products over foreign ones (De Nisco et al., 2021; Lert-asavapatra et al., 2022), it is likely that firms from brother countries will face fewer nationalistic consumer reactions. Thus, nationalism among brother countries may accelerate trade and investment specifically within this context.

In light of the discussion above, this research aims to analyze the concept of “nationalism as brotherhood” by first detailing the phenomenon and then examining its impact on FDI activities through an investigation of underlying mechanisms. This research argues that the case of Azerbaijan and Türkiye offers unique characteristics that

challenge the current understanding of nationalism by broadening the conventional boundaries of the nation. The central thesis posits that these unique characteristics contribute to an enhancement of FDI flows between countries that consider each other as “brother” nations. However, it should be noted that social phenomena are not easily explained solely through causal relationships; the mechanisms governing these relationships must be investigated. Decisions made by firms are bounded-rational and shaped by specific environments. Thus, nationalism should be viewed as a socially embedded phenomenon. Understanding how “nationalism as brotherhood” influences relationships between FDI partners will elucidate the mechanisms regulating the relationship between nationalism as brotherhood and FDI.



3. THE RELATIONSHIP BETWEEN FDI AND THE NEW FORM OF NATIONALISM FROM THE PERSPECTIVES OF ORGANIZATIONAL THEORIES

3.1. Introduction

This chapter seeks to elucidate the mechanisms regulating the relationship between nationalism as brotherhood and FDI at firm level. It is plausible to assert that there is an interrelationship between external phenomena, such as nationalism, and the firm itself (including FDI decisions). However, this interrelationship cannot always be examined solely through a cause-and-effect framework. Instead, iterative causeways exist between the external environment and the firm that facilitate understanding of this interrelationship. These iterative causeways are referred to as bridging mechanisms within the scope of this study.

This chapter aims to elucidate the mechanisms that govern the relationship between nationalism as brotherhood and FDI decisions taken by firms. FDI decisions are firm-level choices influenced by a multitude of variables. Since economic actions and managerial decisions are socially embedded (Granovetter, 1985; Amaeshi and Amao, 2009), it is plausible to argue that these decisions are made within specific relational contexts with the environment. Moreover, nationalism, as a social phenomenon, impacts both individual and firm decisions. Therefore, this chapter focuses on nationalism-related mechanisms that regulate firms' interactions with their environment. Specifically, it examines the bridging mechanisms between nationalism as brotherhood and FDI decisions made by firms. Given that FDI decisions are made at the organizational level, organizational theories will constitute the basis for analyzing and elucidating the mechanisms underlying these decisions. To determine which theories provide insights into this relationship, the chapter evaluates theories based on the following criteria: (i) the relevance of the theory's fundamental questions and concepts to the relationship between nationalism as brotherhood and FDI, (ii) the theory's assumptions and propositions regarding firm-host country interactions, and (iii) whether these assumptions and propositions align with the unique characteristics of nationalism as brotherhood. This chapter reviews mainstream theories - typically found in organizational theories books - based on the aforementioned criteria, with the objective of elucidating the mechanisms that regulate the relationship between nationalism as brotherhood and FDI. The chapter

will also address the rationale for inclusion and exclusion of specific mainstream theories underlined in fundamental organizational theories books in this analysis.

3.2. Exclusion of Major Organizational Theories

Although exclusion may be perceived as the opposite of inclusion, these represent pairs of a binary distinction (Schirmer and Michailakis, 2015, p. 46). Thus, understanding what is excluded is essential before determining what should be included in the analysis. According to the criteria established, Table 3.1 presents the fundamental questions and concepts of theories excluded from the scope of this research. While various theories, such as Chaos Theory and Agency Theory, offer propositions regarding organizations, the theories listed in the table were selected for their status as mainstream theories. These theories are foundational to many organizational theory texts (Sözen and Basım, 2017; Daft et al., 2017; Sargut and Özen, 2020), making their classification as mainstream reasonable.

Table 3.1. The fundamental question and concepts of excluded theories

The Theory	Fundamental Questions	Fundamental Concepts
Contingency Theory	What are the reasons and results of organizational design?	<ul style="list-style-type: none"> - Organizational Design - Factors Affecting Structure (Contingencies); <ul style="list-style-type: none"> ➤ Strategy ➤ Size ➤ Technology ➤ Environment - Dimensions of Organizational Structure <ul style="list-style-type: none"> ➤ Formalization ➤ Bureaucratization ➤ Specialization ➤ Professionalism ➤ Hierarchy
Resource Dependence Theory	How organizations manage their resource dependencies?	<ul style="list-style-type: none"> - Resource Dependency - Uncertainty - Power - Politics
Population Ecology Theory	Why are organizations so diverse?	<ul style="list-style-type: none"> - Birth and Death of Organizations - Population of Organizations - Structural Inertia - Density Dependency - Niche Width - Resource Partitioning - Age and Size
Macro Institutional Theory	What is the role played by the institutions of the country in which the organization operates in shaping organizational forms?	<ul style="list-style-type: none"> - Social Impact - Authority - National Business Systems

Contingency Theory posits that organizational effectiveness derives from aligning organizational characteristics, such as structure, with situational contingencies (Donaldson, 2001). The theory asserts that organizations must achieve a fit between these contingencies and their structural design to achieve high performance (Donaldson, 2001). Given this focus on organizational structure and performance, it can be argued that contingency theory is not well-suited for examining the phenomenon of nationalism as brotherhood. This phenomenon centers on norms and goals that regulate relationships between firms and countries, rather than on organizational design or performance. The norms associated with nationalism as brotherhood do not address contingency factors such as technology or size. Consequently, Contingency Theory does not offer valuable insights into how nationalism as brotherhood influences firms' FDI activities and is therefore excluded from the scope of this research.

Resource Dependence Theory posits three main principles: (i) organizational actions are influenced not only by internal goals or managerial decisions but also by external pressures and constraints, (ii) organizations respond to these external demands by both adapting to and managing their relationships with the environment in accordance with their interests, and (iii) power dynamics within organizations render decision-making processes inherently political (Pfeffer and Salancik, 2013). In essence, organizations are advised to manage their dependencies to prioritize their own interests. However, the nationalism as brotherhood phenomenon emphasizes unity, expecting "brother" nations to prioritize mutual interests and collaborative futures. In this context, the dependency between "brother" nations is a fundamental characteristic rather than a risk. Thus, while Resource Dependence Theory views dependency as a potential risk, nationalism as brotherhood regards it as a necessary aspect of harmonious co-existence of brothers. Given the mutually exclusive nature of their core claims and expectations, Resource Dependence Theory will be excluded from the scope of this research.

The central thesis of Population Ecology Theory is that organizational evolution occurs through the proliferation of organizations that align with new environmental conditions and the decline of those that cannot adapt (Önder and Üsdiken, 2020). The theory primarily focuses on organizational diversification and the processes of organizational birth and death. In contrast, the nationalism as brotherhood phenomenon emphasizes normative rules that govern organizations rather than the organizations themselves, and it assumes the existence of stable, enduring relationships and continuity

among “brother” organizations. Consequently, the propositions and assumptions of Population Ecology Theory are incompatible with the core characteristics of nationalism as brotherhood phenomenon.

Macro Institutional Theory fundamentally emphasizes the role of major institutions within countries - such as the state, financial systems, and educational systems - in shaping organizational forms (Gökşen, 2020). The theory challenges the notion that organizations in different countries have similar structures due to universal economic rationalism, asserting instead that organizational forms vary according to differing institutional environments (Gökşen, 2020). While macro institutional theory focuses on formal institutions and their impact on organizational configuration, it posits that “*culture pervades everything and therefore explains nothing*” (Hamilton and Biggart, 1988). Although the theory acknowledges the influence of actors in shaping organizational forms, it maintains that actors’ strategies are determined by institutional environments rather than cultural values. In contrast, nationalism as brotherhood phenomenon is both socially and culturally embedded in relationships between “brother” countries and functions as an informal institution. Given this divergence, Macro Institutional Theory does not adequately address the assumptions underlying nationalism as brotherhood phenomenon.

3.3. Inclusion of Institutional Theory, Social Network Theory and Transaction Cost Theory

In this research, three theories - Institutional Theory, Social Network Theory, and Transaction Cost Theory - are identified as having valuable assumptions and propositions for explaining the mechanisms that regulate the relationship between nationalism as brotherhood and FDI. As summarized in Table 3.2, while these theories address different fundamental questions and concepts, they intersect in ways that justify their inclusion. Each theory provides insights into how organizations interact with each other and considers the informal aspects of these relationships. Their focus is on firm decisions that govern interactions between firms or with their environment, rather than on organizational performance, structure, or lifespan. For example, Transaction Cost Theory explores strategies for managing opportunistic behaviors among firms, Social Network Theory examines how social relationships influence firm decisions, and Institutional

Theory investigates how informal institutions impact firms and their relationships. Given that FDI involves at least two parties - whether two firms or a firm and a country - these theories offer valuable perspectives for uncovering mechanisms that link nationalism as brotherhood, which is socially embedded in relationships, with FDI. The subsequent sections will delve into these theories in the context of nationalism as brotherhood.

Table 3.2. The fundamental questions of concepts of included theories

The Theory	Fundamental Questions	Fundamental Concepts
Institutional Theory	Why are organizations so similar to each other?	<ul style="list-style-type: none"> - Legitimacy - Isomorphism - Institutions & Institutionalized Environment - Institutional Entrepreneurship - Decoupling
Social Network Theory	How do social relationships affect human behavior and institutions?	<ul style="list-style-type: none"> - Embeddedness - Social Capital - Networks - Centrality - Ties - Structural Holes - Trust
Transaction Cost Theory	Why do organizations exist?	<ul style="list-style-type: none"> - Transactions & Their Costs - Hierarchies & Markets - Opportunism - Bounded Rationality - Contracts - Negotiations - Coordination - Property Rights - Monitoring Costs - Information Costs

3.3.1. Institutional theory perspective on nationalism and FDI

Over the past few decades, Institutional Theory has become increasingly important in research on the determinants of FDI (Vaupot and Fornazarič, 2021, p. 993). Institutional Theory emphasizes the impact of rules, values, and norms by considering the social and cultural environment in shaping organizational arrangements (Çakar and Danişman, 2017, p. 257). According to this theory, the institutional environment defines the “*rules of the game*” within a society and its organizations, articulating and enforcing norms of legitimate behavior (White III et al., 2015, p. 575). Institutional Theory suggests that institutional frameworks interact with organizations by indicating which choices are deemed acceptable and can be supported (Peng, 2002, p. 252). Therefore, considering

FDI decisions as choices made by firms, it can be argued that these decisions are influenced by the firms' institutional environments.

Institutional frameworks consist of both formal and informal institutions, referred to as constraints by North (1990, p. 4). Formal institutions include rules devised by humans, while informal institutions encompass conventions and codes of behavior (North, 1990, p. 4). The literature includes empirical studies examining the relationship between FDI activities and various institutions, such as corruption (Li, 2017; Godinez and Liu, 2018), social responsibility (Mansaray, 2016), intellectual property rights (Papageorgiadis et al., 2016), indulgence (Huang, 2020), regulatory quality (Mongong Fon, 2018), state capitalism (Wang and Liu, 2020), and rule of law (Cai et al., 2019). Institution-based research fundamentally posits that FDI flows increase when institutional distance is lower (Du, 2009) or when institutional quality is higher (Yakubu, 2020).

While the role of various institutions has been examined, the influence of informal institutions remains a largely under-explored area (Vaupot and Fornazarič, 2021, p. 993). To the author's knowledge, only two studies have explored the relationship between nationalism and FDI through the lens of Institutional Theory. Zhang and He (2014) consider economic nationalism as a formal institution and find that nationalism deters FDI when it targets essential industries. Conversely, Den Hartog (2015) views nationalism as an informal institution composed of three components: "proud of nationality," "willingness to fight for country," and "job priority to nationals." Den Hartog (2015) concludes that nationalism significantly influences FDI decisions only when formal institutions are of high quality.

It is reasonable to assert that these two forms of nationalism differ from the phenomenon of nationalism as brotherhood in two key aspects. First, nationalism as brotherhood does not advocate for protectionist measures, at least not against brother countries; instead, it encourages investment in these countries. Second, nationalism as brotherhood extends the concept of the nation beyond a single country to encompass a group of countries, rendering the phrase "willingness to fight for country" inadequate in describing it. Instead, expressions such as "willingness to support brother countries," "proud of being brother nations," and "co-existence of brothers" are more fitting descriptors for nationalism as brotherhood. Consequently, the perspective that nationalism as brotherhood contributes to Institutional Theory is distinctive and unique.

Considering the discussion on institutions and nationalism, it is plausible to argue that nationalism as brotherhood is a socially and culturally embedded informal institution rooted in history. As an institution, nationalism as brotherhood encompasses a set of values and norms that shape all elements of the nation, including firms. This form of nationalism promotes standing in solidarity against non-brothers, prioritizing and protecting the interests of brother nations, and fostering collaboration to achieve common goals and build a shared future. Institutional Theory and empirical evidence suggest that aligning with societal values and norms enhances the legitimacy of firms' decisions (Khan et al., 2015; Jeong and Kim, 2019), thereby allowing firms to benefit from increased legitimacy. From this perspective, investing in such countries appears to be a more legitimate choice, and firms that invest in brother countries may gain advantages associated with making more legitimate decisions. In line with this discussion, the first two propositions of this research are:

P1: *Owing to the phenomenon of nationalism as brotherhood, investing in a brother host country is perceived as more legitimate than investing in other countries by managers.*

P2: *The legitimacy of investing in a brother country increases the likelihood that a firm from the home country will invest in the brother host country.*

3.3.2. Social network theory perspective on nationalism and FDI

Although Network Theory has gained increasing attention in IB research, the analysis of network relationships remains limited within the field (Kurt and Kurt, 2020), and only a few studies have examined global FDI networks (Bolívar et al., 2019). Given the importance of integrating Social Network Theory and Institutional Theory to understand investor behaviors, and given the significance of political ties and nationalism (Oppen, 2021), it is meaningful to incorporate Social Network Theory into the scope of this research. According to Social Network Theory, most behavior is deeply embedded in networks of interpersonal relations (Granovetter, 1985, p. 504). This “*embedded*” perspective highlights the role of concrete personal relationships and the structures (or networks) of these relationships in fostering trust and preventing misconduct (Granovetter, 1985). The theory posits that economic exchanges, including FDI activities, are influenced by social relations (Sözen and Gürbüz, 2017, p. 318).

The literature includes empirical studies examining the relationship between FDI activities and social networks, such as interfirm ties (Kim, 2005), conationality (Gwon, 2017), cultural ties (Bandelj, 2003), personal ties (Bandelj, 2003), political alliances (Bandelj, 2003), multiplexity of relations (Bilgili, 2016), ethnic ties (Jean et al., 2011; Alcaraz et al., 2020), migration networks (Yi et al., 2022), agglomeration (Cheng, 2011), centrality (Shi, 2012), guanxi networks (Lu, 2012; Chen, 2021), family ties (Gentry and Mittelstaedt, 2010), alliance networks (Iurkov and Benito, 2018), and colonial ties (Osei, 2020). The overarching argument in these studies is that stronger ties within social networks enhance FDI flows.

To the best of the author's knowledge, no study specifically examines the role of nationalism on FDI flows from the perspective of Social Network Theory. This gap may stem from the prevailing view that nationalism separates nations, thereby weakening ties among countries and firms. However, nationalism as brotherhood represents a form of nationalism that strengthens relationships between firms and countries.

It is reasonable to assert that the core concept of Social Network Theory is embeddedness. The economic behaviors of individuals and firms are the subjects of embeddedness, the social relationships among them are the objects, and the mechanisms of action, such as culture, trust, and reputation, represent the means of embeddedness (Xin and Qin, 2011). Embeddedness is closely linked to strong ties between parties. According to Granovetter (1973), the strength of a tie is defined by a combination of factors: the amount of time spent, the emotional intensity, intimacy, and the reciprocal services that characterize the relationship.

When nationalism as brotherhood is viewed through this lens, it is evident that this form of nationalism is a phenomenon that strengthens ties, as it draws on a shared history and is activated by the emotional bond of brotherhood. Strong ties are argued to facilitate the development of mutual trust, which stabilizes relationships and fosters reliability (Pieters et al., 2012). The literature recognizes trust as a critical factor in the formation, development, and performance of business relationships, highlighting its role in FDI relationships (Bhardwaj et al., 2007; Mariotti and Marzano, 2021). Therefore, nationalism as brotherhood can be seen as a phenomenon that strengthens ties between brother nations, thereby enhancing mutual trust and promoting FDI flows. In light of this discussion, the third and fourth propositions of this research are formulated as follows:

P3: *Nationalism as brotherhood constitutes a form of socially embedded tie that enhances trust among firms from brother countries.*

P4: *The mutual trust fostered by brotherly nationalist ties, which are embedded among firms from the home and host countries, increases the likelihood that a firm from the home country will invest in the brother host country.*

3.3.3. Transaction cost theory perspective on nationalism and FDI

Transaction Cost Theory has been extensively discussed within the FDI literature (Yao, 2022). According to North (1991, P. 97), economic institutions shape the feasibility and profitability of economic activities, such as FDI, by defining the choice set and influencing transaction and production costs. Thorelli (1986) further posits that networks function as intermediaries between markets and hierarchies, concept central to Transaction Cost Theory. The underlying principles of this theory are directly applicable to key strategic questions in FDI, such as “Shall we invest in this country, or not?” and “Which country should we invest in?” (Contractor et al., 2021, p. 3). Therefore, integrating Transaction Cost Theory with Institutional Theory and Social Network Theory enhances the comprehension of how nationalism as brotherhood influences FDI activities.

Transaction Cost Theory identifies two primary governance mechanisms to execute transactions: markets and hierarchies (Williamson, 1975, p. 8). It is grounded on two main assumptions regarding economic actors: bounded rationality and opportunism (Barney and Hesterly, 1999, p. 111). Bounded rationality implies that economic actors are “*intendedly rational, but only boundedly (limitedly) so*” due to their limited knowledge and cognitive capacities (Simon, 1997, p. 20, 88). Opportunism refers to the potential for self-interest pursued with guile, encompassing behaviors like lying, stealing, and cheating, but also the broader spectrum of incomplete or distorted information disclosure, often with the intent to mislead or confuse exchange partners (Williamson, 1975, p. 26; Williamson, 1985, p. 47). Nevertheless, Transaction Cost Theory does not argue that all actors are inherently opportunistic (Barney and Hesterly, 1999, p. 112).

Empirical studies have explored the relationship between FDI activities and transaction costs from diverse perspectives, including home-host ties and policy risk (Bilgili, 2016), property rights and institutional quality (Ali, 2010; Wang, 2014),

governing party fractionalization and policy uncertainty (Jiang et al., 2021), the liability of foreignness (Yao, 2022), capital structure (Rygh and Benito, 2018), freedom of digital media (Li et al., 2021), regulatory impediments in starting a business (Contractor et al., 2021), and contract enforcement (Contractor et al., 2021). The consensus in the literature suggests that FDI tends to flow toward environments with lower transaction costs. However, no existing studies explicitly address the intersection of nationalism and FDI through the lens of Transaction Cost Theory. Nationalism may influence behaviors pertinent to management, organizations, and strategic decision-making, which are highly relevant to Transaction Cost Theory and governance choices (Cuypers, 2021: 58). Therefore, examining the relationship between nationalism as brotherhood and FDI activities from the perspective of Transaction Cost Theory would be a valuable contribution to both the existing literature and this research.

Transaction Cost Theory primarily addresses the selection of governance modes for economic activities aimed at mitigating transaction costs arising from opportunism and bounded rationality (Rindfleisch et al., 2010). A central focus of Transaction Cost Theory is the opportunistic behavior of economic exchange partners. It is critical to distinguish opportunism from the mere pursuit of self-interest. While bargaining in transactions naturally involves self-interest, opportunism specifically incorporates an element of deception into this pursuit (Memili et al., 2017). Opportunistic behaviors in economic transactions are associated with three key partner characteristics: partner background, partner perception, and partner behavior (Rindfleisch et al., 2010). Therefore, the assessment of transaction costs is derived from these characteristics.

Partner background refers to the degree of similarity between partners in terms of variables such as research portfolios, culture, and previous roles. Partner perception is concerned with the reputation and trustworthiness of the partners (Rindfleisch et al., 2010). Furthermore, partner behavior relates to actions taken to counter opportunism, whether within the firm or between firms (Rindfleisch et al., 2010). It is widely argued that high similarity between partners or a strong reputation reduces the risk of opportunism and, consequently, transaction costs.

Considering nationalism as brotherhood within the context of partner characteristics, it is plausible to assert that shared similarities - such as culture, history, and nationality - are prominent. Additionally, the perceived trustworthiness and reputation among brothers are often high. Therefore, nationalism as brotherhood may

diminish opportunistic behaviors, thereby reducing transaction costs among such partners.

In the context of FDI, the literature indicates that when highly specific assets are involved or when the potential for a partner's opportunistic behavior is elevated, transaction costs increase. This necessitates stricter control measures, which can deter FDI flows (Cui and Jiang, 2009). Furthermore, cultural distance is viewed as a factor that elevates the likelihood of opportunism, thereby raising transaction costs and discouraging FDI flows (Demirbag et al., 2007). Consequently, the fifth and sixth propositions of this dissertation are formulated as follows:

P5: *Firms in brother countries prioritize the interests of their fellow brother countries over traditional business objectives such as profit maximization, resource acquisition, and market expansion.*

P6: *The presence of the nationalism as brotherhood phenomenon between home and host countries reduces the likelihood of opportunistic behavior of firms by increasing mutual trust in both countries, thereby lowering transaction costs and enhancing bilateral FDI flows.*

3.4. Towards A Research Model Revealing Mechanisms Regulating Nationalism as Brotherhood and FDI Decisions

It is reasonable to suggest that multiple mechanisms may regulate the relationship between nationalism as brotherhood and FDI. Specifically, the distinct cases and norms arising from certain characteristics of nationalism as brotherhood can influence firms' FDI decisions. Based on this premise, theories that focus on organizational behavior and decision-making may offer valuable insights into the mechanisms governing the relationship between nationalism as brotherhood and FDI. Accordingly, this chapter aimed to explore these mechanisms through organizational theories, beginning with an explanation of the exclusion of certain theories from the scope of this research.

Theories were excluded due to the misalignment between the specific characteristics of nationalism as brotherhood and the primary focus of these theories. Contingency Theory was omitted because of its emphasis on the relationship between performance and organizational structure. Resource Dependence Theory was excluded due to the incompatibility between the concept of dependence and the mutual exclusivity

inherent in nationalism as brotherhood. Population Ecology Theory was disregarded because of its focus on organizational life cycles, and Macro Institutional Theory was excluded due to its emphasis on formal institutions.

Considering the unique characteristics of nationalism as brotherhood - such as unity, mutual interest, and consistent support - and the alignment between these traits and the focal points of the included theories, three theories were deemed relevant: Institutional Theory, Social Network Theory, and Transaction Cost Theory. These theories were included because they all provide insights into the informal dimensions of relationships between partners.

Based on the discussion above, the research model developed from the constructed propositions is illustrated in Figure 3.1. In the model, constructs such as legitimacy, trust, and opportunism are not depicted as variables, as this research considers them as mechanisms that bridge firms and the environment, embedded within the unique characteristics of nationalism as brotherhood. Since these constructs are not dynamic variables but rather inherent features of the phenomenon that are assumed to remain constant over time, it is reasonable not to represent them as variables in the model. This leads to the first assumption of the research model: these mechanisms are consistent and do not change over time (at least in the short and medium terms). The second assumption is that specific characteristics of nationalism as brotherhood - such as unity, mutual interest, and cooperation - form the foundation for legitimacy, trust, and non-opportunistic behavior. Additionally, the term “*FDI decisions*” was chosen instead of simply “*FDI*” to emphasize that the model focuses on firm-level FDI activities. To clarify the level of analysis, the word “*decisions*” highlights that the model operates at the firm level. The final point to emphasize about the model is the directional arrow between nationalism as brotherhood and FDI decisions. As previously stated, the primary aim of this research is to identify the form of nationalism that consistently promotes FDI flows among certain countries. This suggests a positive relationship between nationalism as brotherhood and FDI decisions, implying that nationalism as brotherhood leads to increased FDI flows among brother countries. Therefore, the arrow in the model represents the one-way relationship from nationalism as brotherhood to FDI decisions.

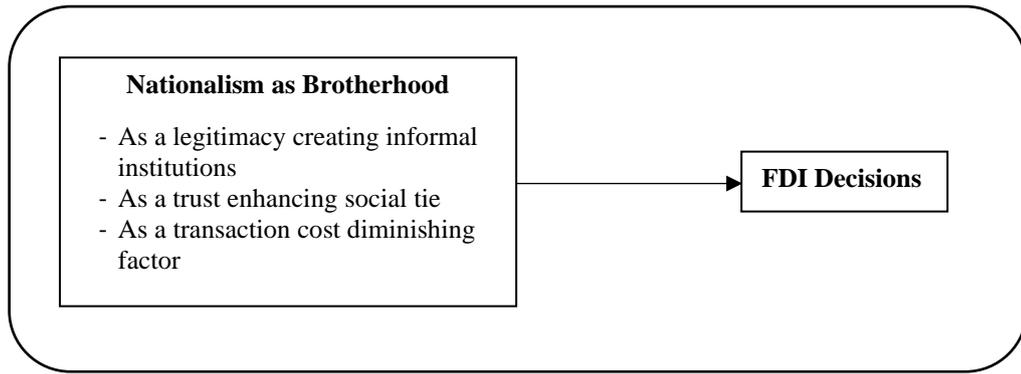


Figure 3.1. Research model on nationalism as brotherhood and FDI decision

It is widely argued that firms and their environments are interrelated through bridging mechanisms that establish an iterative causeway between the firm and its external environment (Puffer and McCarthy, 2011). These bridging mechanisms consist of specific elements that link environmental factors with firm-related factors. Within the scope of this research, it is proposed that three primary bridging mechanisms - legitimacy, trust, and non-opportunism (transaction cost) - connect nationalism as brotherhood with FDI decisions.

Suchman (1995) defines legitimacy as “*a generalized perception or assumption that the actions of a firm are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.*” In other words, legitimacy is contingent upon a firm’s adaptation to local formal and informal institutions (Khan et al., 2015). It is further argued that the influence of informal institutions on firms occurs through bridging mechanisms or formal institutions (Puffer and McCarthy, 2011; Holmes et al., 2013). Legitimacy concerns are known to shape the decisions and choices of both individuals and firms (Krell et al., 2016). Therefore, it is reasonable to assert that legitimacy is one of the bridging mechanisms linking nationalism as brotherhood to FDI decisions. Nationalism as brotherhood can be perceived as a socially constructed, norm-generating phenomenon, characterized by values such as unity, cooperation, mutual support, and collective progress. Firms in brother countries are expected to align with these informal institutions to gain the advantages of legitimacy. Consequently, it is likely that firms in brother countries may prioritize other brother countries in their FDI decisions.

Mayer et al. (1995) define trust as the willingness of one party to be vulnerable to the actions of another, based on the expectation that the other party will perform actions

important to the trustor, regardless of the trustor's ability to monitor or control the other party. Since activities involving other parties are inherently embedded in personal relationships, trust serves as a critical mechanism that bridges different phenomena (Jaafar et al., 2009). Considering the role of social relations in generating trust within economic contexts, trust is viewed as a significant mechanism regulating the relationship between nationalism as brotherhood and FDI decisions (Granovetter, 1985). Trust can be assessed through a three-dimensional approach, encompassing institutional trust, thick interpersonal trust, and thin interpersonal trust (Khodyakov, 2007). Thick interpersonal trust is based on similarity and strong emotional connections between partners, while thin interpersonal trust arises in the absence of previous relationships and depends on the trustee's reputation (Khodyakov, 2007). Institutional trust is grounded in institutions' perceived legitimacy, technical competence, and ability to perform their duties efficiently (Khodyakov, 2007). Moreover, frequent interactions over time are known to foster trust, as ongoing positive engagement strengthens the relationship (Cherry, 2015). Given these factors, nationalism as brotherhood can be seen as a phenomenon that enhances trust among brothers due to its foundations in shared history and background. These characteristics align with thick interpersonal trust and the frequency and duration aspects of trust-building. Thus, trust can be considered another bridging mechanism between nationalism as brotherhood and FDI decisions.

Opportunism can be defined simply as self-interest seeking with guile (Williamson, 1985; Hill, 1990). It is typically characterized by a partner's inclination to engage in deceptive and self-serving behaviors (Rindfleisch et al., 2010). The key aspect of opportunistic behavior is its calculated and deliberate nature (Williamson, 1985). Opportunism is often viewed as a behavioral trait of economic actors that generates uncertainty in economic transactions (Williamson, 1985; Wathne, 2010). This implies that each economic transaction is exposed to the risk of opportunistic actions by partners, thereby incurring transaction costs stemming from this risk. Opportunistic behavior in economic transactions often arises from bounded rationality. One key source is information asymmetry, which occurs when transaction actors conceal their true intentions and objectives before and during the exchange (Celtekliligil, 2020). Other relationship-specific factors that can lead to opportunism include mismatched objectives between parties, the potential for high gains, and a lack of commitment to long-term relationships (Celtekliligil, 2020). When considering the characteristics of nationalism as

brotherhood alongside the sources of opportunism, it is reasonable to argue that nationalism as brotherhood possesses features that diminish opportunistic behavior. Brothers are inclined to cooperate on shared long-term visions, share common intentions and goals, and unite against non-brothers, making opportunistic actions against one another unlikely. Therefore, opportunism (or the lack thereof) can be viewed as a mechanism that regulates the relationship between nationalism as brotherhood and FDI decisions. Since brothers do not anticipate opportunistic behavior from one another, economic transactions between them are likely to be less costly, thereby increasing their motivation to invest in brother countries.

3.5. Conclusion

This chapter has focused on identifying the bridging mechanisms that regulate the relationship between nationalism as brotherhood and firm-level FDI decisions, as illustrated in Figure 3.1. Specifically, three types of bridging mechanisms - legitimacy, trust, and opportunism - have been proposed. The identification of these mechanisms was guided by the unique characteristics of nationalism as brotherhood and the alignment between these characteristics and the mechanisms. Considering these mechanisms, this research posits that firms are more motivated to invest in brother countries through these channels. However, FDI is not only a firm-level variable but also a significant macroeconomic variable. To fully understand how nationalism as brotherhood affects FDI flows, it is essential to examine its impact at the macroeconomic level. Therefore, the next chapter will focus on analyzing FDI as a macroeconomic variable and exploring the effects of nationalism as brotherhood on FDI flows at this broader level.

4. REFLECTIONS OF THE NEW FORM OF NATIONALISM ON FDI AS A MACROECONOMIC VARIABLE

4.1. Introduction

This chapter aims to examine the relationship between nationalism as brotherhood and FDI from a macroeconomic perspective. While FDI is considered a firm-level activity in IB context, international economics considers its aggregate contributes to the overall FDI performance of a nation. According to OECD (2023), FDI is defined as the value of cross-border transactions associated with direct investment recorded over a specific period. This definition underscores the macroeconomic nature of FDI. Although nationalism can influence individual decisions and behaviors, it also functions as a cultural element that underpins macro-level discourses in media, political speeches, and institutional frameworks. Therefore, a macroeconomic perspective is necessary to fully understand the relationship between nationalism as brotherhood and FDI. To address this, the following sections will analyze FDI as a macroeconomic variable, exploring its determinants, the dimensions of bilateral FDI flows, and the specific FDI relationship between Azerbaijan and Türkiye. This analysis will provide insights into the role of nationalism as brotherhood in shaping FDI flows at the macro level. The goal of this chapter is to offer a clear understanding of how nationalism as brotherhood influences FDI on a macroeconomic scale.

4.2. Determinants of FDI

The factors driving FDI have garnered significant scholarly attention over the past decades. Given that FDI is a crucial driver of economic integration and growth, the literature on its determinants has substantially expanded (Dimitrova et al., 2020, p. 2). Economic theory suggests that key variables influencing FDI behavior include macroeconomic factors such as market size, inflation, and exchange rates, as well as institutional and infrastructural variables (Sajilan et al., 2019, p. 468). Current research indicates that the impact of these variables on FDI can vary depending on country-specific characteristics (Sajilan et al., 2019, p. 468; Morshed and Hossain, 2022, p. 63). Consequently, understanding the context-specific features is crucial for investigating FDI patterns. In this context, the determinants of FDI will be examined under two main

headings to provide a comprehensive understanding. First, the macroeconomic variables associated with FDI will be outlined. Subsequently, the role of social, political, and institutional contexts - such as culture, governance, and institutional quality - in shaping FDI flows will be discussed.

4.2.1. Macroeconomic variables and FDI

Macroeconomic variables are indicators that reflect current trends in the economy. Numerous studies have explored the relationship between FDI and various macroeconomic variables, including inflation, interest rates, exchange rates, GDP, trade openness (export-import balance), national income, and external debt. While these variables are not the primary focus of this study, a brief overview of the key macroeconomic variables is necessary to provide context, as some of them will serve as control variables in this research.

Inflation is defined as the rate at which prices rise over a given period. The prevailing view is that increasing price levels lead to a decrease in the value of domestic assets, heighten risks, and affect exchange rates, which, in turn, is expected to negatively impact FDI inflows (Sajilan et al., 2019, p. 468). Empirical research on the effect of inflation on FDI is relatively sparse, but most studies suggest a negative relationship between inflation and FDI (Morshed and Hossain, 2022, p. 63).

Interest rates are defined as the cost of borrowing money, or the price paid for a loan. The literature on the impact of interest rates on FDI presents mixed results. Some studies suggest a positive effect of interest rates on FDI (Mishra and Jena, 2019), while others indicate a negative influence (Chen, 2018) or find no significant effect (Hossain, 2021). To reconcile these differing findings, researchers have focused on factors such as interest rate fluctuations, monetary policies, short- and long-term investor behavior, liberalization, and the business climate (Alshubiri, 2022, p. 573).

Trade openness refers to the extent to which an economy engages with the global trading system, measured by the sum of exports and imports relative to GDP (Alotaibi and Mishra, 2014). This concept primarily concerns the flow of goods and services across borders. It is generally posited that a higher degree of trade openness attracts FDI, due to factors such as economies of scale, expanded markets through regional trade integration, and enhanced investment opportunities (Sajilan et al., 2019, p. 468). Research has shown

that participation in trade agreements is a significant factor in attracting FDI (Bütthe and Milner, 2008). Additionally, the literature typically demonstrates a positive relationship between international trade and FDI (Liargovas and Skandalis, 2012; Lien, 2021).

Gross Domestic Product (GDP) is defined as the total value of all finished goods and services produced within a country's borders. While most studies typically consider FDI as a determinant of GDP, some research has explored the impact of GDP on FDI and generally finds a significant and positive relationship between GDP and FDI (Sen, 2011; Brar et al., 2017). Given that GDP is often viewed as an indicator of a country's economic health (Sen, 2011, p. 11), these findings are consistent with the expectation that higher GDP levels attract FDI.

The exchange rate is defined as the rate at which one currency is converted into another. The impact of exchange rates on FDI can be analyzed from two perspectives: the revenue effect and the cost effect. An increase in the exchange rate can enhance the revenue of exporters, thereby attracting investors focused on export activities, conversely, if production relies heavily on imports, a higher exchange rate can raise costs and potentially deter FDI (Yapraklı, 2006, p. 29). Consequently, empirical results on the relationship between exchange rates and FDI vary, reflecting the influence of country-specific factors and the characteristics of foreign investors (Doğanay et al., 2021, p. 537).

4.2.2. Social, political and institutional variables and FDI

To comprehend how FDI decisions are made, it is crucial to consider the social, political, and institutional environments. Dunning's OLI (Ownership, Location, Internalization) framework highlights the importance of host country characteristics in explaining FDI decisions, with a particular emphasis on the "location" aspect.

Numerous variables have been identified in the literature to represent the social, political, and institutional environments of the host country. These include human capital, corruption, bureaucratic inefficiencies, political rights, quality of life, corporate taxation levels, openness, control of corruption, democratic governance, political stability, rule of law, voice and accountability, government effectiveness, and regulatory quality (Jadhav and Katti, 2012; Rehman, 2016; Chanegriha, Stewart, and Tsoukis, 2017; Forte and Neves, 2021). The prevailing view in the literature is that deficiencies in these environments negatively impact FDI activities (Sabir, Rafique, and Abbas, 2019, p. 2).

This is often explained by the fact that better social, political, and institutional environments reduce the cost of doing business (Mengistu and Ashikary, 2011, p. 281; Jadhav and Katti, 2012, p. 50). Empirical studies confirm that improvements in human capital, quality of life, control of corruption, government effectiveness, political stability, regulatory quality, rule of law, and voice and accountability are associated with increased FDI inflows (Rehman, 2016, p. 267; Sabir, Rafique, and Abbas, 2019, p. 1). It is often asserted that social, political, and institutional factors are more significant than economic factors for understanding FDI patterns (Rehman, 2016, p. 255). However, research on the social, political, and institutional determinants of FDI remains limited. Moreover, the variables used to measure these environments are often similar, and there is a need for new variables to better understand FDI flows. In this context, exploring the role of nationalism in FDI flows at the macro level is a valuable contribution to the literature.

4.3. Bilateral FDI Flows

Studies on FDI flows typically focus on aggregate outflows and inflows. Existing research often investigates single-country cases or unilateral FDI flows, generally considering cross-country comparisons while neglecting the bilateral aspect (Tripathy et al., 2022, p. 2). However, examining FDI at the bilateral level is crucial for identifying context-specific determinants and unique characteristics of both home and host countries that influence the FDI relationship. Therefore, analyzing the FDI relationship between Azerbaijan and Türkiye will provide valuable insights and contribute to the literature in this regard.

Figure 4.1 presents a co-occurrence analysis aimed at elucidating the topics explored in the literature on bilateral FDI flows. The map reveals that China and India are among the most frequently studied countries within this scope. Given their prominence as emerging economies, the heavy focus on these countries is justifiable. Additionally, the gravity model, panel data models, spatio-temporal models (C33 JEL classification), and Poisson pseudo-maximum likelihood are identified as the predominant techniques used to analyze bilateral FDI flows. Researchers also frequently utilize JEL classification codes F21 (International Investment – Long-Term Capital Movements) and F23 (Multinational Firms – International Business) to categorize their studies.

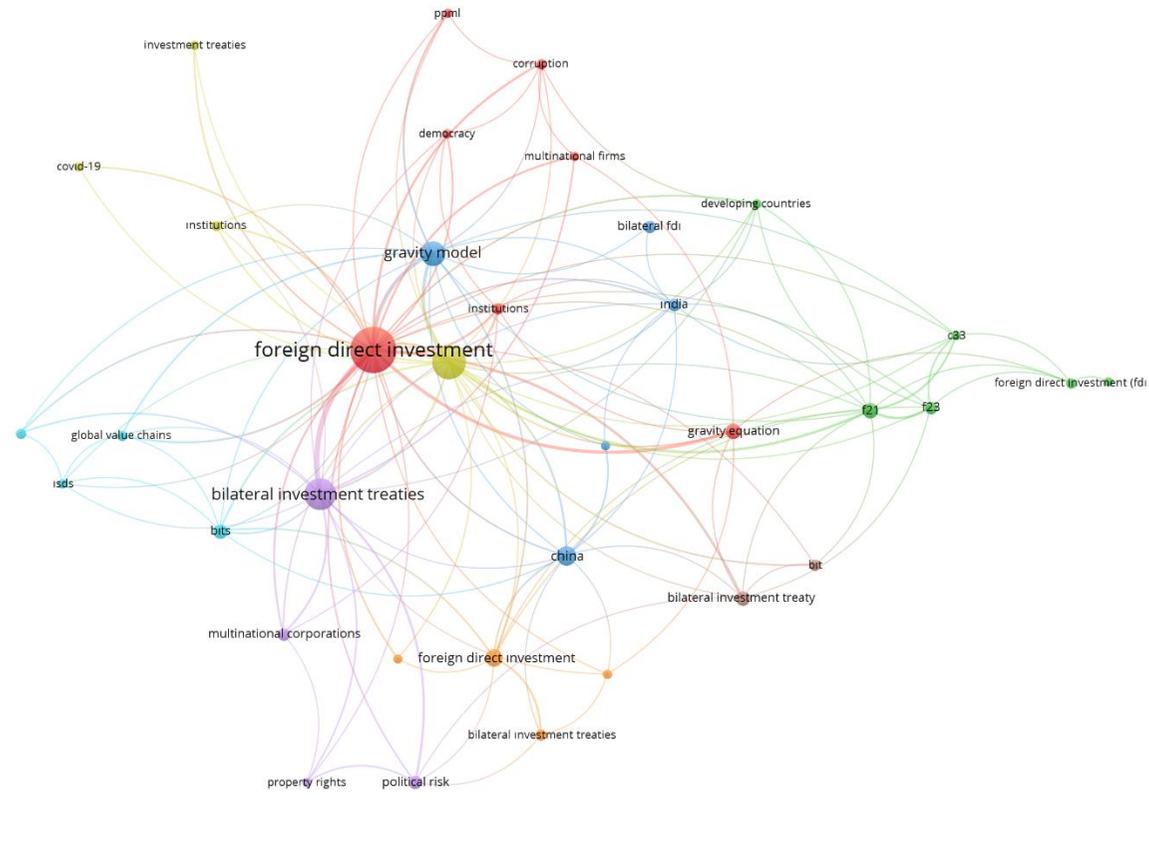


Figure 4.1. Co-occurrence analysis of bilateral FDI flows⁶

⁶ The co-occurrence analysis used the keywords “bilateral FDI,” and its variations. Articles categorized under the fields related to economics & business in the WoS were included. A total of 428 articles, retrieved as of November 18, 2024, were examined.

The map highlights three predominant research areas: bilateral investment treaties (BITs) and free trade agreements (FTAs), the institutional environment, and global value chains. Given the advantages of FDI - such as additional capital, technology transfer, and market expansion - policy makers, particularly in developing countries, are keen to establish BITs and FTAs to enhance their competitive position globally. Despite the substantial increase in the number of BITs over the past fifty years, relatively few studies have investigated whether BITs have effectively promoted FDI attraction (Busse, Königer, and Nunnenkamp, 2010; Kox and Rojas-Romagosa, 2020). Although some studies report contradictory results (Hassan, Abbas, and Maqbool, 2022), the empirical evidence generally supports the view that BITs and FTAs play a significant role in attracting FDI (Busse, Königer, and Nunnenkamp, 2010; Kox and Rojas-Romagosa, 2020; Kotyrlo and Kalachyhin, 2023).

Building on the premise that a thorough understanding of bilateral FDI flows requires an examination of the institutional environment influencing the relationship between home and host countries, several studies have incorporated institutional variables into their analyses of bilateral FDI flows. As depicted in the map, institutions such as democracy, property rights, and corruption are prominently featured. Notably, several observations emerge: autocratic states are more inclined to sign BITs, which are crucial for attracting FDI, compared to democratic states (Rosendorff and Shin, 2015); democratic institutions are believed to mitigate political risks, thereby attracting FDI, although some studies report contrary findings (Tobin and Rose-Ackerman, 2011); property rights are shown to enhance capital flows and encourage bilateral FDI (Mina, 2012); corruption tends to lead to divestment by MNEs and diminish new investments from MNEs (Funk and Trevino, 2017); and corruption is positively associated with FDI inflows into the host country but negatively associated with FDI inflows into the home country (Zander, 2021). Despite the presence of conflicting or similar results in the literature, the consensus is that the institutional environment must be considered within the scope of bilateral investments. The distinctiveness of the relationship between the parties involved in bilateral investments often leads to varying outcomes, underscoring the importance of understanding these unique relationships for advancing FDI literature.

The role of bilateral FDI flows in countries' participation in global value chains represents another key research area concerning bilateral FDI flows. Studies generally indicate that bilateral FDI flows enhance the likelihood of countries engaging in global

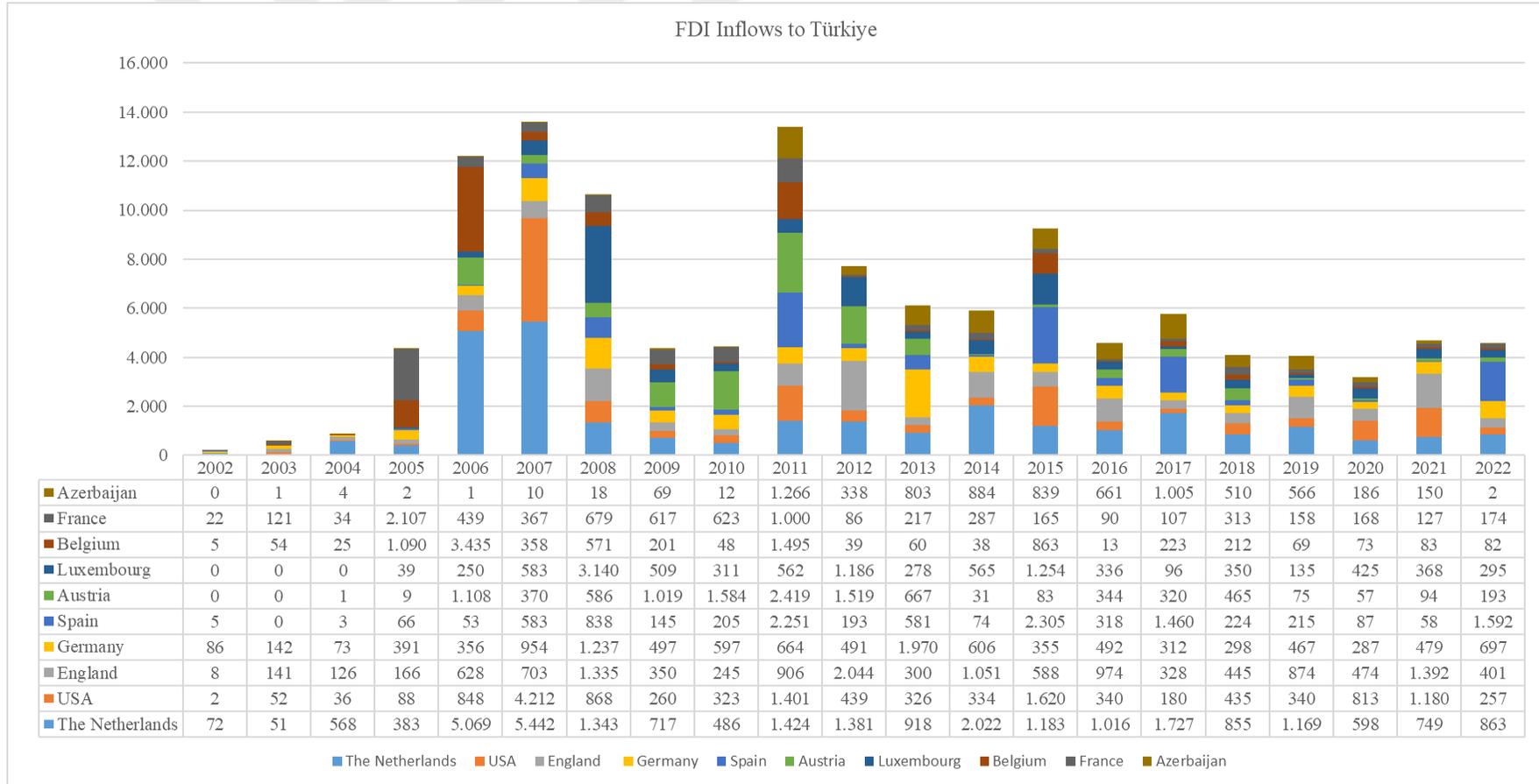
value chains (Buelens and Tirpak, 2017; Boffa et al., 2019; Malesky and Milner, 2021). However, it is also noted that deep regional trade agreements have a more substantial impact on global value chain participation compared to bilateral investments (Boffa et al., 2019).

4.4. Characteristics of FDI flows in Azerbaijan and Türkiye

Understanding the features of FDI flows in Azerbaijan and Türkiye is crucial for analyzing the FDI relationship among them. In this regard, presenting statistics can enhance the comprehension of their respective FDI positions. Therefore, the investment statistics for Azerbaijan and Türkiye will be reviewed separately below.

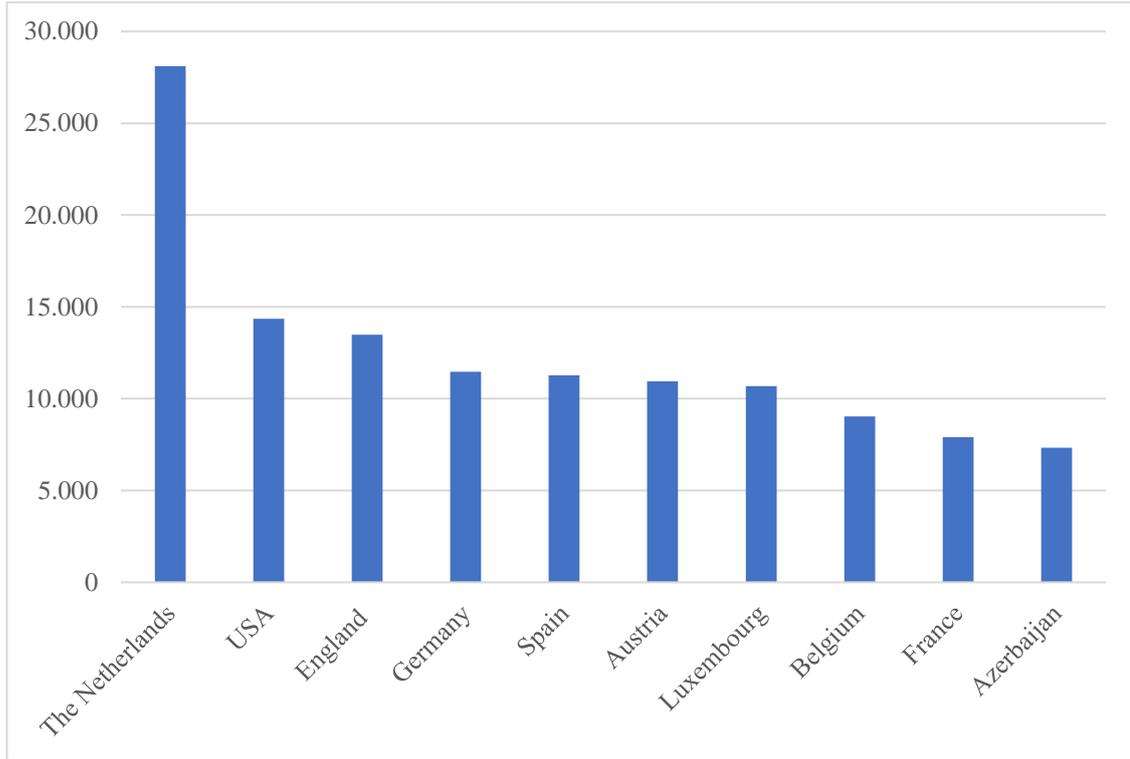
4.4.1. Characteristics of FDI flows in Türkiye

Graph 4.1 illustrates the countries that invested the most in Türkiye between 2002 and 2022 while Graph 4.2 displays the aggregate amount of FDI inflows from these countries to Türkiye by the end of January 2023. An examination of these graphs reveals that the Netherlands is the leading investor in Türkiye, followed by the USA, the United Kingdom, Germany, Spain, Austria, Luxembourg, Belgium, France, and Azerbaijan. A significant portion of FDI inflows to Türkiye originates from European countries, which may be attributed to geographical proximity and the Customs Union Agreement between Türkiye and the European Union. Additionally, the statistics show a decline in aggregate investments to Türkiye after 2015, warranting an exploration of the factors behind Türkiye's reduced FDI attractiveness. Furthermore, while investment levels from some countries, such as the Netherlands and the United Kingdom, remain relatively stable, they are highly volatile for others, like Spain and Belgium, possibly due to the nature of the industries in which these countries invest.



Graph 4.1. FDI inflows to Türkiye⁷

⁷ Data is obtained from the Republic of Türkiye Ministry of Industry and Technology



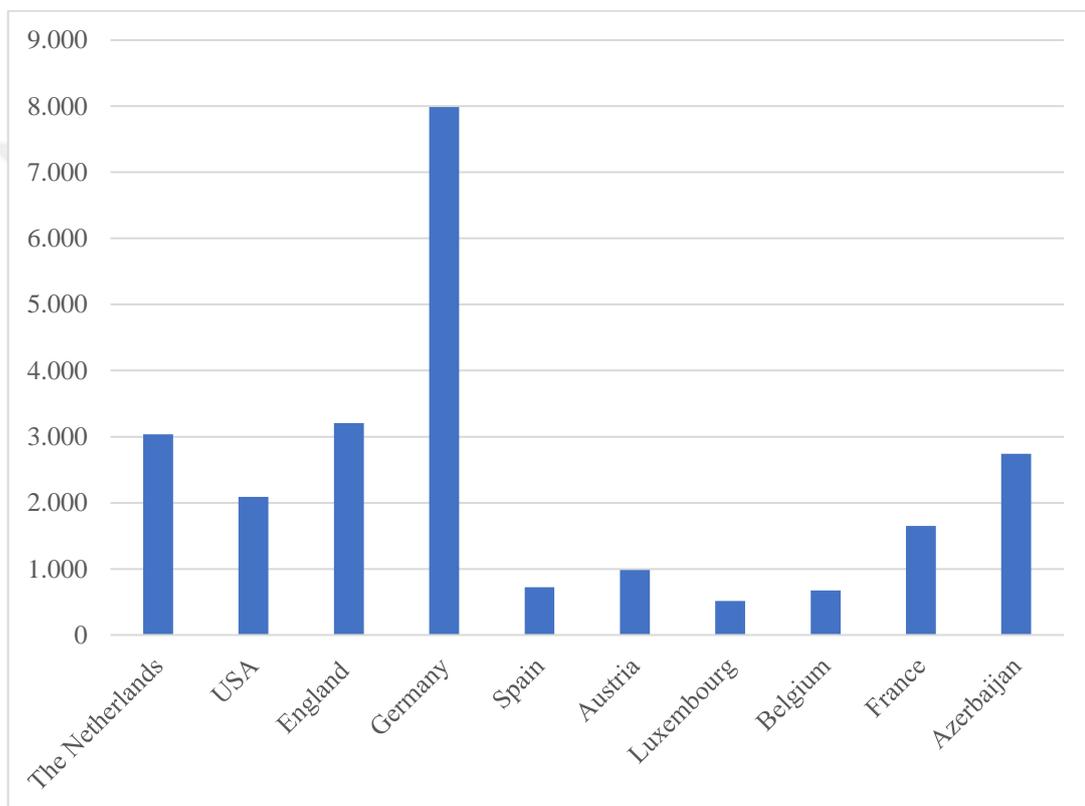
Graph 4.2. Aggregate FDI inflows of countries to Türkiye⁸

Azerbaijan ranks as the 10th largest investor in Türkiye, and although this position suggests relatively lower investment compared to other countries, Azerbaijan’s investment intensity is notable when considering the scale and GDP of the economies in the ranking. In 2018 and 2019, Azerbaijan was the second-largest investor in Türkiye. Peak years for Azerbaijani FDI flows into Türkiye were 2011, 2014, and 2017. Despite some fluctuations, Azerbaijani investment in Türkiye shows an overall upward trend, with 2011 marking the highest level of investment. The substantial increase in Azerbaijani investments post-2011 can be attributed to major projects such as the TANAP (Trans Anatolian Natural Gas Pipeline) and the STAR refinery. However, Azerbaijani investments in Türkiye have declined in the past three years, likely due to the impact of the COVID-19 crisis. Considering these statistics, it is evident that Azerbaijan plays a critical role in Türkiye’s FDI inflows, competing with much larger economies.

Graph 4.3 presents the number of firms operating in Türkiye from the countries that have invested the most between 2002 and January 2023. Graph 4.4 illustrates the sectoral distribution of aggregate FDI inflows to Türkiye during the same period. In terms of the

⁸ Data is obtained from the Republic of Türkiye Ministry of Industry and Technology

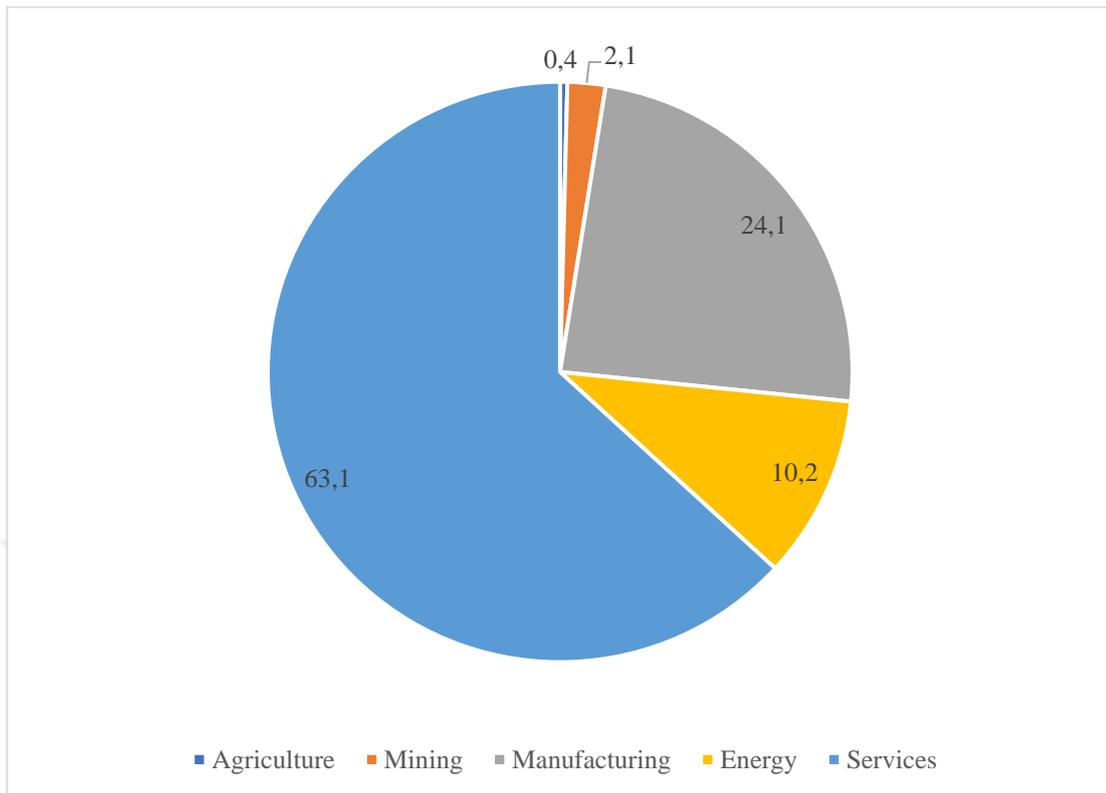
number of firms operating in Türkiye, Azerbaijan ranks fourth, following Germany, the United Kingdom, and the Netherlands, respectively. Germany hosts nearly as many companies as the combined total of the United Kingdom, the Netherlands, and Azerbaijan, indicating that German firms tend to invest in smaller amounts rather than in large-scale investments in Türkiye. However, this interpretation necessitates the analysis of industry-level data, as it is possible to invest substantial amounts in an industry with a relatively smaller number of firms.



Graph 4.3. Number of firms operating in Türkiye⁹

According to Graph 4.4, the services sector attracted the highest FDI inflows between 2002 and January 2023, accounting for 63% of total investments in Türkiye. The services sector is followed by manufacturing, energy, mining, and agriculture sectors, respectively. Given the nature of Azerbaijani investments, such as those by SOCAR and projects like TANAP, it is reasonable to conclude that Azerbaijani investments are heavily concentrated in the energy sector, which accounts for 10% of total investments in Türkiye, indicating significant competition in this field.

⁹ Data is obtained from the Republic of Türkiye Ministry of Industry and Technology

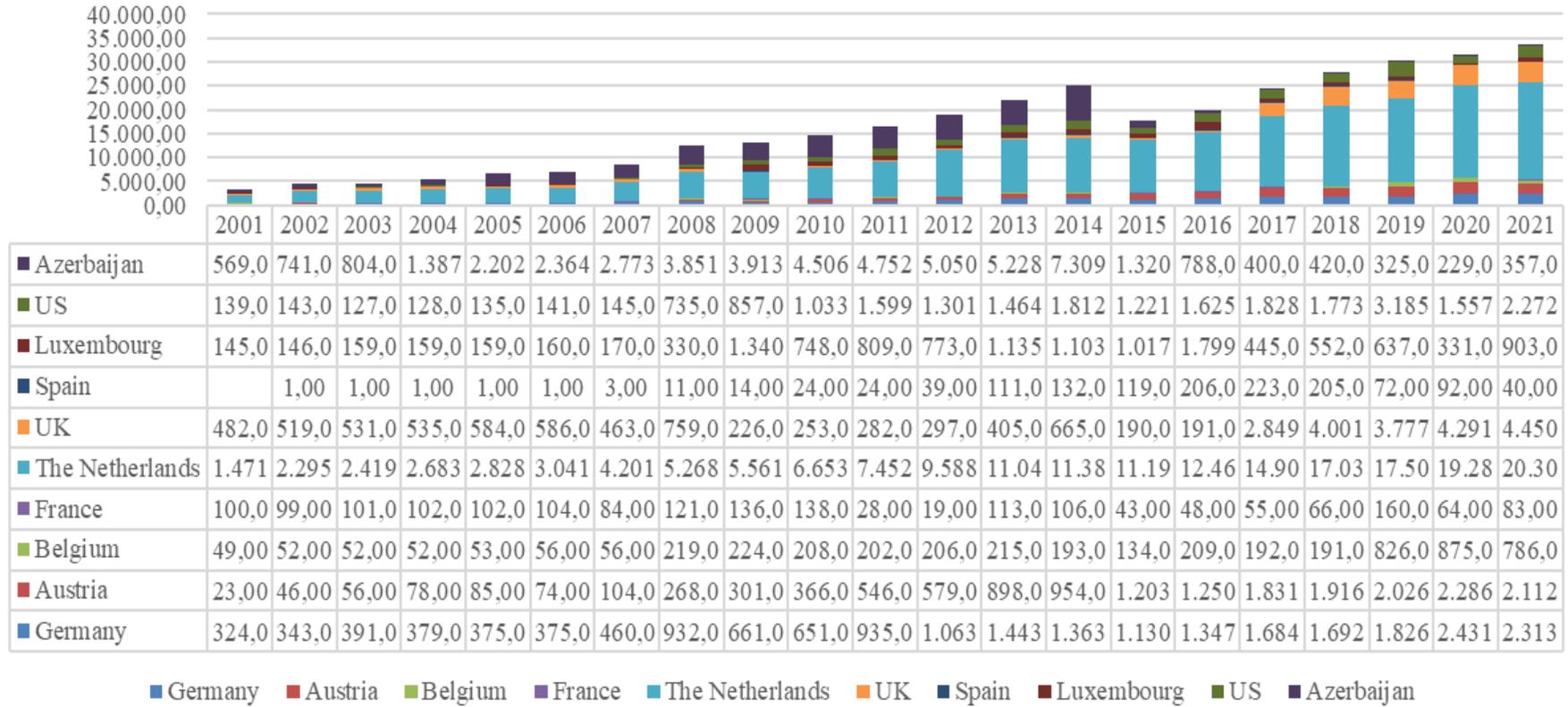


Graph 4.4. Sectoral distribution of FDI inflows in Türkiye¹⁰

Graph 4.5 illustrates Türkiye’s FDI outflows to the countries listed in Graph 4.1, from 2001 to 2021, measured in millions of US dollars. Graph 4.6 displays Türkiye’s aggregate FDI outflows to these countries. The Netherlands emerges as the leading destination for Türkiye’s investments, with a consistent upward trend from 2001 to 2021, including throughout the Covid-19 pandemic. Azerbaijan ranks second, with Turkish investments rising steadily from 2001 to 2014, then fluctuating without surpassing the 2014 peak. Türkiye’s FDI in Azerbaijan is nearly double that in the UK, which ranks third, and significantly exceeds the combined investments in the bottom five countries. These patterns highlight Azerbaijan’s significant role in Türkiye’s outward investment strategy.

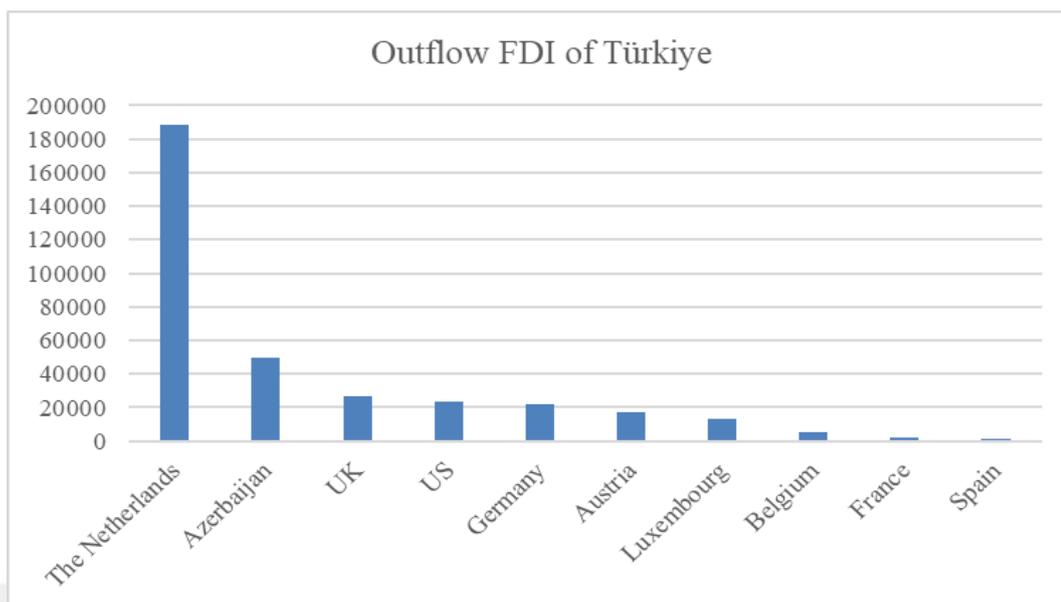
¹⁰ Data is obtained from the Republic of Türkiye Ministry of Industry and Technology

FDI Outflow of Türkiye



Graph 4.5. FDI outflows of Türkiye¹¹

¹¹ Data are obtained from the Central Bank of Republic of Türkiye.



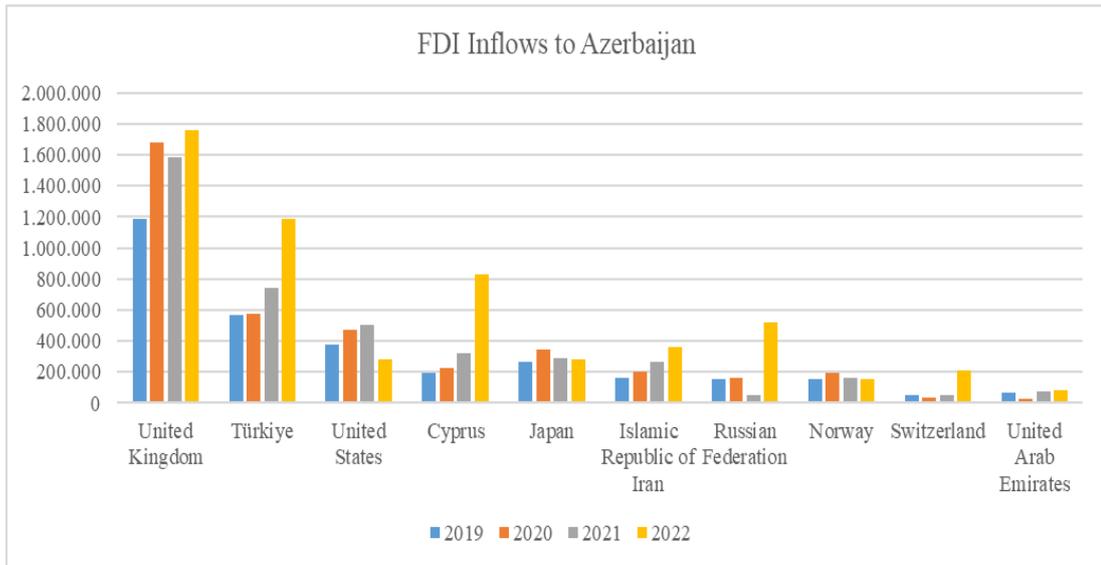
Graph 4.6. Aggregate FDI outflows of Türkiye¹²

4.4.2. Characteristics of FDI flows in Azerbaijan

Graph 4.7 shows the countries that invested the most in Azerbaijan from 2019 to 2022, while Graph 4.8 lists the countries where Azerbaijan invested the most during the same period. All data are expressed in thousands of US dollars. The interval of 2019-2022 was selected due to the availability of data for these years.

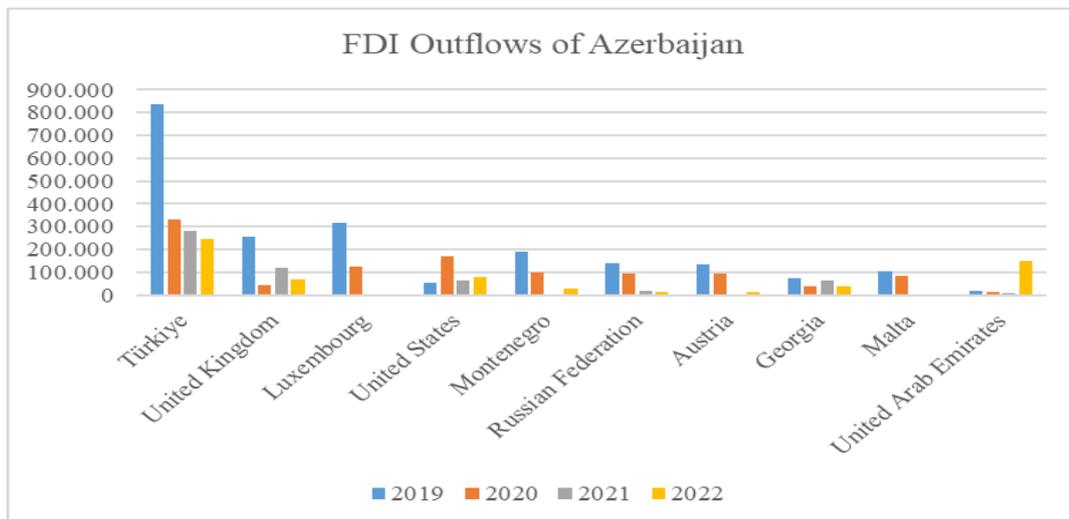
Analysis of Graph 4.7 reveals that the top investors in Azerbaijan from 2019 to 2022 are the UK, Türkiye, the US, Cyprus, Japan, Iran, Russia, Norway, Switzerland, and the UAE. Many of these countries, such as the UK, the US, Iran, Russia, Norway, and the UAE, are experts in natural gas and oil. Given Azerbaijan's rich natural gas resources and these countries' expertise, it is plausible that most FDI inflows target the energy sector. Japanese investments primarily focus on technology and construction, though they also include some oil and gas (AEC, 2021). Switzerland invests in non-oil sectors such as jewelry, construction, and finance, and is a major trading partner for Azerbaijan in the South Caucasus (SW, 2022). Although Cyprus ranks fourth, the nature of its investments in Azerbaijan remains unclear, warranting further investigation. Türkiye, ranked second, is a leading investor in non-oil sectors in Azerbaijan (Aslanlı, 2018). These statistics suggest Türkiye's strong interest in Azerbaijan.

¹² Data are obtained from the Central Bank of Republic of Türkiye.



Graph 4.7. FDI inflows to Azerbaijan¹³

When examining Graph 4.8, it is evident that Azerbaijan allocates a significant portion of its investments to Türkiye. Although there is a noticeable decline in these investments, this trend can be plausibly attributed to Azerbaijan’s efforts to mitigate the adverse effects of the COVID-19 pandemic and Armenia-Azerbaijan war. Azerbaijan’s investments are predominantly concentrated in the energy sector and energy-related projects (Süleymanov and Hasanov, 2013).



Graph 4.8. FDI outflows of Azerbaijan¹⁴

¹³ Data are obtained from Central Bank of the Republic of Azerbaijan.

¹⁴ Data are obtained from Central Bank of the Republic of Azerbaijan.

The presence of four European countries on the list highlights Azerbaijan's preference for investing in Europe, as it consistently channels investments into other European nations, including the Netherlands, Switzerland, Germany, Italy, Spain, and France, between 2019 and 2022. These investments total approximately 439,017 thousand US dollars. Furthermore, Azerbaijan's investment strategy appears to favor its neighboring countries, with investments directed toward Russia, Türkiye, and Georgia, while excluding Iran and Armenia. This selective investment pattern may be attributed to geopolitical tensions, such as the ongoing disputes with Iran and the conflict with Armenia.

Additionally, the presence of countries such as Luxembourg, Montenegro, and Malta on the list is noteworthy. The bilateral investment and taxation treaties signed by Azerbaijan with these nations (US Department of State, 2022) likely play a significant role in influencing Azerbaijan's investment decisions.

4.5. The Role of Nationalism as Brotherhood in FDI Flows Between Azerbaijan and Türkiye

This chapter aimed to analyze FDI as a macroeconomic variable by exploring its determinants, examining the bilateral FDI literature, and detailing the characteristics of FDI flows between Türkiye and Azerbaijan. The determinants of FDI are categorized into two groups: macroeconomic determinants and social, political, and institutional determinants. Despite some contradictory findings, it is generally accepted that improvements in both macroeconomic indicators and institutional environments are conducive to attracting FDI.

Additionally, the chapter highlighted a notable trend in the literature - focusing predominantly on cumulative FDI data while often neglecting bilateral investments. It was noted that the literature primarily concentrates on formal agreements and treaties between countries, frequently overlooking the informal aspects of these relationships. Moreover, the chapter described the characteristics of FDI inflows and outflows in Azerbaijan and Türkiye using relevant statistics.

The statistics suggest a distinctive relationship between Azerbaijan and Türkiye. Despite the relatively smaller economic scale of both countries compared to major

investors such as the UK, US, and the Netherlands, they each rank among the top ten investors in each other's economies. Specifically, Azerbaijan ranks first in FDI outflows to Türkiye and second in FDI inflows from Türkiye. Notably, while most other countries invest in Azerbaijan's oil and gas sectors, Türkiye plays a key role in diversifying Azerbaijan's economy by focusing on non-oil and non-gas industries. Conversely, while other investors in Türkiye largely target non-energy sectors, Azerbaijan focuses its investments on the strategically important energy sector. This mutual investment pattern indicates that Azerbaijan and Türkiye are working to address each other's economic gaps, prioritizing reciprocal support over purely economic self-interest.

Considering both the statistics and the preceding discussion, the emerging evidence supports a positive impact of nationalism on FDI flows between Azerbaijan and Türkiye at the macroeconomic level. In other words, the aggregate investment behaviors of firms influenced by nationalism as brotherhood are observed to positively affect overall FDI flows. Consequently, the hypotheses for this research, as discussed in this chapter, are formulated as follows:

H1: *There is a significant difference between Azerbaijan and other countries' FDI in Türkiye, with this difference favoring Azerbaijan.*

H2: *There is a significant difference between Türkiye and other countries' FDI in Azerbaijan, with this difference favoring Türkiye.*

H3: *There is a positive and significant relationship between nationalism as brotherhood and FDI outflows at the macroeconomic level.*

4.6. Conclusion

This chapter is dedicated to examining the relationship between nationalism as brotherhood and FDI within the macroeconomic context. To begin, the chapter outlines the relationship between FDI and various macroeconomic indicators, such as inflation, interest rates, and GDP, while also considering the social, cultural, and institutional factors that influence FDI. Subsequently, since this study specifically investigates the bilateral FDI relationship between Azerbaijan and Türkiye, the literature on bilateral FDI flows is reviewed. To provide a deeper understanding of the FDI dynamics between these two countries, relevant bilateral FDI flow statistics are presented. The chapter concludes

with the formulation of research hypotheses, which are grounded in both the macroeconomic literature and the discussions presented in the preceding chapters.



5. RESEARCH METHODOLOGY

5.1. Introduction

This chapter presents a detailed outline and justification of the research methodology utilized in this study. Methodology, which can be called “science of method”, is a term different from method. Methodology is the study of concepts, theories and basic principles used in reasoning about a subject, and seeks for the answer to the question of “how do we know?” (Moses and Knutsen, 2012, p. 22). Selecting an appropriate research methodology is contingent upon the specific research objectives, and the chosen methodology is closely linked to the methods utilized in the study. The chapter begins with an overview of the key philosophical paradigms that dominate IB research and provides a justification for adopting conventionalism as the philosophical paradigm for this research. This is followed by a justification of the research approach or reasoning process and the research method adopted in this study, after discussing the dominant research approaches and methods in the existing literature. The final section presents the research design, including the research questions and propositions, unit and level of analysis, data, sample, and considerations of trustworthiness. The structure of this chapter, consisting of six sections, is depicted in Figure 5.1.

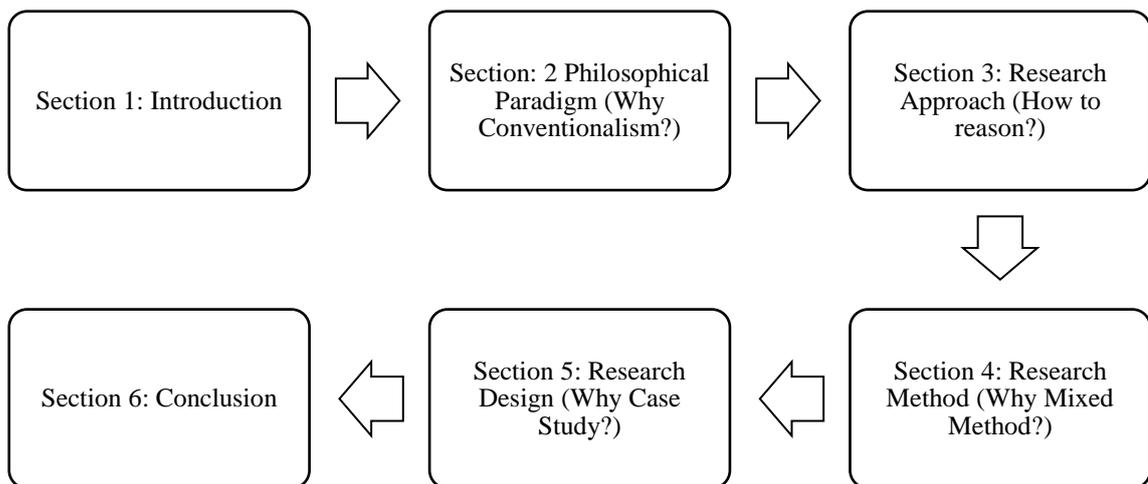


Figure 5.1. Outline of the chapter 5

5.2. Philosophical Paradigm

Philosophical paradigms provide researchers with guidance through their underlying assumptions and principles. Kuhn (1970, pp. 81-95) defines a paradigm as a set of beliefs accepted by the scientific community, encompassing traditions about how problems should be understood. Creswell (2009, p. 6) further defines a paradigm as “*the general orientation about the world and the nature of research a researcher holds.*” A paradigm encompasses assumptions regarding the nature of reality or knowledge (ontology), the way researchers understand and acquire knowledge (epistemology), and the researcher’s perception of values and their role in research (axiology). Paradigms also play a critical role in determining the research approach and method. Various paradigms have been identified in the social sciences. For instance, Moses and Knutsen (2012, pp. 25-34) identify three main paradigms: naturalism, constructivism, and scientific realism (also known as critical realism). Keat and Urry (1975) discuss positivism, realism, interpretivism, and conventionalism as distinct paradigms, while pragmatism is also recognized as a paradigm in social sciences (Morgan, 2014). In this section, the paradigms of positivism, constructivism, critical realism, pragmatism, and conventionalism are reviewed as the main philosophical paradigms¹⁵, followed by a justification for selecting conventionalism as the guiding philosophical paradigm for this research.

5.2.1. Positivism

Positivism, sometimes referred to as naturalism, emerged as a philosophical paradigm in the 19th century, influenced by Auguste Comte’s rejection of metaphysics and his assertion that the truth about reality can only be discovered through scientific knowledge. Positivism is distinguished by several fundamental assumptions, which form the basis of its approach: (i) a singular and unbiased view of reality, (ii) the measurability of reality, (iii) researcher objectivity, (iv) the pursuit of certain and accurate truth, (v) the use of the hypothetico-deductive method to verify hypotheses, and (vi) a preference for experimental and statistic-based methods (Ponterotto, 2005; Moses and Knutsen, 2012; Park et al., 2020). While positivism continues to be a predominant philosophical

¹⁵ For more discussion, you may read Keat and Urry (1975), Benton and Craib (2018), Yildirim (2012), Rosenberg (2012) and Moses and Knutsen (2012).

paradigm in the social sciences, there is a growing trend of increasing prominence for other paradigms.

5.2.2. Constructivism

Constructivism is not a homogenous paradigm; rather, it encompasses a variety of philosophical reflections that have contributed to the development of multiple forms of constructivism (Riegler, 2011, p. 237). This diversity has resulted in the use of different terms with similar meanings, such as interpretivism and phenomenology. Constructivism is characterized by several key assumptions: (i) a relativist ontology, a subjectivist epistemology, and a hermeneutic, dialectic methodology; (ii) the view that reality is constructed and interpretable; (iii) the belief that reality is not independent of the observer; (iv) the recognition of the importance of researchers' perspectives; and (v) the understanding that observations are value-laden (Jonassen, 1991; Denzin and Lincoln, 2007; Moses and Knutsen, 2012).

5.2.3. Critical Realism

Critical realism, much like constructivism, is recognized under various alternative names, such as transcendental realism, relational realism, empiric realism, and scientific realism. Critical realism can be considered an all-encompassing paradigm as it integrates elements of both positivism and constructivism to offer a comprehensive account of ontology and epistemology (Lawani, 2021, p. 320). The fundamental principles of critical realism can be outlined as follows: (i) a positivist ontology, (ii) a constructivist epistemology, (iii) a pluralist methodology, and (iv) a focus on the importance of questions over methods (Morais, 2011; Moses and Knutsen, 2012; Bogna et al., 2020).

5.2.4. Pragmatism

Pragmatism is a research paradigm that emphasizes the outcomes of research and the research question itself rather than the specific methods employed. Tashakkori and Teddlie (2003, p. 713) define pragmatism as “*a deconstructive paradigm that debunks concepts such as “truth” and “reality” and focuses instead on “what works” as the truth*

regarding the research questions under investigation. Pragmatism rejects the either/or choices associated with the paradigm wars, advocates for the use of mixed methods in research, and acknowledges that the values of the researcher play a large role in interpretation of results.”. The key tenets of pragmatism can be summarized as: (i) an anti-ontological stance, (ii) a social constructivist epistemology, (iii) a pluralist methodology, and (iv) the use of abductive reasoning (Fishman, 1991; Vladimir, 2004; Lohse, 2017; Kaushik and Walsh, 2019).

5.2.5. Conventionalism

Conventionalism, which is sometimes conflated with instrumentalism or pragmatism, is a paradigm developed to assess the status of certain theoretical propositions (Hibbers, 2005, p. 82). It primarily addresses the terms and relations - referred to as “conventions” - that constitute these propositions. Conventionalism is founded on three main claims: (i) scientific propositions are not considered true or false descriptions of an external reality that exists independently of human perception, but rather as constructs or constructions of the scientist; (ii) the acceptance or rejection of a scientific theory is subjective; and (iii) the truth or falsity of theories is not determined by empirical data (Keat and Urry, 1975, p. 103). Conventionalism posits that the meaning of some or all linguistic terms (conventions) is not derived from the characteristics of the world to which these terms are purported to refer (Hibbers, 2005, p. 82). According to this paradigm, the physical world of scientists is not determined by scientific theories but is instead created or constructed by them (Keat and Urry, 1975, p. 103). Science is viewed from a sociological or psychological perspective rather than a logical one, with theories shaping what is considered “real” by scientists, rather than describing reality itself (Blaikie, 2007, p. 24). Conventions do not convey, nor are they claimed to convey, knowledge about the subject of each proposition; therefore, these conventions cannot be true and are not subject to verification (Hibbers, 2005, p. 82). The existence or adequacy of rational, universally valid criteria and standards for evaluating scientific activity is denied (Keat and Urry, 1975, p. 103). This results in conventions being seen as analytic, allowing for the development of propositions consisting of a network of conventions that can be applied to various conditions. Conventionalists argue that scientific theories are created by scientists as convenient tools for examining the world, meaning that theories

or tools are justified if they produce the desired results (Blaikie, 2007, p. 23). Theories determine what is considered real, and a fundamental change in theories results in a different perceived world (Keat and Urry, 1975, p. 103). Although conventionalism shares similarities with constructivism and pragmatism, it remains distinct from these paradigms. While constructivism views reality as a human creation, conventionalism regards reality as the invention of the scientist (Blaikie, 2007, p. 24). Pragmatism (instrumentalism) can be regarded as a variant of conventionalism that, in principle, shares numerous similarities with positivism in practice. Pragmatism aligns with conventionalism in its rejection of absolute truth and falsity in scientific theories, and emphasizing practical interests as the primary criterion for their acceptance or rejection; however, pragmatism also exhibits affinities with positivism due to the consequences of the type of scientific activity it supports (Keat and Urry, 1975, p. 111).

5.2.6. Rationale for choosing conventionalism as the philosophical paradigm

Choosing an appropriate research paradigm is a critical step in any research endeavor, as paradigms shape the entire trajectory of the study by providing a framework grounded in accepted assumptions and principles related to ontology, epistemology, and methodology. This choice significantly influences the success or failure of the research. While there are no definitive standards for selecting an appropriate paradigm, the decision primarily hinges on the nature and scope of the study, as well as the research questions and objectives (Elgamodi, 2017, p. 147).

Although conventionalism is distinct from pragmatism and constructivism, it encompasses a broad spectrum of philosophies that emphasize the inherent dependence of scientific theories on human perception, conceptualization, and judgment (Mingers, 2004, p. 377). In this regard, conventionalism can be viewed as a paradigm with a relativist ontology and subjectivist epistemology. However, it is not confined to purely qualitative methods; rather, a conventionalist may employ both qualitative and quantitative methods in their research due to the methodological simplicity, where the choice of method is determined by the researcher's discretion (de Paz, 2014).

As discussed in previous chapters, this research introduces the novel concept of "nationalism as brotherhood," derived from a unique case involving Azerbaijan and Türkiye. The study aims to understand how this concept operates within the context of

FDI relationships. This involves a focus on “nationalism as brotherhood” - a concept that is socially constructed and conceptualized by the researcher - while also examining its impact on firms’ FDI decisions. The incorporation of both cultural (subjective) and economic (objective) perspectives introduces a level of complexity. This complexity underpins the decision to adopt conventionalism as the philosophical paradigm for the study. The following arguments elucidate this rationale:

- Conventionalism is a tolerant paradigm (Outhwaite, 1987, p. 44), allowing for the exploration of the complex interactions between actors’ perceptions and opinions - including those of the researcher - regarding “nationalism as brotherhood” and its influence on economic activities typically considered “rational” and conducted by firms. Given that this research aims to elucidate both the context and mechanisms governing the relationship between nationalism as brotherhood and FDI in the context of Türkiye and Azerbaijan, it necessitates a subjectivist approach that employs both qualitative and quantitative methods to capture the objective/economic and the subjective/cultural aspects of the relationships.
- Conventionalism permits both the utilization of established theories and the development of original concepts. The “keep theories talking” principle of conventionalism (Outhwaite, 1987, p. 59) enables the research to pragmatically employ terms and arguments to elucidate the mechanisms regulating the relationship between FDI and nationalism as brotherhood. Furthermore, since conventionalism allows the researcher to construct their own reality through the creation of conventions (Blaikie, 2007, p. 24), it facilitates the development of a novel convention, such as “nationalism as brotherhood”.
- Conventionalism enables skepticism toward both theoretical frameworks and empirical data (Outhwaite, 1987, p. 24). This flexibility allows for a less rigid adherence to specific theories, avoiding a narrow focus on the acceptance or rejection of a scientific theory. Instead, it facilitates a more nuanced and detailed understanding of the phenomena under investigation.

5.3. Research Approach

The research approach pertains to the way of reasoning underpinning a study. Reasoning can be defined as “*the making or granting of assumptions called premises*”

(starting points) and the process of moving toward conclusions (end points) from these assumptions by means of warrants (rules)." (Walton, 1990, p. 403). In this context, the research approach refers to the overarching orientation of the study concerning theory generation and testing. The literature identifies three principal research approaches: deduction, induction, and abduction¹⁶.

5.3.1. Inductive, deductive and abductive approaches

Induction involves making inferences about unobserved objects or phenomena based on prior observations. It is used to (i) define relationships between objects or phenomena through observations and experiences, (ii) formulate general expressions and rules, and (iii) make generalizations (Yıldırım, 2012, pp. 52-53; Kamer, 2014, p. 52). In inductive reasoning, the truth of the premises does not ensure the truth of the conclusion, and increasing the number of observations in the premises does not provide sufficient evidence to conclusively support the resulting claim (Yıldırım, 2012, pp. 53-54; Kamer, 2014, p. 52).

Deduction involves deriving a logically certain conclusion from one or more premises (Kamer, 2014, p. 50). The characteristics of deductive reasoning can be summarized as follows: (i) conclusions cannot extend beyond the premises, (ii) it serves to make implicit claims explicit and clear, and (iii) conclusions are necessarily true if all requirements of deductive logic are properly applied and all premises are true (Yıldırım, 2012, p. 51; Kamer, 2014, p. 50).

Abductive reasoning aims to explain a phenomenon by starting from the phenomenon itself and interpreting it as a result, while treating the explanations as the causes of that phenomenon (Kamer, 2014, p. 54). It comprises three dimensions: (i) abduced hypotheses, which are generated as conjectures, (ii) evidence that is intended to be explained, and (iii) the beliefs or cognitive mechanisms that lead to the abduction (Schurz, 2008, p. 205). Abductive reasoning is ampliative, meaning that the conclusions extend beyond the knowledge contained in the premises and provide additional insights (Kamer, 2014, p. 54). This distinguishes it from deductive reasoning. Unlike induction, which relies on observed data to generalize, abduction is used to infer the unobserved causes or explanatory reasons behind observed events (Schurz, 2008, p. 202). Peirce's

¹⁶ For more discussion, you may read Yıldırım (2012).

perspective on abductive reasoning, as quoted by Hanson (1981, pp. 85-86), further elucidates this process:

“Abduction consists in studying facts and devising a theory to explain them. Its only justification is that, if we were ever to understand things at all, it must be in that way ... Abduction, although it is very little hampered by logical rules, nevertheless is logical inference, asserting its conclusions only problematically, or conjecturally, it is true, but nevertheless having a perfectly definite form ... Deduction proves that something must be; Induction shows that something actually is operative; Abduction merely suggests that something may be.”

5.3.2. Justification of abduction as a research approach choice

Given the adoption of the conventionalist philosophical paradigm and the nature of the research problem, this study employs an abductive research approach. As outlined, the objective of this study is to explore the dimensions of “nationalism as brotherhood” and to understand how this concept positively influences FDI flows between Azerbaijan and Türkiye. This research considers two phenomena that can be viewed as “results” needing explanation and their causes: (i) nationalism as brotherhood and (ii) the positive impact of this nationalism on FDI flows. Rather than focusing on making implicit claims explicit or on generalizations, this study seeks to deepen understanding of the phenomenon itself (nationalism as brotherhood) and the mechanisms underlying its positive impact on FDI. Additionally, the study emphasizes the conjecture leading to the phenomenon, aiming to elucidate the reasons behind it. Therefore, an abductive approach is most suitable for achieving these objectives.

5.4. Research Method

Research method can be considered as the framework that ensures the scientific validity of knowledge or results. It outlines how to systematically build knowledge while minimizing biases, involves making critical decisions that shape the research practice, guides the evidence collection process, and establishes logical rules (Patten and Newhart, 2017, p. 3). The choice of research method pertains to how the researcher makes these decisions. Common research methods include quantitative, qualitative, and mixed

methods (Williams, 2007, p. 65). Although all methods involve the processes of data collection, analysis, interpretation, and reporting, quantitative and qualitative methods differ in how these processes are implemented (Creswell, 2014, p. XXIV).

5.4.1. Quantitative method

Quantitative method involves testing objective theories by examining the relationships among variables (Creswell, 2014, p. 4). This method is fundamentally based on structured or controlled observations (Punch, 2009, cited in Alshareef, 2018, p. 174). The characteristics of quantitative method includes: (i) the assumption that reality is objective, (ii) the ability to define and measure variables and their relationships, (iii) the objective approach of researchers to the research process, (iv) the goals of generalization, prediction, and explaining causality, (v) the central role of theory and hypotheses, (vi) the necessity for standardized data collection tools, and (vii) the requirement for digitized data (Yıldırım and Şimşek, 2011, p. 49). It can be argued that the assumptions of positivist research philosophy and inductive reasoning are closely related to these characteristics. Within quantitative method, various research designs are employed, including survey design, quantitative case studies, econometric studies, and experimental design.

5.4.2. Qualitative method

Qualitative method focuses on exploring and understanding the meanings individuals or groups assign to social phenomena (Creswell, 2014, p. 4). This method is often based on human experiences and narratives that cannot be quantified, measured, or controlled (Cohen et al., 2007, cited in Alshareef, 2018, p. 175). The characteristics of qualitative method includes: (i) the view that reality is constructed and subjective, (ii) the complexity and interrelatedness of variables, which makes measuring their relationships difficult, (iii) the participatory and potentially subjective role of the researcher, (iv) the emphasis on in-depth description, interpretation, and understanding of actors' perspectives, (v) the generation of theories or propositions, or the illustration of new patterns, (vi) the necessity for rich and detailed data, and (vii) the pursuit of multiplicity and difference (Yıldırım and Şimşek, 2014, p. 49). It can be argued that the assumptions of constructivist research philosophy align closely with the characteristics of qualitative

method. Research designs within qualitative method include phenomenology, ethnography, qualitative case studies, among others.

5.4.3. Mixed method

Mixed methods have gained significant popularity across various disciplines and countries in recent years. This approach enables researchers to address research questions by integrating different methods, methodologies, and paradigms (Toraman, 2021, p. 1). It involves the collection of both qualitative and quantitative data, as well as the integration of these distinct data forms, with the premise that their combination yields a more comprehensive understanding than either method alone (Creswell, 2014, p. 4). Mixed methods offer researchers a broad range of methodological choices throughout the research process, including purpose, design, methods, sampling, data collection and analysis, and interpretation (Byrne and Humble, 2007, p. 1). This approach is particularly advantageous when researchers aim to investigate questions from multiple perspectives (macro, meso, micro), examine different aspects of a phenomenon (experience and behavior), or simultaneously explore mechanisms, associations, and risks (Morse, 2016, p. 13). The characteristics of mixed methods align closely with the assumptions of pragmatist and conventionalist research philosophies. Among the various mixed methods designs are convergent parallel, explanatory sequential, exploratory sequential, transformative, embedded, and multiphase mixed methods, all of which combine qualitative and quantitative research designs.

5.4.4. Rationale for choosing exploratory sequential mixed method as research method

According to Greene et al. (1989, p. 259), there are five main justifications for using mixed methods: triangulation, complementarity, development, initiation, and expansion. Triangulation justifies the use of mixed methods by seeking corroboration, convergence, and correspondence among results from different methods, thereby aiming to enhance the validity of constructs and research findings by addressing or maximizing the heterogeneity of irrelevant sources of variance while complementarity explains the rationale for choosing mixed methods through the need to elaborate, enhance, illustrate,

or clarify results from one method with results from another method (Greene et al., 1989, p. 259). Development involves using the results from one method to assist in developing or informing another method (Greene et al., 1989, p. 259). Initiation seeks to discover paradoxes, contradictions, or new perspectives, and to reformulate questions or results from one method in light of those from another method, while expansion aims to extend the breadth and range of inquiry by using different methods for different components of the research (Greene et al., 1989, p. 259). In relation to these justifications, this study employs mixed methods for the following reasons:

- **Triangulation:** This study employs various data sources, including both primary data (e.g., open-ended questions) and secondary data (e.g., speeches, macroeconomic indicators). The use of mixed method is particularly suitable for this study because it aims to facilitate a more valid discussion by comparing different data sources across various levels of analysis (societal, firm and macroeconomic). This comparison helps to identify similarities and differences in perceptions regarding the relationship between nationalism as brotherhood and FDI, as well as in understanding nationalism as brotherhood itself as a concept. Mixed method enables cross-checking between different data sources, which is essential given that the phenomenon under investigation is presented as a new concept. Thus, extensive cross-checking is necessary to ensure robust and reliable findings.

- **Complementarity:** The phenomenon examined in this study encompasses multiple overlapping facets. For instance, the impact of nationalism as brotherhood at the country level occurs through mechanisms that influence firm-level investment decisions. This necessitates the use of findings from one method to enhance, illustrate, clarify, and elaborate on the results obtained from other method. Specifically, results from qualitative method used to understand nationalism as brotherhood support the qualitative analysis of mechanisms regulating the relationship between nationalism as brotherhood and FDI, as well as the quantitative analysis illustrating this relationship at the country level. By employing a mixed method, a more comprehensive and nuanced understanding of the concept of nationalism as brotherhood and its relationship with FDI can be achieved.

- **Expansion:** This study seeks to examine the phenomenon of nationalism as brotherhood and its effects on FDI through various mechanisms. The mixed method

enables us to analyze both the process by which this phenomenon occurs and its influence on FDI, as well as the outcomes of this process, specifically the impact of nationalism as brotherhood on FDI at both the firm and country levels. In this context, the qualitative method aids in elucidating the process, while the quantitative method facilitates the illustration of the outcomes. Thus, the mixed method approach allows for a comprehensive evaluation by “telling the full story.”

This research employs an exploratory sequential mixed methods approach. This method, as outlined by Creswell (2014, p. 16), initiates with a qualitative phase designed to explore participants’ perspectives, followed by a quantitative phase that specifies the relevant variables. The exploratory sequential mixed method begins with qualitative data collection and analysis to explore the topic in depth, and the insights gained from this phase inform the subsequent quantitative phase. This second phase involves developing and quantitatively assessing new variables based on a scale, survey, digital tool, or qualitative data (Creswell et al., 2018, cited in Toraman, 2021, p. 18). In this research, the qualitative phase focuses on elaborating the concept of nationalism as brotherhood and understanding its mechanisms at the firm level. The subsequent quantitative phase examines the impact of nationalism as brotherhood on FDI at the macroeconomic level, treating nationalism as an independent variable and measuring it as a dummy variable. Therefore, the exploratory sequential mixed methods approach is particularly suited to this research.

5.5. Research Design

The research design plays a crucial role in structuring data collection and analysis by providing a systematic framework (Bryman and Bell, 2007, p. 40). It dictates the organization of the study, ensuring that the collected evidence aligns as closely as possible with the research questions. To achieve this alignment, it is essential to determine the nature of the required evidence, which may pertain to either theory testing or phenomenon exploration. Various research designs are available, and selecting the appropriate design depends on the study’s nature and the chosen method. This study employs a mixed case study research design, and the rationale for this choice is elaborated in the following subsection.

5.5.1. Rationale for choosing mixed case study as research design

A case study is defined as a research design that involves an intensive and detailed examination of a particular situation, event, organization, or social unit (Schoch, 2020, p. 245). According to Yin (2003, p. 13), a case study is “*an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.*” Case studies can be categorized based on their purposes - explanatory, exploratory, and descriptive (Pathiramage et al., 2020, p. 364) - and also by the methods used, such as quantitative, qualitative, and mixed case studies. This study primarily focuses on the unique form of nationalism termed “nationalism as brotherhood,” which is inherently intertwined with its context. As previously justified, investigating this form of nationalism is most effective through a mixed method approach. Consequently, this study employs a mixed case study research design. The rationale for this choice is outlined as follows:

- The relationship between Azerbaijan and Türkiye represents a unique case, as described in previous sections. This context necessitates an in-depth, holistic, and focused perspective to facilitate a more comprehensive understanding. Such a perspective can be achieved through the use of a case study research design (Feagin et al., 1991, cited in Alawadhi, 2013, p. 97).
- Case study research design is typically employed when researchers seek to answer “how,” “what,” and “why” questions regarding a contemporary phenomenon (Swanson and Holton, 2005, p. 330). Since this study aims to address questions such as what the main characteristics of this new form of nationalism are, why this form of nationalism positively impacts FDI flows, and how this nationalism shapes FDI relationships between Azerbaijan and Türkiye, the case study research design is particularly well-suited for this investigation.
- Case study research design is also appropriate when the case is complex and the researcher does not manipulate or have control over the behavioral events under study (Yin, 2019, p. 39). In this research, there is no manipulation of the nationalistic sentiments of participants, nor is there any control over the case itself. This lack of manipulation further justifies the use of the case study research design in this study.

- Case studies are particularly effective for gaining an in-depth, contextual understanding of a situation, allowing researchers to explore how various factors interact and influence outcomes. Given that this study aims to achieve a contextual understanding, the case study research design is deemed appropriate for this research.

5.5.2. Research questions and propositions

As discussed in previous chapters, this research introduces a novel concept of nationalism termed “nationalism as brotherhood” and aims to examine its relationship with FDI at both the firm level and macroeconomic level. Accordingly, this study seeks to address three fundamental research questions:

1. What are the key characteristics and dimensions of this new form of nationalism?
2. What mechanisms explain the positive impact of this new form of nationalism on the FDI decisions of firms towards brother countries?
3. What is the impact of this new form of nationalism on FDI flows at the macroeconomic level?

Regarding the first research question, this study proposes that the concept of “nation,” which underpins nationalist thought, can be broadened to encompass people residing in two different countries referred to as “brothers.” This expanded understanding highlights unique characteristics in the relationship between these brother countries, distinguishing them from other nations.

The second research question aims to explore how the distinctive characteristics of this new form of nationalism facilitate FDI flows between brother countries at the firm level. The study formulates its propositions based on three theories. Drawing from Institutional Theory, it argues that investing in brother countries is perceived as a more legitimate decision, prompting firms to invest in or prioritize these countries in their investment choices. Informed by Social Network Theory, the research suggests that the notion of being “brothers” forms a socially embedded tie that fosters mutual trust among firms from these countries, thereby encouraging investment. Finally, grounded in Transaction Cost Theory, the study posits that firms from brother countries act less opportunistically, aligning their behavior with the common interests of the brother

countries rather than pursuing purely rational objectives like profit maximization or resource acquisition. This behavior reduces transaction costs, thereby enhancing FDI flows between brother countries.

The third research question seeks to examine the relationship between nationalism as brotherhood and FDI flows at the macroeconomic or inter-country level. The study hypothesizes that there is a positive and statistically significant relationship between nationalism as brotherhood and FDI outflows at the macroeconomic level. Furthermore, it posits that there is a significant difference between the home brother country (e.g., Türkiye) and other countries concerning the percentage of their FDI outflows directed to the host brother country (e.g., Azerbaijan), favoring the host brother country.

5.5.3. Unit and level of analysis

Clarifying the unit and level of analysis is particularly crucial for a case study design employing mixed methods, as it necessitates the examination of diverse data types to draw conclusions. The unit of analysis refers to the specific object, individual, group, event, or phenomenon that the researcher focuses on. It is intrinsically linked to the research objectives, questions, and propositions. This study aims to elucidate how the newly proposed concept of “nationalism as brotherhood” influences FDI flows between Azerbaijan and Türkiye, which are characterized as brother countries. Consequently, the unit of analysis for this research is the FDI relationships between Azerbaijan and Türkiye.

The level of analysis pertains to the scope or scale at which research is conducted and defines the extent to which the researcher investigates and examines the unit of analysis. Various levels of analysis exist, ranging from individual and group levels to firm, macro, or societal levels. This study addresses the topic from multiple perspectives, each necessitating a different level of analysis. Firstly, the study explores the newly proposed concept of “nationalism as brotherhood” by analyzing speeches from various societal stakeholders, aiming to define and understand this concept within the context of the brother countries’ societal perspectives. Thus, the level of analysis for the first research question is societal. Secondly, the research investigates the mechanisms associated with this concept and their influence on the FDI decisions of firms. Consequently, the level of analysis for the second research question is firm-level. Lastly, the third research question assesses the impact of “nationalism as brotherhood” on FDI

flows between Azerbaijan and Türkiye. Therefore, the level of analysis for the third research question is macroeconomic level, focusing on inter-country FDI flows.

5.5.4. Research data

This study employs both quantitative and qualitative methods, utilizing primary and secondary data to address its research questions. Various data sources are employed to answer different research questions. Specifically, secondary and qualitative data are used to address the first research question. For this purpose, secondary documents such as speeches, press releases, letters, news articles, and other relevant materials from stakeholders involved in FDI were collected. These documents include those from President Recep Tayyip Erdogan, President Ilham Aliyev, the economy ministers of Azerbaijan and Türkiye from 2014 to 2023, managers of firms investing in both countries, as well as representatives from various chambers of commerce, ambassadors, mayors, and congressmen. The focus on economy ministers is due to their primary role in FDI matters. Detailed sources and data are provided in Appendix 1. To ensure data heterogeneity and enhance trustworthiness, efforts were made to include a variety of sources. The dataset comprises 162,327 words. Additionally, the first research question requires contextual data on Azerbaijan-Türkiye relations, including the frequency of presidential visits, the structure of accompanying delegations, and the number and content of bilateral agreements. As no pre-organized dataset was available for these descriptive statistics, the researcher collected and organized this data manually from official sources, such as the Official Gazette of the Republic of Türkiye and the official website of the Presidency of the Republic of Türkiye. Agreements were reviewed and summarized individually by the researcher. All data were recorded in Microsoft Word and analyzed using Microsoft Excel.

To address the second research question, primary qualitative data were collected through open-ended questions, which are crucial for exploring how nationalism as brotherhood influences firms' FDI decisions in favor of brother countries. Open-ended questions were directed at managers with direct or indirect involvement in FDI decisions within their firms. In total, 23 managers responded to these questions via an online form. While the number of participants in qualitative studies is typically less critical than achieving data saturation (as discussed in the following chapter), the participation of 23

individuals is deemed acceptable in comparison to similar studies in the social sciences (Williams et al., 2009; Ollington, Gibb, and Harcourt, 2013; Lin and Lin, 2018; Eijdenberg et al., 2019). Each participant took approximately 12 minutes to complete the questions. The open-ended questions were guided by a set of pre-determined queries, developed based on a critical review of the literature, the three theories underpinning the study, and the data gathered to address the first research question. The final version of these questions was refined through a detailed review by three experts. The list of questions and their specific purposes are detailed in Appendix 2. Approval for the interview questions was obtained from the Izmir Bakırçay University Ethics Committee.

Secondary and quantitative data were collected to test the hypotheses related to the third research question. Specifically, data on OFDI for Azerbaijan and Türkiye, which serve as the dependent variables, were obtained from the Central Bank of Azerbaijan and the Central Bank of Türkiye, respectively. Nationalism as brotherhood was operationalized as a dummy variable, with “1” indicating the presence of a brotherhood relationship and “0” indicating its absence. Data for additional control variables - such as GDP per capita, exports, geographical distance, and exchange rates - were sourced from reputable international institutions, including the World Bank, the International Monetary Fund, and Google. The dataset for Türkiye spans from 2001 to 2023, while the dataset for Azerbaijan covers the period from 2019 to 2023.

5.5.5. Research sample

A sample is a subset of a larger population chosen for study, with the population representing the entire group of interest to the researcher. The sample is intended to be a representative segment of this population, facilitating research when studying the entire population is impractical due to constraints such as time, cost, and feasibility. In quantitative research, obtaining a representative sample is crucial for making generalizations about the population. In contrast, qualitative research emphasizes in-depth understanding and exploration of specific phenomena. Consequently, the sampling approach in qualitative research is typically purposive, involving the selection of participants who can provide rich and insightful information pertinent to the research question. This study examines the unique phenomenon of nationalism as brotherhood and its impact on FDI decisions at the firm level and FDI flows at the macro level. Thus,

different samples have been selected purposefully to address each research question. The details of the samples related to each research question are outlined in Table 5.1.

Table 5.1. Research questions, level of analysis and sample selection

	The Level of Analysis	The Sample
Research Question 1	Societal Level	<ul style="list-style-type: none"> - The President Recep Tayyip Erdogan - The President Ilham Aliyev - All Economy Ministers of Azerbaijan and Türkiye Between 2014 – 2023 - 5 Azerbaijani and 18 Turkish managers <p>Other Stakeholders</p> <ul style="list-style-type: none"> - 2 Different Ministers - 2 Representatives of Chamber of Commerce - 1 Congressmen - 2 Ambassadors - 1 Governor - 3 Representatives and Charity - 1 State Official
Research Question 2	Firm Level	23 managers
Research Question 3	Macro Level	Countries that Azerbaijan and Türkiye invested in the most.

The first research question, which operates at the societal level of analysis, necessitates the collection of opinions from various stakeholders involved with FDI flows and nationalism. In this context, direct stakeholders include the presidents and economy ministers of Azerbaijan and Türkiye, as well as managers with prior investment experience in brother countries. Additionally, ten stakeholders with indirect connections to the phenomenon have been selected to offer a diverse range of perspectives on nationalism as brotherhood.

The opinions and experiences of managers are essential to address the second research question. Accordingly, the sample for this question comprises managers working for firms that either have existing investments abroad, possess the potential to invest internationally, or engage in international business activities such as export-import operations. It is further required that these managers hold roles involving decision-making authority in their firms' investment strategies. Therefore, all participants in this study are either general managers or founders of their respective companies. A total of 23 SMEs participated in this research. Of these, 13 are classified as small-sized enterprises, and 9 are medium-sized based on their number of employees. Two participants chose not to disclose the number of their employees; however, it is confirmed that these firms are

involved in international business activities such as import and export. The sectoral distribution of the participating SMEs is as follows: 7 SMEs from the construction sector, 7 from the food and retail sector, 3 from the manufacturing sector, 3 from the defense and technology sector, 2 from the energy and petroleum sector, and 1 from the service sector.

The third research question, which necessitates data on outward FDI flows at the macroeconomic level, requires examining the countries into which Azerbaijan and Türkiye have invested the most. This question demands perspectives from both Azerbaijan and Türkiye, thus requiring two distinct samples. For Azerbaijan, the sample includes the following countries: Türkiye, Russia, the United Kingdom, Georgia, Switzerland, the United Arab Emirates, Singapore, the Netherlands, Germany, Italy, Spain, and France. For Türkiye, the sample comprises the following countries: Azerbaijan, the United States, Luxembourg, Spain, the United Kingdom, the Netherlands, France, Belgium, Austria, Germany, and Romania.

5.5.6. Triangulation and trustworthiness

Triangulation involves the use of multiple methods, data sources, investigators, and theories in research. It directs researchers to integrate diverse data sources, research methods, theoretical frameworks, and observers - each contributing to the collection, examination, and analysis of the phenomenon under study (Denzin, 1978, p. 101). There are four primary types of triangulation: (i) method triangulation, (ii) investigator triangulation, (iii) theory triangulation, and (iv) data source triangulation (Carter et al., 2014, p. 545). Triangulation helps identify contradictions, tensions, and limitations inherent in using individual methods, data sources, theories, or investigators, thereby increasing the trustworthiness of research (Aguilar Solano, 2020, p. 37). The central concept is that employing a variety of approaches mitigates the impact of biases or limitations associated with any single method, data source, or theoretical perspective.

Trustworthiness pertains to the degree of confidence and reliability one can place in a study's findings. It is a concept related to the persuasiveness of the research. Regardless of whether the study is quantitative or qualitative, the findings must be convincing. In qualitative research, trustworthiness is associated with quality and persuasiveness and does not directly align with the search for generalizability, validity, reliability, and objectivity typical of quantitative research. Instead, qualitative research

emphasizes credibility, transferability, dependability, and confirmability (Amakwana, 2016, p. 121; Coşkun and Sancaktutan, 2019, p. 26; Coşkun, 2020, p. 24). Credibility refers to the confidence in the “truth” of the findings, while transferability involves demonstrating that the findings can be applied to other contexts (Amakwana, 2016, p. 121). Additionally, dependability is concerned with the consistency and repeatability of the findings, and confirmability pertains to the degree of neutrality, reflecting the extent to which the findings are based on respondents rather than researcher biases or interests (Amakwana, 2016, p. 121).

In this study, all forms of triangulation were employed, as illustrated in Table 5.2. This study utilized various methods, investigators, theories, and data sources to mitigate biases associated with focusing on a single approach, thereby enhancing trustworthiness. In addition to triangulation, the study took the following measures to ensure credibility: (i) direct quotations from data were used to exemplify codes and themes, as detailed in the following chapter, (ii) a significant portion of the data was obtained from publicly available sources, and (iii) themes were clearly explained and explicitly linked to the relevant codes. Regarding transferability, the findings of this study are applicable to countries with relationships analogous to that between Azerbaijan and Türkiye. As discussed in the subsequent chapter, these findings may be relevant to other Turkic states, such as Kazakhstan and Uzbekistan, or other nations with comparable brotherhood, including Cyprus and Greece, the Baltic states, Serbia and Montenegro. To ensure dependability, the study implemented the following measures: (i) the researcher adhered to a consistent data analysis process, as detailed in the next section, (ii) the analysis process was repeated three times by the researcher, and (iii) contradicting statements were not excluded. For confirmability, the study ensured that the author’s views did not influence the research outcomes, and personal biases were minimized. Furthermore, three experts reviewed the data, and their consensus on the findings was documented. Overall, the study demonstrates a high level of trustworthiness.

Table 5.2. Triangulation in this study

Type of Triangulation	What Has Been Done in This Study
Method Triangulation	This study employs a combination of quantitative and qualitative methods. Specifically, it utilizes content analyses, thematic analyses, econometric analyses, and descriptive analyses, as detailed in the following chapter.
Investigator Triangulation	In addition to the researcher, the data were analyzed by three different experts. Details are in the next chapter.

Type of Triangulation	What Has Been Done in This Study
Theory Triangulation	This study considers the arguments of three theories to explain the phenomenon: Institutional Theory, Social Network Theory and Transaction Cost Theory.
Data Sources Triangulation	This study utilizes both primary and secondary data gathered from a range of sources. Specifically, data were obtained from the official websites of the Presidencies of Azerbaijan and Türkiye, various national newspapers, interviews, and the Central Banks of Azerbaijan and Türkiye. Additionally, the study incorporates opinions from various stakeholders, including managers, the Presidents of Azerbaijan and Türkiye, and other relevant figures.

5.6. Conclusion

This chapter has been dedicated to examining the research methodology employed in this study. Initially, it explored various philosophical paradigms influencing research methodology in IB and justified the selection of conventionalism as the guiding philosophical paradigm for this research. Subsequently, it detailed the reasoning process leading to the study's conclusions, highlighting the suitability of abduction as the research approach. Additionally, the chapter elucidated the rationale behind choosing a mixed-method and a case study design, providing comprehensive details of the research design. It demonstrated how the research questions and propositions are effectively aligned with the unit and level of analysis, data collection procedures, sampling techniques, and the triangulation and trustworthiness of the study. In conclusion, the chapter affirmed that the mixed-method case study design is the most appropriate for this research and that there are no issues with the study's trustworthiness. The following chapter will focus on the application of the research method and the findings related to each research question.

6. ANALYSES AND FINDINGS

6.1. Introduction

The previous chapter detailed the research methodology, including the philosophical stance of this study, the research approach, research method, and research design. This chapter focuses on the application of the research methodology previously discussed. It is organized into three main sections, each addressing a different research question. Since the previous chapter covered details such as the sample and data, these sections will primarily focus on the analysis process and findings.

6.2. Elaborating The Concept of Nationalism as Brotherhood

The first research question examines the main characteristics and dimensions of nationalism as brotherhood. As previously mentioned, this question necessitates a societal-level analysis and an examination of speeches by various stakeholders related to FDI flows within society. To address this question, a qualitative method and thematic analysis technique were employed. Additionally, quantitative content analysis was utilized to provide further insights. Descriptive statistics, including the number of presidential visits, the structure of the delegations, and the number and content of official agreements and documents, were extracted from official gazettes and the official websites of the Presidencies of Azerbaijan and Türkiye to enhance understanding. As discussed in the previous chapter, utilizing a diverse range of data sources and demonstrating consistent results across various analysis techniques enhances the trustworthiness of this study.

6.2.1. Thematic analysis and content analysis

Thematic analysis originates from content analysis¹⁷, sharing similar principles and procedures. However, while thematic analysis adopts a qualitative approach, content analysis is rooted in a quantitative tradition. Content analysis is defined as describing data

¹⁷ Content analysis can be applied using three distinct approaches: conventional, directed, and summative. While conventional content analysis closely aligns with thematic analysis in its coding process, summative content analysis bears similarities to the content analysis method employed in this research (Hsieh and Shannon, 2005).

in objective, systematic, and quantitative ways to classify and interpret the apparent content of the data (Berelson, 1952; Robert and Bouillaget, 1995, cited in Bilgin, 2014, p. 2). This method involves establishing categories, counting the instances in which these categories appear in a text, and determining the frequency of their occurrences. Generally, content analysis encompasses five fundamental steps: (i) determining the research purpose, (ii) creating the dataset, (iii) determining categories, (iv) counting frequencies, and (v) interpretation (Bilgin, 2014, p. 11). Despite providing valuable insights, content analysis faces criticism in the literature for several reasons: (i) quantification of documents can hinder contextual understanding, (ii) implicit expressions may go unnoticed, (iii) focusing solely on frequencies limits the ability to understand the text, and (iv) it fails to capture differences between documents over time (Anstead, 2013, p. 10; Löden, 2016, pp. 21-22). Consequently, combining content analysis with thematic analysis is helpful for achieving a more holistic understanding of the phenomenon.

Thematic analysis is used to identify and analyze repeated patterns or themes of meaning across a dataset (Braun and Clarke, 2006, p. 79). It highlights significant themes to describe the phenomenon under examination (Daly et al., 1997, as cited in Joffe, 2011, p. 209). Although it is not always explicit during the analysis process, thematic analysis involves several decisions that must be explicitly explained: (i) what counts as a theme, (ii) whether to provide a rich description of the entire dataset or a detailed account of one particular aspect, (iii) the choice between inductive versus theoretical thematic analysis, and (iv) the focus on semantic or latent themes (Braun and Clarke, 2006, pp. 81-84).

A theme refers to a particular pattern of meaning that emerges within the dataset. However, the critical question is how to determine what constitutes a theme. The most commonly used criterion is the prevalence of the theme within the dataset. While the significance of a theme is reflected by its presence within the dataset, a greater number of instances does not necessarily imply its increased importance (Braun and Clarke, 2006, p. 82). This distinction differentiates thematic analysis from content analysis. Although the number of occurrences is critical in content analysis, researcher judgment about what constitutes the key theme(s) explaining the phenomenon is important. This means that determining the themes is flexible in terms of the theoretical framework, methodological assumptions, and other factors (Terry et al., 2017, p. 9).

The second decision involves how to describe the dataset. A researcher must decide whether to provide an accurate reflection of the content of the entire dataset or a more

detailed and nuanced account of one specific theme or group of themes within the data (Braun and Clarke, 2006, p. 83). The third decision pertains to the analytical approach, which could be either inductive, referring to an approach strongly linked to the data themselves, or theoretical, referring to an approach driven by specific theory (Braun and Clarke, 2006, pp. 83-84). The final decision concerns the level of themes: (i) semantic themes, which are directly observable, or (ii) latent themes, which are implicitly expressed (Joffe, 2011, p. 209). In this study, the position is to identify both semantic and latent themes that are nationalism-FDI focused, inductive, and based on researchers' judgment.

Although the process may vary between researchers, the general thematic analysis process proposed by Braun and Clarke (2006, p. 87) is outlined in Table 6.1. This research followed similar phases as described in the table. Details about both content analysis and thematic analysis are provided in the following section.

Table 6.1. General process for thematic analysis (Braun and Clarke, 2006, p. 87)

Phase	Description of the Process
1. Familiarizing yourself with your data:	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas.
2. Generating initial codes:	Coding interesting features of the data in a systematic fashion across the entire data set, collating data relevant to each code.
3. Searching for themes:	Collating codes into potential themes, gathering all data relevant to each potential theme.
4. Reviewing themes:	Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic 'map' of the analysis.
5. Defining and naming themes:	Ongoing analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme.
6. Producing the report:	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis.

6.2.2. The process of thematic and content analyses

The thematic analysis process followed in this research is illustrated in Figure 6.1. In the first phase of the thematic analysis, the aim was to familiarize oneself with the data. To achieve this, the data was read twice. The initial reading occurred while transferring the data from the sources to a Word file. Once all the data were recorded in the Word file, the entire dataset was read again without creating any codes. Although this phase did not

involve the creation of any codes, notes were taken on points considered important to facilitate the subsequent steps.

1) Familiarizing with Data	<ul style="list-style-type: none"> - Before starting to code, data were read twice: (i) while transmitting data from sources to World file, (ii) reading whole World file. - Some notes perceived as important was taken.
2) Generating Initial Codes	<ul style="list-style-type: none"> - Manual coding in Excel file - Open coding - Notes taken in first phase considered. - Data was examined in three different times for coding.
3) Searching for Themes	<ul style="list-style-type: none"> - All codes are grouped under different themes. - Tables were used to clarify themes and codes in Excel file.
4) Reviewing Themes	<ul style="list-style-type: none"> - 2 weeks after finding themes, all themes and codes were re-examined.
5) Defining and Naming Themes	<ul style="list-style-type: none"> - The essence of each theme is determined. - Data were organized into a coherent and internally consistent account, with accompanying narrative.

Figure 6.1. Thematic analysis process

The second phase involves generating initial codes. Codes represent aspects of the data, whether semantic or latent, that the analyst finds noteworthy, and they refer to fundamental segments or elements of the raw data that can be meaningfully analyzed concerning the phenomenon in question (Boyatzis, 1998, p. 63). To identify codes, the open coding technique was utilized, which involved labeling concepts and defining and developing categories based on their properties and dimensions (Khandkar, 2009, p. 1). As outlined in the research methodology section, the unit of analysis for this study is the relationship between nationalism as brotherhood and FDI. Therefore, codes were extracted from the data with this particular focus in mind. Consequently, the codes obtained do not reflect the entire content of the data. The codes were manually extracted, meaning that the data were read, specific notes were taken in a Word file, and the codes were recorded in an Excel file. An example of coding in the Word file is shown in Figure 6.2. Since this research also includes content analysis, which involves finding the

frequencies of each code, any new code that emerged was documented in the Excel file (Figure 6.3.). When existing codes were identified, the frequency of the relevant code in the Excel file was updated accordingly. As stated in the research methodology chapter, the analyzed documents come from a variety of stakeholders, including the Presidents of Azerbaijan and Türkiye, Ministers of Economics from both countries, managers of companies, and other stakeholders. To provide a detailed understanding by illustrating changes in themes and codes among different stakeholders, the coding process was divided into five main groups: (i) data related to President Erdoğan, (ii) data related to President Aliyev, (iii) data related to Ministers of Economics, (iv) data related to managers, and (v) data related to other stakeholders. The data were examined three times, with at least two weeks between each examination to minimize researcher biases resulting from personal well-being. At the end of the coding process, 24 codes from documents about President Erdoğan, 28 codes from documents about President Aliyev, 20 codes from documents related to Ministers of Economics, 29 codes from documents related to managers, and 27 codes from other stakeholders were identified. While many codes overlap, there are unique codes for each party.

"Başbakan Paşinyan ile bu törende ancak ayaküstü bir görüşme yapabildik. Bu ayaküstü görüşmede kendisinin bu davetimize icabeti sebebiyle teşekkürlerimizi ifade ettik. Bunun yanında son olarak da **Karabağ dahil** Azerbaycan'ın toprak bütünlüğünü **tanıyabileceklerine** ilişkin ifadeleri bu anlamda önemliydi. Tabii bunu tanımaları önemli bir gelişme. Ama az önce ifade ettiğiniz gibi Ermenistan'da da Paşinyan'a karşı takınılan tavır, bu da çok çok önemli. Şu ana kadar Paşinyan bu konuda geri adım atmadı. Zengezur Koridoru'na gelince Ermenistan ile ilgili bir sorun değil. Zengezur Koridoru, İran ile ilgili bir sorun. Yani halkın kahir ekseriyeti Müslüman olan iki ülke. **Burada** İran'ın böyle bir tavır içerisinde olması gerek Azerbaycan'ı



Figure 6.2. Example coding on Word file

H	I
Letters of Erdogan to Aliyev	
Code	Frequency
Solidarity	4
Brother/hood	50
Unity/Togetherness	3
Cooperation	10
One Nation Two States	8

Figure 6.3. Example coding on Excel file

The third phase involves searching themes. During this phase, the extensive list of codes obtained in the second phase was reanalyzed to organize all the codes and to group different but relevant codes together to form overarching themes. In this process, abductive reasoning was employed, as outlined in the research methodology chapter. This approach involved simultaneously considering the existing literature on nationalism and FDI, while also identifying distinctive themes or potential explanations that could elucidate the concept of nationalism as brotherhood - the phenomenon under investigation (may also called as “result”) - or differentiate it from other forms of nationalism. To identify similar codes, tables with color-coded illustrations were used, where codes sharing the same color were considered for consolidation under the same theme. An example table is provided in Figure 6.4. Once the list of themes was compiled, the frequency of each theme was calculated. The frequency of a theme was determined by summing the frequencies of all codes categorized under that theme. While this research does not assert that a higher frequency indicates greater importance of a theme, these frequencies were calculated to demonstrate changes in similar codes across documents pertaining to different stakeholders. Ultimately, two sets of themes were derived: (i) a set of themes defining the concept of nationalism as brotherhood, and (ii) a set of themes facilitating the tracking of changes in discourses among different stakeholders. These sets of themes will be thoroughly discussed in the findings and discussion sections.

F	G
Erdogan's press statement	
Codes	Frequency
Solidarity	23
Brother/hood	98
Unity/Togetherness	13
Cooperation	29
One Nation Two States	15
Can Azerbaijan	4
Support	36
Shared Emotions Values	18
Common Commisions and Agreements	39
Continuity	20
Partenship in International Politics	34
Strategic Projects and Mutual Investments	35

Figure 6.4. Example colored table for thematizing

The fourth phase involves the review of themes. During this phase, all identified themes are scrutinized to determine whether refinement is necessary. This assessment considers various factors such as insufficient data support for certain themes, inadequate

diversity in the data, potential overlap between themes, or the necessity to further differentiate certain themes (Braun and Clarke, 2006, p. 91). Following the recommendation by Patton (2015, p. 811), themes were assessed for internal homogeneity, ensuring that codes within each theme exhibit meaningful coherence, and for external heterogeneity, ensuring clear and identifiable differences between themes. To mitigate biases that could arise from excessive focus on themes and codes, a two-week time interval was observed between completing the identification of themes and beginning their review.

The final phase involves defining and naming themes. During this phase, the essence or the focal point of each theme is clarified, and it is determined which aspect of the investigated phenomenon each theme captures (Braun and Clarke, 2006, p. 92). The role of each theme in describing broader concepts or phenomena related to the research question is established. Additionally, this phase ensures that the relationships between themes are identified and understood. By the end of this process, each theme should be succinctly defined and titled in a concise and impactful manner that conveys its meaning effectively (Braun and Clarke, 2006, pp. 92-93). The names and definitions of each theme will be presented in the following section.

In qualitative analysis, including thematic analysis, ensuring intercoder consistency is crucial for rigor and trustworthiness. Intercoder consistency refers to the degree of agreement between different coders, ensuring consistent interpretation of data across coders (Nguyen et al., 2022, p. 3). Establishing intercoder consistency is paramount for enhancing the trustworthiness of the study, as discussed in the previous chapter. In this research, a group consensus process was employed to ensure intercoder consistency (Nguyen et al., 2022, p. 3). The steps followed to achieve group consensus in this study included: (i) the researcher finalized the list of codes and themes, (ii) a representative sample of data was provided to two different coders, (iii) discussions were held between the researcher and independent coders regarding any conflicting themes and codes, and (iv) consensus was reached on themes, their definitions, and associated codes.

6.2.3. Extraction of descriptive statistics

As discussed in research methodology section, abductive reasoning requires the understanding of conjecture leading to the phenomenon (nationalism as brotherhood),

aiming to elucidate the reasons (explanations) behind it. Consistent with abductive reasoning and aimed at enhancing and deepening the understanding of nationalism as brotherhood, this research gathered descriptive statistics from multiple sources: (i) percentage and yearly distributions of visits by President Erdogan to countries with significant investment relationships with Türkiye, (ii) percentage and yearly distributions of visits by President Aliyev to countries with significant investment relationships with Azerbaijan, (iii) the composition of delegations during President Erdogan's visits, and (iv) the number and content of agreements and other official documents between Türkiye and countries with high investment relationships. The first three datasets were manually collected from the official websites of the Presidencies of Türkiye and Azerbaijan. The last dataset was gathered from the official gazette of the Republic of Türkiye by searching for the names of each country and examining every relevant document. Following a detailed manual examination, all documents were classified into four categories: (i) trade-related issues, (ii) customs and travel-related issues, (iii) collaboration, and (iv) other issues. Definitions and examples of each category will be provided in the subsequent section.

6.2.4. Findings

This section presents findings organized into three subsections. The first subsection explores themes aimed at defining and elucidating the dimensions of the newly proposed concept of nationalism as brotherhood. The second subsection discusses themes used to illustrate changes in the discourses of various stakeholders and their relationship to the concept of nationalism as brotherhood. The final subsection presents descriptive statistics employed to enrich the understanding of nationalism as brotherhood and provide additional contextual information.

6.2.4.1. Themes defining the nationalism as brotherhood

Table 6.2 presents themes that illustrate various dimensions of nationalism as brotherhood, along with their frequencies and percentage distribution within the dataset. The table delineates how these themes are distributed across different stakeholders, representing various societal levels, and provides definitions for each theme. Details for

each theme, including their respective codes, the distribution of these codes within each theme, and direct quotations from the dataset to exemplify each code, can be found in Appendices 3 – 12.

The primary theme identified within the dataset is the concept of strong relationships, encapsulated by various codes. These include references to shared factors such as brotherhood, common culture, and history; the nature of the relationship, such as strategic alliances; aspects of affection, including shared emotions, values, and mutual trust; and commonly used slogans like “One Nation, Two States” and “a (one) single fist.” For countries to be considered brother nations, they must share a common background that includes culture, history, and ethnicity. This relationship should evolve into higher-level diplomatic ties, such as strategic alliances. Furthermore, it must be rooted in shared emotional responses to similar events and situations. These elements - common background, advanced diplomatic relations, and shared emotional reactions - strengthen the indissoluble bonds between brother nations. As such, they embody the notion of being “one”, as expressed in the slogan/motto “One Nation, Two States.” This theme serves as the foundation of nationalism as brotherhood. Without a strong attachment between the two nations, other themes lose significance. The importance of this theme is reflected in its 33% average occurrence across all stakeholders’ statements.

Table 6.2. Summary of themes used to define the nationalism as brotherhood

The Theme	The President Erdogan	The President Aliyev	Economy Ministers	Managers	Other Stakeholders	Average
Strong Relationships	288 (%38)	562 (%46)	69 (%25)	41 (%18)	91 (%38)	%33
Mutual Support	170 (%23)	376 (%31)	49 (%16)	33 (%15)	75 (%32)	%23,4
Mutual Interests	133 (%18)	138 (%11)	88 (%29)	40 (%18)	41 (%17)	%18,6
Nationalist Feelings	88 (%12)	41 (%3)	4 (%1)	19 (%9)	3 (%2)	%5,4
Future	56 (%7)	82 (%7)	25 (%9)	4 (%2)	-	%5
Market	12 (%2)	23 (%2)	61 (%20)	-	26 (%11)	%7
Firm Perspective	-	-	-	44 (%21)	-	
Market Perspective	-	-	-	27 (%12)	-	
Total:	747 (%100)	1222 (%100)	296 (%100)	208 (%100)	236 (%100)	
Definitions of Themes						
Strong Relationships	This theme emphasizes the characteristics of relationships between Azerbaijan and Türkiye and takes attention on unshakable ties between brother countries.					

Definitions of Themes	
Mutual Support	This theme emphasizes the necessity of that brother countries must stand back-to-back whether formally or informally.
Mutual Interests	This theme emphasizes that brother countries must follow common interests in all fields by using different means.
Nationalist Feelings	This theme emphasizes the phenomenon that activate nationalistic feelings and thoughts in the society and considered as “holy” and “blessed” by the society.
Future	This theme is about that brother countries must have common vision and intention to sustain this vision together.
Market	This theme shows the contributions of stakeholders (firms, NGOs, etc.) to the relationships between brother countries and favorable aspects of the market in brother country for the brother nation.
Firm Perspective	This theme underlines opinions about “investment in brother country” and activities of firms related to investments in brother countries.
Market Perspective	This theme focuses on market conditions perceived by firms and the relationship of firms with the other actors in the market.

The second theme identified in the dataset is mutual support, which encompasses both abstract codes such as solidarity, unity, and togetherness, as well as concrete codes like partnership, prioritization, cooperation, and alliances. This indicates that brother nations must stand together against non-brother nations, utilizing both formal and informal channels to provide support. Detailed analysis of the data reveals that this support is multifaceted, spanning various fields such as economics, politics, military, energy, diplomacy, and transportation. Figure 6.5 illustrates the number of official agreements and documents signed by Türkiye with its key investment partners between 2014 and 2023. A significant disparity is observed between Azerbaijan and other countries regarding collaboration agreements. This statistic underscores that supporting a brother nation is fundamental to the concept of nationalism as brotherhood, distinguishing brother nations from others. Furthermore, strategic projects jointly undertaken by Azerbaijan and Türkiye, such as TANAP, the Baku-Tbilisi-Kars railway, and the STAR refinery, further reinforce this assertion.

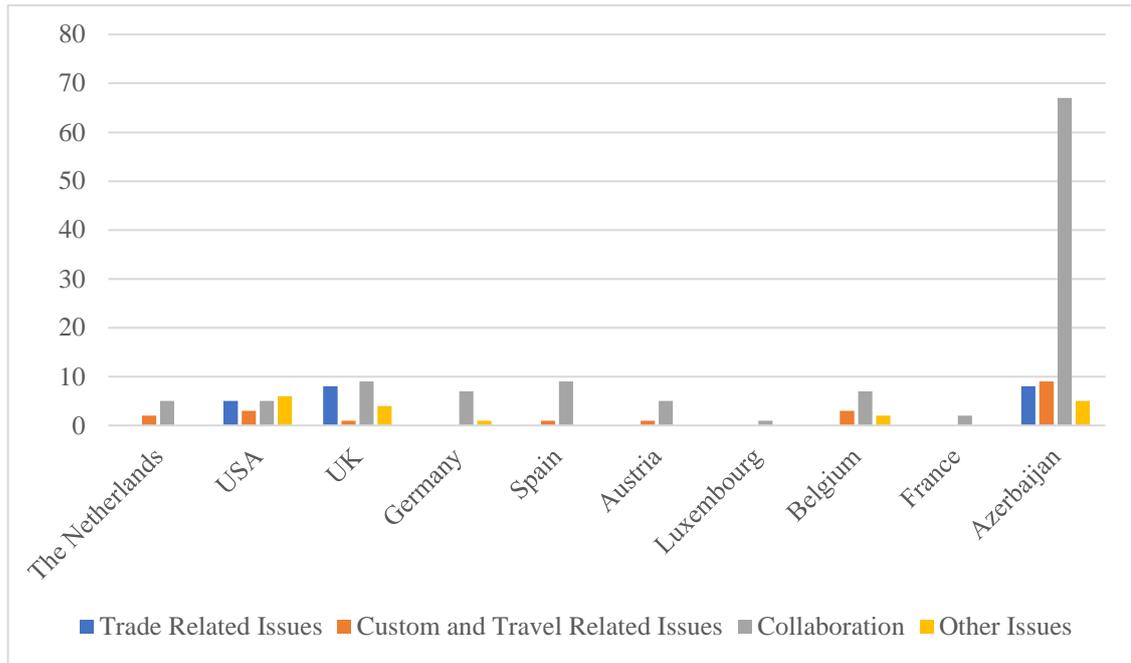


Figure 6.5. Official agreements and other documents between Türkiye and its key investment partners (2014 – 2023)

The third theme is mutual interests, encompassing the ways in which the shared interests of brother nations are transformed into actionable outcomes (or means). This includes formal agreements between these nations, as well as completed or ongoing projects and investments, along with the sectoral scope of these initiatives. This theme highlights the tangible manifestations of nationalism as brotherhood and the collective efforts made to realize shared goals. Both Figure 6.5 and the previously discussed projects reinforce the theme of mutual interests. As this theme represents the applied dimension of nationalism as brotherhood - particularly in areas that necessitate government involvement - it is frequently emphasized by ministers of economy. Additionally, it accounts for nearly 20% of speeches by other stakeholders, indicating the significance of shared interests in brotherhood relationships.

The fourth theme identified in the dataset is nationalist feelings, which refer to factors that evoke nationalistic sentiments and thoughts within society through concepts regarded as sacred and revered. This theme includes codes such as victory, ghazis and martyrs, and national service or duty. These sentiments play a crucial role in uniting the societies of brother countries as one nation and motivating all stakeholders to act in accordance with the responsibilities of being brother nations. These nationalistic feelings

lead all parties to perceive their participation in achieving mutual interests as fulfilling their duties. The emphasis on service or duty by managers particularly reinforces this assertion. Although this theme appears less frequently than the first three themes in the dataset, it is highlighted by managers in approximately 10% of their statements.

The fifth theme identified in the dataset is the future. This theme encompasses the ideas of continuity and shared goals. It pertains to the necessity of a collectively envisioned future among brother nations and the commitment to achieve this envisioned future by maintaining brotherhood and organizing around common objectives. Although this theme is present in approximately 5% of the dataset across all stakeholders, thematic analysis aims to extract themes that are significant to the phenomenon itself, rather than focusing solely on highly frequent themes. Thus, the theme of the future is considered integral to defining the dimensions of nationalism as brotherhood. This theme is crucial because the relationship of brotherhood cannot be sustained without a vision for the future. Furthermore, despite its lower frequency of appearance, the theme of the future implicitly surfaces within other themes, such as mutual interests that require time to fulfill.

The sixth theme identified in the dataset is the market. This theme pertains to the contributions of stakeholders within the market and the advantages presented by the market in a brother country for the benefit of the brother nation. It includes codes that emphasize the support provided by various stakeholders, such as firms and NGOs, advantageous market conditions for the brother nation, such as the investment climate and opportunities, and efforts to facilitate economic relationships between brother countries, such as reducing transaction costs or enhancing social networking efforts. This theme represents the economic and rational dimension of the brotherhood relationship and is therefore heavily emphasized by economy ministers. The brotherhood relationship fosters more favorable market conditions for individuals from brother nations compared to those from other nations. These conditions are continuously and purposefully improved by the relevant agencies. Moreover, all market actors, especially companies, support the brotherhood relationship, recognize its significance, and act in accordance with its requirements.

The seventh and eighth themes identified are firm perspectives and market perspectives. These themes are specific to managers, as they encapsulate the viewpoints of firms regarding both their operations and the market conditions in the brother country.

The firm perspective includes opinions on their investments in brother countries, encompassing completed and planned investments, the diversity of investments, and the transfer of knowledge and expertise. On the other hand, the market perspective pertains to firms' perceptions of market conditions in the brother country, including political support, opportunities, investment climate, and networks. These themes are significant because they reveal whether there is alignment between actors indirectly involved in investment activities and firms directly engaged in these activities. This alignment provides preliminary evidence that societal discourse on nationalism as brotherhood is reflected in the discourse and activities of firms. However, since this claim requires further exploration, the findings in section 6.3 are particularly important.

As a result of the thematic analysis, eight themes were identified that illustrate different dimensions of nationalism as brotherhood. In the light of these themes, nationalism as brotherhood refers to *a form of nationalism characterized by strong, strategically significant relationships underpinned by shared ethnic, historical, and emotional ties, wherein two brother nations, united by a past that revitalizes nationalist sentiments, come together around common interests and provide unconditional support to each other, with this support extending not only at the state level but also to firms and market mechanisms*. Although there are variations in the frequencies of themes across different stakeholders, all themes except “future” were highlighted by all stakeholders in the sample, with the theme of future implicitly underscored within different themes. This observation suggests that this conceptualization operates at the societal level. It is natural for different aspects of the concept to be emphasized more prominently by various stakeholders according to their respective areas of interest. For example, while Presidents frequently emphasize the dimension of strong relationships, economy ministers focus on mutual interest, and managers highlight the firm perspective. However, this variation does not diminish the equal importance of each dimension in comprehending the phenomenon itself. Instead, it demonstrates that every stakeholder in society identifies with the concept in some manner and highlights which aspect of the concept they contribute to the most or which aspect is more relevant to their field. Hence, comprehending the variations in discourses among different stakeholders will enhance the understanding of nationalism as brotherhood.

Comparing existing theories in the literature with the themes defining nationalism as brotherhood reveals the originality of the latter. The literature on nationalism includes

a variety of theories and perspectives, such as the German Romantic thought and Jean-Jacques Rousseau's views (18th century), partisan approaches of 19th century, and typologies of nationalism in 20th century¹⁸. Despite their apparent differences, these theories share common elements: (i) the uniqueness of each nation and its right to self-determination (linked to independence), (ii) the necessity for a nation to have an independent state and economy, (iii) the importance of a shared language, culture, history, and collective memory, (iv) the provision of citizenship rights, and (v) the expectation that individuals prioritize the interests of the state over personal interests (Özkırmı, 2020). In contrast, nationalism as brotherhood differs from these established theories in several respects: (i) it allows for nations from different countries to perceive themselves as a unified (one) nation, (ii) it suggests that mutual dependence between brother nations and full independence from non-brother nations can form the basis of nationalist thought, and (iii) it supports the establishment of mutual economic and political interests between distinct brother states that are long-term and not solely rational, and which are accepted by all societal stakeholders. Consequently, this novel form of nationalism offers a unique perspective by broadening the scope of nationalist thought to encompass inter-country and inter-nation relationships.

6.2.4.2. Themes showing changes in discourses of different stakeholders

To track changes in discourses across different stakeholders, three comprehensive themes were extracted from the codes identified in the thematic analysis: (i) emotion-based or oriented codes (EBO), (ii) action-based or oriented codes (ABO), and (iii) emotion and action-based or oriented codes (EBO & ABO). EBO codes encompass words or speeches aimed at eliciting specific emotions or are primarily constructed around emotions. ABO codes pertain to a current fact or future activity aligned with present objectives. EBO & ABO codes include elements of both emotion and action. EBO codes are more abstract, focusing on a variety of sentiments, and do not indicate any specific action or field operations. This theme includes codes such as solidarity, support, brother, and unity. While these codes evoke emotions, they do not correspond to any specific event, action, or operation, covering the emotional and rhetorical aspect of nationalism as

¹⁸ For more discussion, you may read Özkırmı (2020).

brotherhood. Conversely, ABO codes are more concrete, focusing on specific agreements, projects, and cooperation, complete with details such as statistics and content, without any emotional basis. This theme includes codes such as investment, projects, and formalization of interests, highlighting the observable and tangible aspects of nationalism as brotherhood. EBO & ABO codes encompass both practical and emotional elements of nationalism as brotherhood. For instance, the concept of “being an ally” is central to emotional rhetoric but also requires official agreements between the governments of brother countries.

Figure 6.6 illustrates the percentage distribution of EBO, ABO, and EBO & ABO in the discourses of different stakeholders. The theme of EBO appears more frequently in the discourses of Presidents, while ABO is more prevalent in the discourses of Economy Ministers and managers. This suggests that the emotional and rhetorical aspects of nationalism as brotherhood are primarily articulated by politicians, especially Presidents, whereas the rational and operational aspects are emphasized by managers and Economy Ministers. This finding is plausible, as executing operations requires expertise and detailed knowledge, which are not typically expected of Presidents. Additionally, decisions regarding investments and the regulation of the investment environment in brother countries are primarily made by managers and Economy Ministers, justifying their greater emphasis on ABO. Conversely, Presidents often address the public, making it reasonable for them to use emotion-evoking discourses to unite nations within brother countries. Furthermore, despite a balanced distribution of EBO, ABO, and EBO & ABO among other stakeholders, there is a greater inclination to emphasize ABO. This indicates that other stakeholders prioritize actions over emotions.

The finding that ABO can surpass EBO for some stakeholders offers a novel perspective, challenging the literature that primarily views nationalism as political rhetoric (Mikula, 2002; Calhoun, 2017; Cowan, 2021). While nationalism is often seen as discourse, this study shows that it can also manifest through practical actions, such as projects, agreements, collaborations, and investments, which hold particular significance for political and business stakeholders. By highlighting these action-oriented aspects, the study broadens the understanding of nationalism’s impact, urging further research into its practical, rather than symbolic, forms in political and economic contexts.

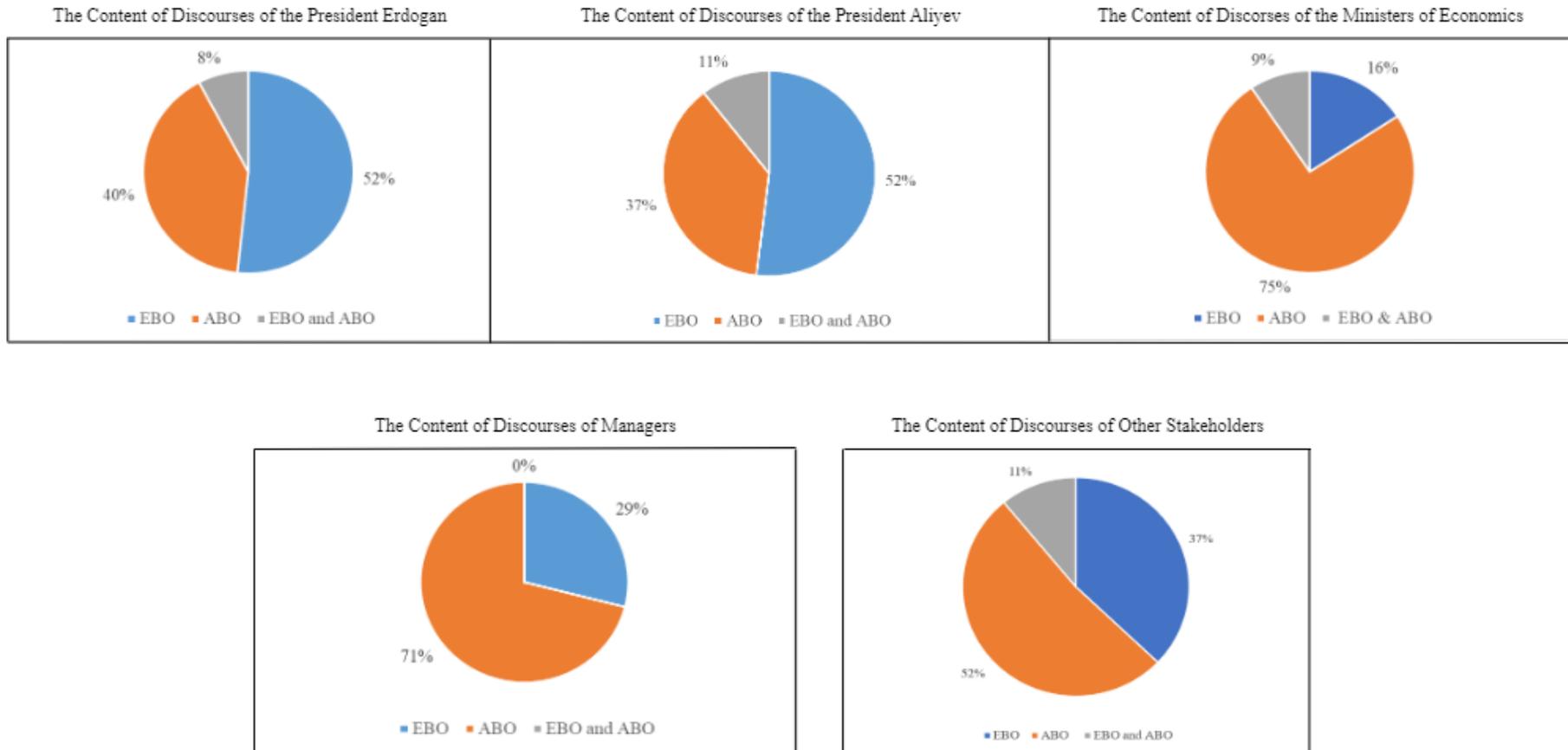


Figure 6.6. The contextual distribution of discourses across different stakeholders

6.2.4.3. Supporting descriptive statistics

In addition to cultural similarities, several contextual factors indicate the presence of nationalism as brotherhood between two countries. As previously stated, nationalism as brotherhood necessitates high-level diplomatic relations. This is expected to be reflected in the number of visits made by the Presidents. Since Presidents represent the apex of the state, their frequent visits can be evaluated as indicators of strong and high-level diplomatic relations. In this context, Tables 6.3 and 6.4 illustrate the annual number of visits made by President Erdogan and President Aliyev between 2014 and 2023 to key investment partners of their respective countries. Furthermore, Figure 6.7 presents the percentage distribution of the Presidents' visits by country. An examination of these tables and the figure reveals that the frequency of the Presidents' visits to "brother" countries is significantly higher than to non-brother countries. When considering the visits of both Presidents together, high-level diplomatic visits between Azerbaijan and Türkiye occur at least three times per year, which is higher than the total number of visits to some other countries. Additionally, an examination of the purposes of visits to non-brother countries shows that they often involve participation in meetings of international organizations such as the UN and NATO. In contrast, visits to brother countries typically include demonstrating support in the international arena, as exemplified by President Erdogan's visits to Azerbaijan during the Azerbaijan-Armenia war, achieving mutual interests often culminating in official agreements, and participating in cultural activities and national ceremonies such as the 18 March Çanakkale Victory and Karabakh Victory. Thus, the phenomenon of nationalism as brotherhood should be reflected in the number of presidential visits as an indicator of high-level diplomatic relations. Although it is beyond the scope of this research, it is noteworthy that the second most visited countries by President Erdogan and President Aliyev are the USA and Russia, respectively.

Additionally, higher-level diplomatic relations are often reflected in the composition of delegations during these visits. Table 6.5 provides details of the officials who accompanied President Erdogan on his visits to Azerbaijan from 2014 to 2023. When comparing Tables 6.5 and 6.3, it is evident that approximately five high-ranking state representatives accompany President Erdogan on his visits to Azerbaijan. This observation suggests a robust diplomatic relationship between Azerbaijan and Türkiye.

Furthermore, the diverse composition of the delegation is noteworthy. This finding can be interpreted as an indicator of the comprehensive and multifaceted nature of the bilateral relations, underscored by nationalism as brotherhood.

Finally, frequent diplomatic visits across various fields are expected to result in official agreements, demonstrating nationalism as brotherhood in practice. Table 6.6 details the agreements and official documents signed between Türkiye and its key investment partners from 2014 to 2023. Analyzing 176 documents, they are categorized into: (i) trade-related issues like free trade agreements and import/export regulations, (ii) customs and travel-related matters such as customs taxes and visa policies, (iii) collaboration across sectors like family policies, agriculture, health, energy, mining, and defense, and (iv) other issues including diplomatic decisions (the condemnation, rejection, and nullification) and joint military exercises. The analysis shows that Türkiye has significantly more agreements with Azerbaijan compared to other key investment partners like the United Kingdom and Spain, particularly in collaboration-related documents. This underscores the practical manifestation of nationalism as brotherhood through enhanced collaboration, supporting the research's premise.

When considered collectively, these descriptive statistics substantiate the conceptualization of nationalism as brotherhood. First, as previously discussed, nationalism as brotherhood necessitates strong relationships, including diplomatic ties. The frequent visits by the Presidents, accompanied by committees of high-ranking state officials, demonstrate the existence of strong diplomatic relations between Azerbaijan and Türkiye. The consistency of these visits further indicates that this is not a temporary relationship. Second, mutual support and interests are essential components of nationalism as brotherhood. The practical manifestation of these dimensions is evident in the number of official agreements. The data, which show a higher number of agreements, further corroborate the claims of nationalism as brotherhood.

Table 6.3. Yearly number of visits of the President Erdoğan's to key investment partners of Türkiye

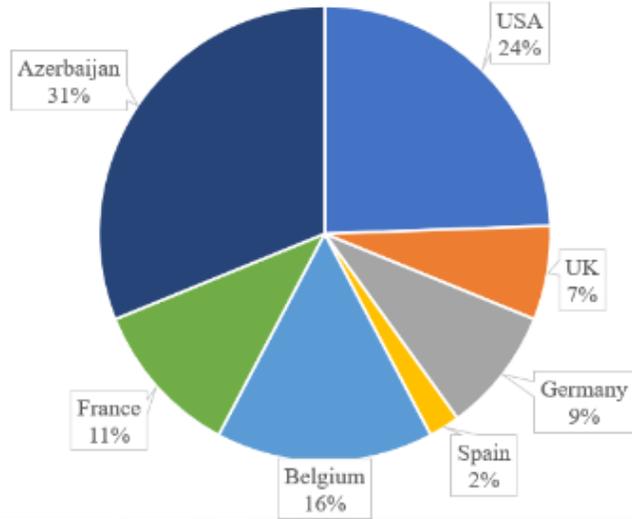
	The Netherlands	USA or UN	UK	Germany	Spain	Austria	Luxembourg	Belgium or EU	France	Azerbaijan
2014	0	1	1	0	0	0	0	0	1	1
2015	0	0	0	1	0	0	0	2	2	1
2016	0	2	0	0	0	0	0	0	0	1
2017	0	2	0	1	0	0	0	1	0	1
2018	0	1	1	1	0	0	0	1	2	2
2019	0	2	1	0	0	0	0	0	0	1
2020	0	0	0	1	0	0	0	1	0	2
2021	0	1	0	0	0	0	0	1	0	2
2022	0	1	0	0	1	0	0	1	0	2
2023	0	1	0	0	0	0	0	0	0	1
Total:	0	11	3	4	1	0	0	7	5	14

Table 6.4. Yearly number of visits of the President Aliyev to key investment partners of Azerbaijan

	Türkiye	UK	USA	Cyprus	Japan	Iran	Russia	Norway	Switzerland	UAE	Malta	Georgia	Austria	Montenegro	Luxembourg
2014	1	1	0	0	0	1	2	0	0	0	0	1	0	0	0
2015	3	0	0	0	0	0	0	0	0	0	0	1	1	0	0
2016	4	1	1	0	0	1	1	0	1	1	0	0	0	0	0
2017	3	0	1	0	0	2	3	0	0	0	0	0	0	0	0
2018	1	0	0	0	0	0	2	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2021	1	0	0	0	0	0	3	0	0	0	0	0	0	0	0
2022	3	0	0	0	0	0	4	0	0	0	0	1	0	0	0
2023	4	0	0	0	0	0	0	0	0	1	0	0	0	0	0
Total:	20	2	2	0	0	4	16	0	1	2	0	3	1	0	0



The Percentage Distribution of the President Erdogan's Visits to Türkiye's Key Investment Partners



The Percentage Distribution of the President Aliyev's Visits to Azerbaijan's Key Investment Partners

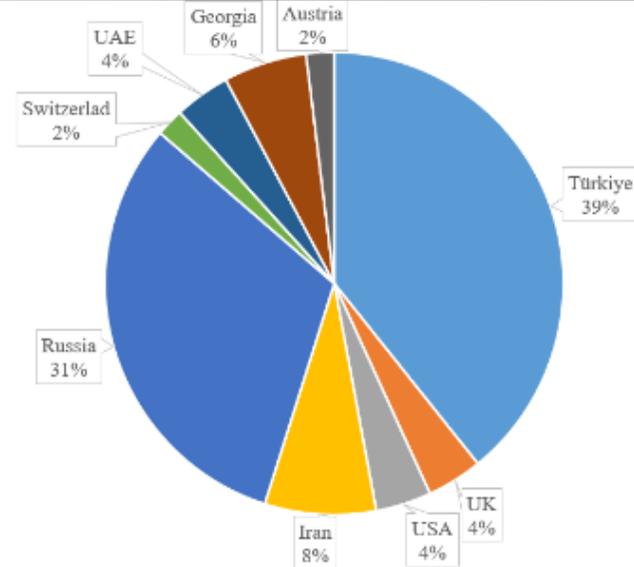


Figure 6.7. The percentage distribution of the presidents' visits to key investment partners of their countries

Table 6.5. The structure of delegation in visits of the President Erdogan

Titles of Individuals Participating Visits	The Number of Participation to the Visits of President Erdogan to Azerbaijan
The Minister of Foreign Affairs	10
Representatives of Justice and Development Party	9
The Minister of National Defense	7
The Wife of the President	6
Chief Officer of Communication of the Presidency	6
The Minister of Transportation and Infrastructure	5
The Press Officer of the Presidency	5
The Minister of Energy and Natural Resources	4
The Minister of Agriculture and Forestry	3
The Minister of Youth and Sport	3
The Chief Officer of National Intelligence Organization	2
The Minister of Environment and Urbanization	2
The Minister of Culture and Tourism	2
The Minister of Trade	2
The Minister of Health	2
Chief Officer of Defense Industry of the Presidency	1
Deputy Prime Minister of the Turkish Grand National Assembly	1
The Minister of National Education	1
The Minister of Treasury and Finance	1
The Minister of Industry and Technology	1
The Vice Minister of National Defense	1
The General Manager of Turkish State Railways	1
Vice Prime Minister	1
Total:	76

Table 6.6. Agreements and other official documents between Türkiye and its key investment partners between 2014 - 2023

	Trade Related Issues	Custom & Travel Related Issues	Collaboration	Other Issues	Total
Azerbaijan	8	9	67	5	89
UK	8	1	9	4	22
USA	5	3	5	6	19
Belgium	0	3	7	2	12
Spain	0	1	9	0	10
Germany	0	0	7	1	8
The Netherlands	0	2	5	0	7
Austria	0	1	5	0	6
France	0	0	2	0	2
Luxembourg	0	0	1	0	1

While descriptive statistics cannot be used to establish causal relationships, which require inferential statistics to make generalizations, they are sufficient for describing and summarizing a phenomenon or context (Marshall and Jonker, 2010). Abductive reasoning necessitates describing the conjecture surrounding the phenomenon to explain the results, making the interpretation of descriptive statistics valuable for gaining additional insights. Although it could be argued that nationalism as brotherhood drives this context, it is more appropriate to suggest a bidirectional relationship between the conjecture or context and nationalism as brotherhood, rather than a unidirectional link. This implies that while nationalism as brotherhood contributes to creating this environment, the environment also sustains these brotherhood relationships. Thus, nationalism as brotherhood both explains and is explained by the context, reflecting a mutually reinforcing dynamic.

6.3. Elaborating The Mechanisms Regulating Relationship Between Nationalism as Brotherhood and FDI

The second research question seeks to investigate the mechanisms that regulate the relationship between nationalism as brotherhood and FDI flows among countries. As previously stated, this inquiry requires a firm-level analysis and an examination of qualitative data from managers. To address this question, a qualitative method and document analysis were employed. In this context, managers' responses to open-ended questions were analyzed on a question-by-question basis, with each question being examined in relation to its specific purpose. Direct quotations from the managers were included to support the analysis.

6.3.1. Document analysis

Open-ended questions are those that cannot be answered with a simple "yes" or "no" response or by providing a specific piece of information. Instead, these questions necessitate more detailed and thoughtful answers from respondents. Open-ended questions are instrumental in achieving qualitative depth, as they allow respondents to articulate their responses within their own perspectives, thereby reducing the influence of researcher-imposed alternatives, and as a result, open-ended responses are particularly valuable for researchers engaged in construct development (Mossholder et al., 1995, p.

338). There are three primary types of open-ended questions: (i) Technically open-ended questions: These involve questions where the respondent is required to input specific digits or letters that hold a particular meaning, (ii) Apparently open-ended questions: In this case, respondents are asked to provide an answer that comes from a list too extensive to be included in the questionnaire, and (iii) Really open-ended questions: These are questions where researchers, while having a general direction in mind, encourage respondents to provide their own answers, often requiring further elaboration or justification (Popping, 2015, p. 25). Really open-ended questions are particularly advantageous as they can elicit a broad range of responses, offer alternative explanations, aid in theory development, and uncover unexpected relationships between variables (Popping, 2015, p. 26). Consequently, this research employed really open-ended questions to capitalize on these benefits.

Textual and visual data, such as agendas, meeting minutes, books, brochures, diaries, journals, and similar materials, typically undergo analysis through document analysis, a technique used for data that has been recorded without direct intervention from researchers (Bowen, 2009, p. 27). However, scholars have noted that the document analysis technique is equally applicable to data derived from open-ended questions (Mossholder et al., 1995; Popping, 2015; Ferrario and Stantcheva, 2022). Document analysis is a qualitative analysis technique that involves the systematic review and interpretation of documents to extract meaningful insights. This technique is particularly useful for identifying and describing underlying patterns and meanings within a given phenomenon (Altheide, 2000, p. 290). Document analysis is especially suited to qualitative case studies - intensive studies that produce rich descriptions of a single phenomenon, event, organization, or program (Stake, 1995; Yin, 1994, cited in Bowen, 2009, p. 29). The process typically involves skimming (superficial examination), reading (thorough examination), and interpretation (Bowen, 2009, p. 32). This method requires an iterative process, wherein researchers continuously read and interpret the text to bring the document's voice to the forefront (French and Pien, 2021, p. 834). This iterative approach may incorporate elements of both content analysis and thematic analysis, as discussed in the previous subsection (Bowen, 2009, p. 32). What sets document analysis apart from typical content analysis is its extensive use of direct quotations, enabling researchers to justify their inferences with precise, verbatim evidence (Coşkun, 2022, p. 170; Coşkun, 2023, p. 402). Thus, the second research question in this study will be

examined through document analysis, utilizing direct quotations and making inferences based on the theoretical background.

6.3.2. The process of document analysis

A standard document analysis procedure was employed in this study. During the skimming phase, data were initially reviewed in a superficial manner upon receipt. Once all data had been collected, they underwent another round of superficial examination. Following the completion of the data collection process, the data were thoroughly read and analyzed with reference to the study's theoretical framework. Here, abductive reasoning, as outlined in the research methodology chapter, was employed by simultaneously referencing the theoretical framework and the unique characteristics of the phenomenon. At this stage, conflicting points within the data were acknowledged, yet the search for new themes or codes was not prioritized. During the comprehensive review of the data, an evaluation was conducted to determine whether data saturation had been reached. Data saturation is generally defined as the point at which further coding, thematization, or the emergence of new perspectives is no longer achievable (Fusch and Ness, 2015, p. 1413). In assessing data saturation, the quantity of data is not necessarily an indicator of quality, and more data is not inherently better than less; rather, the process involves a degree of subjective judgment by the researcher (Fusch and Ness, 2015, p. 1410-1411, 1413). In this study, the researcher decided that the patterns identified in the data remained consistent as new responses were analyzed. Consequently, it was concluded that data saturation was achieved after analyzing the responses of 23 participants. After all the data were examined, an interpretation phase was conducted, during which the alignment or divergence of data with the research propositions was evaluated. During this phase, direct quotations were also translated into English. Finally, interpretations of the data, grounded in the theoretical background, were substantiated using the direct quotation technique. Due to space constraints, not every participant's response to each question was included. However, efforts were made to ensure that each participant's perspective was represented to some extent through direct quotations. In this manner, a holistic approach was sought to be adopted during the document analysis.

6.3.3. Findings

This section presents the findings, organized into four subsections. The first subsection examines how managers perceive the discourse of brotherhood between Azerbaijan and Türkiye and highlights the dimensions of nationalism as brotherhood emphasized by these managers, thereby assessing their awareness of the concept. It also examines whether their perceptions of brotherhood influence their investment decisions. Moreover, this section explores managers' views on the investment climate in the brother countries and considers whether they associate the advantages in this climate with the concept of nationalism as brotherhood. The subsequent subsections investigate the mechanisms regulating the relationship between nationalism as brotherhood and FDI, building upon the three theories previously discussed that form the foundation for the research propositions.

6.3.3.1. The perception of brotherhood and its reflection on investment decisions

Table 6.7 presents participants' responses to the question, "What does the brotherhood discourse between Azerbaijan and Türkiye mean to you?" The second column of the table provides direct quotations from the responses, while the third and fourth columns illustrate how these responses relate to the concept of nationalism as brotherhood, based on previously identified codes and themes. The first notable finding is that the slogan "One Nation, Two States" immediately comes to mind for managers when they consider the brotherhood between Azerbaijan and Türkiye. This indicates that the slogan of "One Nation, Two States," which underpins the conceptualization of nationalism as brotherhood, is both accepted and adopted by managers. The second finding reveals that managers frequently emphasize codes related to strong relationships when discussing brotherhood. Codes related to mutual support and nationalist feelings also emerge in their responses. This indicates that the managers' understanding of the brotherhood between Azerbaijan and Türkiye embodies the characteristics of nationalism as brotherhood. Thus, it can be concluded that managers are aware of the concept of nationalism as brotherhood.

Table 6.7. The perception of brotherhood and nationalism as brotherhood

Participant	Responses related to Nationalism as Brotherhood	The Code/s of Nationalism as Brotherhood Reflected in the Response	The Theme/s of Nationalism as Brotherhood Reflected in the Response
Participant 1	There is an understanding of One Nation, Two States in the society.	One Nation, Two States	Strong Relationships
Participant 2	I act with an idealistic approach, with the understanding of One Nation, Two States.	One Nation, Two States	Strong Relationships
Participant 3	I believe that this discourse of brotherhood is sincere... / Our relations with Azerbaijan brother country...	Brother, Sincere (The Level of relationships)	Strong Relationships, Strong Relationships
Participant 4	The discourse of brotherhood represents unity and solidarity.	Unity, Solidarity	Mutual Support, Mutual Support
Participant 5	It (the discourse of brotherhood) represents the existence of similar culture. / As a result of an investment to be made in a brother country...	Similar culture (Common culture) Brother	Strong Relationships Strong Relationships
Participant 6	If we consider investment in foreign countries, Azerbaijan comes first. / It is an honor for us to contribute to the development of the prosperity of our brother country.	Azerbaijan comes first (Prioritizing) Honor (National service)	Mutual Support Nationalist Feelings
Participant 7	It (the discourse of brotherhood) gives trust.	Trust	Strong Relationships
Participant 9	We are cognates and we love the country that President Erdoğan loves.	Cognate, Love (Shared Emotions)	Strong Relationships, Strong Relationships
Participant 10	It (the discourse of brotherhood) represents the non-existence of language barriers.	Language proximity (Common Culture)	Strong Relationships
Participant 11	It (the discourse of brotherhood) represents two states with shared economic interests and One Nation, Two States.	Shared Economic Interests One Nation, Two States	Mutual Interests, Strong Relationships
Participant 12	Being two states, one nation, with a unique bond in the world, gives us pride and strength. With these feelings, any investment I make with brotherly Azerbaijan will make me very happy.	One Nation, Two States, Unique Bond (Shared Emotions), Pride, Strength (Support) Brother, Make me very happy (Service, Duty)	Strong Relationships, Strong Relationships, Nationalist Feelings, Strong Relationships, Strong Relationships Nationalist Feelings
Participant 13	It (the discourse of brotherhood) represents cultural proximity.	Cultural Proximity (Common Culture)	Strong Relationships
Participant 17	The discourse of brotherhood represents trust.	Trust	Strong Relationships

Participant	Responses related to Nationalism as Brotherhood	The Code/s of Nationalism as Brotherhood Reflected in the Response	The Theme/s of Nationalism as Brotherhood Reflected in the Response
Participant 19	Because the same language is spoken and the historical ties are very strong, I feel safe as if I had invested in my own country.	Language Proximity (Common Culture) Historical Ties (Common History)	Strong Relationships Strong Relationships
Participant 21	The fact that Azerbaijan is the closest country culturally, that the relations between the two countries have the characteristics of a strategic alliance not only at the level of states or powers but also at the level of societies, that there are common interests, and that the relations between the two countries are developing day by day within the framework of the understanding of one nation, two states, allows us to invest with confidence.	Cultural Proximity Alliance Common Interests One Nation, Two States	Strong Relationships Mutual Support Mutual Interests Strong Relationship

While managers acknowledge the existence of nationalism as brotherhood, it is crucial to understand whether this concept influences their investment decisions within the scope of this research. To explore this, managers were asked how the brotherhood between the two countries affects their investment decisions. The majority of managers agree that nationalism as brotherhood has a positive impact on their investment choices in favor of brother country. For instance, following statements express this sentiment:

Participant 3: *“Our relations with our brother country Azerbaijan always affect my investment decisions positively and supportively.”*

Participant 6: *“If we consider investment in foreign countries, Azerbaijan comes first.”*

Participant 12: *“With these feelings, any investment I make with brotherly Azerbaijan will make me very happy and will be reflected positively in every decision I make.”*

Participant 23: *“The basis of our initiative lies in the brotherly ties between the Turkic states. It is clear that these ties are stronger in the case of Azerbaijan. This situation has a positive effect on our investment decisions.”*

While nationalism as brotherhood generally influences managers to shape their investment decisions in favor of the brother country, a few managers emphasize the importance of the rational aspects of investment decisions. This perspective suggests that

economic decisions, such as investments, should be made based on their intrinsic nature, including rational analyses like profit expectations, without any bias or favoritism. In this context, two participants express the following views:

Participant 15: *“From a commercial perspective, it (brotherhood) does not have any impact. However, whether this (brotherhood) is important or not depends on whether the investment will be profitable.”*

Participant 17: *“This brotherhood should not be reflected in economic processes.”*

To understand the reasons behind managers’ decisions to invest in the brother country and whether these reasons stem from nationalism as brotherhood or the rational aspects of the market, managers were asked to respond to the question: “Are there any additional advantages to investing in Azerbaijan/Türkiye, and if so, what are they?” Based on their responses, as shown in Table 6.8, the reasons for investing in the brother country are classified into two categories: those derived from nationalism as brotherhood and those based on rational market conditions. The table reveals that the codes used to define nationalism as brotherhood are primarily identified as advantages influencing investment decisions in favor of the brother country. Consistent with previous discussions, codes related to themes of strong relationships (brotherhood, cultural proximity, religion, language, ancestry, common history, shared emotions) and mutual support (political collaboration and support) are seen by managers as advantages of investing in the brother country. Additionally, codes related to market and firm perspectives (networking, gateway/bridge, and market potential) are also highlighted by managers, indicating that they believe nationalism as brotherhood creates a favorable investment climate for firms from the brother country. However, managers also emphasize advantages not directly related to nationalism as brotherhood, such as logistical benefits and the opportunity to earn foreign currency, demonstrating that the rational aspects of investment decisions are not overlooked. In conclusion, it can be stated that nationalism as brotherhood influences managers’ decisions in favor of the brother country, with the elements of this concept being perceived as advantages by the managers.

Table 6.8. Advantages to invest in brother country

Advantages resulted from the nationalism as brotherhood	Advantages resulted from rational market conditions
Political Collaboration and Support Feeling at home Shared Emotions Unity of Religion and Language Cognate/Ancestry Brotherhood Cultural Proximity Common History Networking Gate/Bridge Market Potential	Logistics Advantages Geographical Closeness Geographical Location Natural Resources Incentives Obtaining Foreign Currency Employment

6.3.3.2. Nationalism as brotherhood as a legitimacy creating informal institution

In the previous discussion, it was demonstrated that managers accept nationalism as brotherhood, perceive it as an advantage, and consequently favor the brother country in their investment decisions. However, it is essential to gain a deeper understanding of the mechanisms that govern this connection. As explored in the proposition development section of this research, this subsection investigates whether nationalism as brotherhood can function as a legitimacy-creating informal institution. To explore this, managers were asked to respond to the question: “When making an investment decision, are the attitudes, rules, and norms of the local people important to you? Is it necessary to act in accordance with them? Why?” This question aims to determine whether managers consider informal institutions significant in shaping their investment decisions. The findings indicate that all managers, without exception, recognize the importance of aligning with local informal institutions and emphasize that doing so is crucial for the survival of their companies. This is illustrated by the following quotations:

Participant 3: *“It (local informal institutions) is absolutely essential. No business can survive if it cannot understand the norms of the people.”*

Participant 4: *“It is very important. Following the country in which the investment decision is made and complying with its rules ensures investment sustainability.”*

Participant 9: *“Yes / Since customs and traditions are at the forefront, commercial relations progress more easily.”*

Participant 14: *“Acting appropriately (in accordance with local informal institutions) is essential for social ethics.”*

Participant 16: *“It (local informal institutions) is absolutely important, it is necessary to act in accordance with the society’s judgments, traditions, customs and values.”*

Participant 21: *“The attitudes of the local people, their norms, cultural influences, religious influences and moral values are the main determining factors when choosing a country to invest in.”*

To explore whether managers perceive nationalism as brotherhood as an informal institution and if aligning with this notion provides legitimacy, they were asked the following question: “Do you think that investing in a brother country is a behavior that society expects from companies within the context of brotherhood discourse between two countries? Does meeting this expectation make you make a legitimate decision in the eyes of society and is this important to you? Why?” The findings reveal that managers indeed view nationalism as brotherhood as a societal expectation and believe that fulfilling this expectation grants them legitimacy. This perspective is exemplified in the following quotations:

Participant 1: *“Since there is a “One Nation, Two States” mentality in society, investments made in the society gain value.”*

Participant 4: *“It (investing in brother country) is the behavior that society expects from companies. It (meeting society’s expectation for investing in brother country) makes a legitimate decision and the decisions taken in the future will definitely strengthen the bond between the two countries.”*

Participant 12: *“Yes, for unity of power, it (investing in brother country) is a behavior that society expects.”*

Participant 13: *“Yes, it (investing in brother country) is a behavior that society expects. It (society’s expectation for investing in brother country) makes a legitimate decision in front of society. It is important to me because of social closeness.”*

Participant 16: *“Investing in a brother country within the scope of the brotherhood discourse between the two countries puts me in a legitimate decision-making position, considering that it is a behavior expected by society, and it is of great importance in the decisions I will make.”*

Participant 23: *“In my opinion, the fact that there is a mobility of employment between the two countries, that a citizen of the Republic of Türkiye can easily be employed in Azerbaijan and an Azerbaijani citizen in Türkiye, and that big brands in both countries*

can promote themselves between the two countries is a behavior that the society expects and makes it (investing in a brother country) a legitimate decision.”

Although few in number, some managers highlight two key points. First, they note that while there is indeed a societal expectation for investing in brother countries, this expectation is not coercive in nature. In this manner, participant 6 states that *“Of course there is an expectation, but I don’t think this puts pressure on my own company or other companies. This is not a red line, if these two countries increase trade between themselves it is a good thing, but it cannot be said that the companies should be blamed if it does not increase.”* The second point emphasized by the managers is that this expectation should be considered alongside economic perspectives and the interests of the firm. This view is illustrated by the following quotations:

Participant 9: *“Investing in a brother country is important, but it is more important for the company that will invest to have tax and investment advantages. It is important to keep the capital in the company rather than in the country!”*

Participant 11: *“Society may expect something like this from companies, but more importantly, it is important that the investment is sustainable. What is important to me is the sustainability of the investment I make.”*

Participant 21: *“The important thing is to decide on investment with a correct feasibility study.”*

In conclusion, it can be asserted that managers place significant emphasis on local informal institutions. They recognize that nationalism as brotherhood generates societal expectations that enhance the legitimacy of their investment decisions. Consequently, managers align their behavior with the principles of nationalism as brotherhood to ensure legitimacy. Therefore, there is qualitative evidence supporting the first two research propositions.

6.3.3.3. Nationalism as brotherhood as a trust enhancing social tie

In the proposition development section of this research, nationalism as brotherhood is posited as a social tie that enhances trust among firms from brother countries, thereby positively influencing the relationship between nationalism as brotherhood and FDI. To explore this mechanism, managers were asked to respond to the following questions: “Do you know any businessperson from Azerbaijan/Türkiye? Would you invest in another

country with an Azerbaijani/ Turkish partner, or do you have such experience? Do you think there is a difference between investing with an Azerbaijani/Turkish person and someone from another country?" These questions aim to assess whether managers have established social ties with counterparts from brother countries and, if so, whether these ties influence their investment decisions and perceptions. The findings related to this inquiry can be analyzed from two distinct perspectives: (i) managers with established social ties and (ii) managers without established social ties.

First, when examining the responses of managers who have established social ties with firms from brother country, it is evident that while they prefer to invest alongside firms from brother country, they also highlight potential challenges and conditions. Specifically, they emphasize differences in mentality, work approach, and concerns about bribery as potential issues. Additionally, managers stress the importance of safeguarding their firm's interests. Moreover, they acknowledge that brotherhood relationships do influence their decision-making. These points are illustrated by the following quotations:

Participant 2: *"I have many acquaintances from Azerbaijan. When doing business with Azerbaijani businessperson, you have to think a lot. Their mentality and approach are a bit different. Also, unfortunately, bribery is very common. It is almost impossible to do business without bribery anywhere. This situation locks down business life."*

Participant 3: *"I know businessperson (from brother country) and of course I would invest (with them), but I haven't had such an experience yet. It would make a difference because we are a brother country, a brother society, but for me the norms of trade are not just about being a brother country."*

Participant 10: *"I know some businessperson (from brother country). If we agreed on the terms, I would invest (with them), but I have not had such an experience to date."*

Participant 13: *"Yes, I have acquaintances. We would invest but I don't have such experience."*

Participant 23: *"I know Azerbaijani businessperson. If possible, I would invest in other countries with them. Since we are members of the same nation, it is easier to establish a trust relationship than to form a partnership with businessperson from another country."*

Second, when analyzing the responses of managers who have not established social ties with firms from brother countries, it becomes apparent that the majority express a preference for investing with firms from brother country. However, while they, like

managers with established ties, emphasize certain conditions, they also highlight advantages associated with nationalism as brotherhood, such as shared language, cultural proximity, and mutual support. These points are illustrated by the following quotations:

Participant 11: *“There is no businessperson we know! Every country’s trade operates within its own rules. Your relationships will be shape according to the economic data that your investment will provide them. in fact, a win-win policy.”*

Participant 12: *“I don’t know any Azerbaijani businessperson. If I did, I would join forces and invest in another country.”*

Participant 14: *“I don’t know any Azerbaijani businessperson. I would invest in another country with an Azerbaijani partner.”*

Participant 15: *“I don’t know any businessmen. An investment in a field that seems profitable can be made in another country. I don’t have such experience. The fact that the investor partner is Azerbaijani may have advantages in terms of language, culture, etc.”*

Given that trust is the central concept in Social Network Theory and a key factor driving managerial decisions, the perception of managers regarding trust towards firms from brother country was investigated. To this end, managers were asked, “Do you think Azerbaijani/Turkish companies are more trustworthy and closer? Why?” The majority of managers perceive firms from brother country as trustworthy and closer, attributing this trust to factors associated with nationalism as brotherhood, such as shared culture, political collaboration, common ancestry, and the slogan of “One Nation, Two States,” among others. However, a few managers emphasized the importance of evaluating whether a specific firm is indeed trustworthy. These points are illustrated by the following quotations:

Participant 3: *“I think it (firms from brother country) is more trustworthy because the majority of the people (in the brother country) are Muslims.”*

Participant 4: *“It (firms from brother country) is more trustworthy and closer. It stems from the mentality of “Two States, One Nation”.”*

Participant 7: *“Trustworthy because it (firms from brother country) is Turkic company.”*

Participant 9: *“Every company approved by our state is special to us.”*

Participant 13: *“It (firms from brother country) is partly more trustworthy due to social closeness.”*

Participant 16: *“Of course, it (firms from brother country) is trustworthy and close in the eyes of two brother countries. No matter what, I will definitely approach by doing research from the attaché office.”*

Participant 22: *“Yes, they (firms from brother countries) are trustworthy. It is because of our historical relationships and roots.”*

In conclusion, it can be asserted that nationalism as brotherhood creates a social tie between firms from brother countries. This tie is built on mutual trust and a sense of closeness rooted in the concept of nationalism as brotherhood, which in turn influences their attitudes towards firms from brother country positively. Therefore, there is qualitative evidence supporting the third and fourth research propositions of this study.

6.3.3.4. Nationalism as brotherhood as a transaction cost diminishing factor

In the proposition development section of this research, Transaction Cost Theory was applied to argue that firms from brother country are likely to act less opportunistically toward each other, thereby reducing transaction costs. This reduction, in turn, would incentivize managers to invest in brother countries. To explore this mechanism, managers were asked, “Do you think Azerbaijani/Turkish companies will act less opportunistically towards you? Why?” This question aimed to gauge managers’ perceptions of firms from brother countries in terms of opportunistic behavior. The responses reveal that while a significant number of managers believe firms from brother countries are less likely to act opportunistically and attribute this to factors associated with nationalism as brotherhood such as being brother, trust, ancestry, cultural proximity, and the slogan of “One Nation, Two States,” some managers caution that economic interests may still lead certain firms to behave opportunistically, and that this should be assessed on a case-by-case basis. These views are illustrated by the following quotations:

Participant 3: *“I think that companies (in brother country) will approach more sincerely since we are brother countries.”*

Participant 4: *“Yes, I think they (firms from brother countries) will act less opportunistically because they are trustworthy.”*

Participant 7: *“They (firms from brother country) approach us positively because we are Turkish.”*

Participant 13: *“Yes, I think they (firms from brother country) will act less opportunistically because of the social and cultural closeness.”*

Participant 19: *“I think they (firms from brother country) will act less opportunistically because we are One Nation, Two States.”*

Participant 11: *“When we look at the world economy in the last period, every company is now calculating how it will stand on its own feet.”*

Participant 12: *“I think it (opportunistic behaviors) will depend on bilateral agreement. Mutual opportunities can be used to the advantage of the partners.”*

Participant 15: *“It (opportunistic behaviors) may vary depending on the company managers.”*

Participant 20: *“if money is involved, anyone can change.”*

Given that the term of contract is the central concept in Transaction Cost Theory and a key indicator of transaction cost, the attitudes of managers regarding the terms of contract signed with firms from brother country was investigated. To this end, managers were asked: “What is your attitude towards determining the terms of the contract when signing a business contract with Azerbaijani/Turkish companies? Are you more careful and detailed or more flexible? Do you have a standard behavior in this regard? Do you do anything extra? Why? Have you had such an experience before?” Although the majority of managers indicated that they adhere to standard procedures and would not make exceptions for firms from brother countries, a significant number of managers stated that their approach to contracts with firms from brother countries would be more flexible compared to those with firms from other nations. This flexibility is attributed to factors related to nationalism as brotherhood, such as shared ancestry and trust. This situation is illustrated by the following quotations:

Participant 9: *“Being a brother country brings us to the forefront (in signing terms of contract)”*

Participant 12: *“I can be more flexible in the contract I will make with an Azerbaijani company, compared to the contract I will make in a European country (In case such a situation arises)”*

Participant 14: *“I will approach more flexibly and not be prejudiced”*

Participant 19: *It (terms of contract) is based on trust”.*

Participant 22: *“I have no previous experience. I try to be flexible and helpful.”*

Participant 1: *“Everything must be in accordance with the rules and regulations.”*

Participant 4: *“We apply our standard terms of contract.”*

Participant 10: *“My general principle is to have my contracts reviewed by lawyers and try to proceed accordingly.”*

Participant 20: *“I always act carefully, this situation has nothing to do with the person or people. It is a matter of principle. I don’t do anything extra, I just do my job.”*

Participant 23: *“We have standard procedures in our contract processes. The same procedure is applied to all persons and institutions with whom we enter into contractual relationships.”*

Furthermore, considering the managers’ statements regarding the advantages of a shared language in brother countries, along with studies that demonstrate the transaction cost-reducing effects of language similarity (Wang and Raun, 2019, p. 6113), it can be concluded that nationalism as brotherhood contributes to reducing transaction costs not only through flexibility in contract terms but also due to language similarity. Taken together, these factors provide qualitative evidence supporting the fifth and sixth propositions of this research.

When considering the results obtained from all six research propositions collectively, it can be argued that the findings offer distinctive perspectives to the existing literature, highlighting another dimension of this study’s originality. In the current literature, factors such as Corporate Social Responsibility (CSR), industry practices like the adoption of information systems, and economic regulations are frequently identified as key institutions that establish legitimacy for firms within the framework of Institutional Theory (Chelli et al., 2014; Krell et al., 2016; Risi et al., 2023). From the Social Network Theory perspective, elements such as frequent interactions among network members, responsiveness to online evaluations, and the provision of accurate information are recognized as crucial in building trust among parties (Jaafar et al., 2009; Wang et al., 2019). Additionally, Transaction Cost Theory identifies factors such as technological adaptation and effective governance as significant in reducing transaction costs (Arinloye et al., 2012; Wang et al., 2012). The findings of this research contribute a novel concept and context, providing a foundation for further testing and expansion of these theoretical arguments.

6.4. The Effect of Nationalism as Brotherhood on FDI Flows

The third research question investigates the effect of nationalism as brotherhood on FDI flows between countries. This question is addressed through three hypotheses, which aim to illustrate the statistical differences in FDI flows between brother countries and other countries, and to demonstrate the influence of nationalism as brotherhood on FDI flows. As previously indicated, the hypotheses necessitate a macro-level analysis, involving the examination of macroeconomic data. Consequently, to address this question, quantitative methods, along with econometric and statistical techniques, were employed. The specifics of the measurement and analysis techniques are detailed below.

6.4.1. Analysis process

The hypotheses of this research necessitate the use of various analysis techniques, each with distinct processes. The first two hypotheses require an analysis that examines statistical differences among different groups, while the third hypothesis involves examining the statistical impact of one variable on another. Consequently, this section will be organized under two headings: (i) Analyzing Differences and Findings, and (ii) Analyzing the Impact and Findings. Before presenting the analysis processes and findings, the details of the measurement will be discussed. Since both analyses utilize the same data, the measurement details will be provided under a single heading.

6.4.1.1. Measurement of variables

Both analyses focus on two primary variables: FDI and nationalism as brotherhood. Given that nationalism as brotherhood is a newly proposed concept in this research, there are no existing indices or secondary data available. Developing an index or any form of secondary data for nationalism as brotherhood is beyond the scope of this study and could be explored in future research. Consequently, this study measures nationalism as brotherhood using a dummy variable, where “1” denotes the presence of brotherhood relationships and “0” denotes their absence. To measure FDI, the geographical distribution of outward FDI flows from Azerbaijan and Türkiye was utilized. The raw data, measured in millions of dollars for Türkiye and thousands of dollars for Azerbaijan,

was converted into the percentage of outward FDI directed to specific countries relative to the total FDI flow. Additionally, several control variables were included in the analysis for the third research question: (i) exchange rate, (ii) GDP per capita, (iii) export, and (iv) geographical distance. The exchange rate is measured as the value of the domestic currency against the US dollar and sourced from the International Monetary Fund (IMF). GDP per capita and export are sourced from the World Bank and the IMF without any transformation. The geographical distance is measured using the distance between the capital cities of countries as determined by Google Maps. This distance is then converted into an ordinal scale, where distances between 0 and 2000 kilometers are coded as “1,” distances between 2001 and 3500 kilometers are coded as “2,” and distances of 3501 kilometers and above are coded as “3.” This technique of measurement is employed to achieve a more normalized distribution within the dataset.

6.4.1.2. Analyzing differences and findings

There are various techniques for analyzing differences between groups, which can be broadly categorized into two types: (i) parametric analysis techniques and (ii) non-parametric analysis techniques. While parametric techniques are generally more advanced than their non-parametric counterparts, the data must meet certain criteria to be suitable for their application. These criteria include: (i) the data should follow a normal distribution, (ii) the target groups should have similar or equal variances, and (iii) there should be no multicollinearity issues. Since the analysis of differences focuses on examining differences among groups with respect to a specific variable, checking for multicollinearity is not necessary. In addition to the characteristics of the data, the choice of the appropriate technique for analyzing differences also depends on the number of groups being examined. This research involves two distinct groups (brother countries and non-brother countries). Therefore, it is essential to determine whether to use the T-test, a parametric analysis technique, or the Mann-Whitney U test, a non-parametric analysis technique.

The first criterion for selecting an appropriate analysis technique is the normal distribution of the data. To determine if the data is normally distributed, the Shapiro-Wilk test is typically employed. However, given that achieving perfect normal distribution in social sciences is challenging, skewness and kurtosis values are often examined to assess

the normality of the dataset (Soberón and Stute, 2017; Bilgiç, 2021). Table 6.9 presents the descriptive statistics, along with skewness and kurtosis values for the datasets of both Türkiye and Azerbaijan. According to the literature, skewness values between -2 and +2, and kurtosis values between -7 and +7 are considered indicators of normal distribution (George, 2011; Byrne, 2011). Upon examining Table 6.9, it can be concluded that the data for Türkiye is normally distributed and the data for Azerbaijan is near to normal distribution.

Table 6.9. Descriptive statistics for analyzing differences

	Percentage Distribution of OFDI of Türkiye	Percentage Distribution of OFDI of Azerbaijan
Number of Observations	253	60
Minimum Value	0,0001	0,04
Maximum Value	44,97	58,20
Mean	6,56	5,48
Standard Deviation	10,84	10,02
Skewness	2,25	3,40
Kurtosis	6,92	15,67
Jarque-Bera	377,4296	517,3459
Probability	0,00	0,00

The second criterion is whether the target groups have similar or equal variances. To determine this, the Levene’s test is typically employed. A Levene’s test score greater than “0.05” indicates that the variances are equal. Table 6.10 provides the results of the Levene’s test. Based on these results, it is appropriate to use the T-test assuming equal variances for the dataset of Türkiye, whereas the T-test not assuming equal variances is suitable for the dataset of Azerbaijan. Although there are no issues with the dataset for Türkiye, the kurtosis value for Azerbaijan exceeds “7”, and the variances between groups are not equal. Therefore, to ensure robustness and rigor, both the T-test not assuming equal variances and the Mann-Whitney U test will be conducted for the dataset of Azerbaijan.

Table 6.10. Levene test results

	Percentage Distribution of OFDI of Türkiye	Percentage Distribution of OFDI of Azerbaijan
F Value	1,27	22,68
Significance	0,25	0,00

The results of the T-test and Mann-Whitney U test are presented in Tables 6.11 and 6.12, respectively. Upon examining both tables, it is evident that the percentage of FDI outflow to brother countries is higher than to non-brother countries. Specifically, for Türkiye's FDI outflows, the percentage directed towards Azerbaijan is twice as high as the average for non-brother countries. Additionally, for Azerbaijan's FDI outflows, the percentage directed towards Türkiye is seventeen times higher than the average for non-brother countries. The significance values indicate that these differences are statistically significant. Consequently, it can be concluded that the first and second research hypotheses of this study are supported.

Table 6.11. T test results

	Equal Variance	t	df	Sig.	Group	Mean
Türkiye	Assumed	-2,77	251	0,006	Brother	12,48
	Not Assumed	-3,03	27,72	0,005	Non-Brother	5,97
Azerbaijan	Assumed	-14,15	58	0,000	Brother	34,52
	Not Assumed	-5,006	4,036	0,007	Non-Brother	2,84

Table 6.12. Mann Whitney U test results

	Sig.	Group	Mean Rank
Türkiye	0,002	Brother	171,57
		Non-Brother	122,54
Azerbaijan	0,000	Brother	58
		Non-Brother	28

Recognizing the differences in OFDI towards brother countries compared to other investment partners demonstrates the prioritization of brother countries in investment decisions, highlighting the positive influence of nationalism as brotherhood. However, establishing a causal relationship necessitates the use of more advanced analysis techniques.

6.4.1.3. Analyzing the impact and findings

Regression analysis techniques are commonly employed to examine the impact of independent variables on a dependent variable. In this regard, the Ordinary Least Squares (OLS) technique was initially employed, and the results are presented in Table 6.13.

Based on these findings, the effect of nationalism as brotherhood on FDI is statistically significant and positive in the model for Türkiye, and it is also statistically significant and positive in the model for Azerbaijan. The OLS method necessitates preliminary checks for data normality and heteroskedasticity to ensure reliable estimations.

Table 6.13. OLS results

Variable	Türkiye		Variable	Azerbaijan	
	Coef.	P. Value		Coef.	P. Value
Constant	-7,12	0,0017***	Constant	-4,70	0,1488
lnGDPPC	0,6171	0,001***	lnGDPPC	1,021	0,019**
lnExc.	-0,859	0,007***	lnExc.	0,375	0,116
lnExport	0,3866	0,000***	lnExport	-0,335	0,257
Geographic Distance	-1,790	0,000***	Geographic Distance	-0,594	0,419
Nationalism as Brotherhood	2,325	0,001***	Nationalism as Brotherhood	2,585	0,0013**
R²	0,25		R²	0,43	
Adjusted R²	0,24		Adjusted R²	0,38	
F-Statistic	17,18181		F-Statistic	8,33	
Prob. (F-statistic)	0,00		Prob. (F-statistic)	0,00	
Akaike info criterion	3,75		Akaike info criterion	3,36	

Following the OLS estimation for both countries, the data's normality was checked, as shown in Table 6.15. Table 6.14 presents the results of the Likelihood Ratio Test, employed to detect the presence of heteroskedasticity. A probability value below 0.05 indicates a heteroskedasticity problem. Upon reviewing the results, it is observed that the probability values fall below the 0.05 threshold, confirming the presence of heteroskedasticity. Additionally, the data distribution is noted to approximate, though not fully achieve, normality. While presenting OLS results is essential for establishing robustness, it is necessary to apply an alternative technique that addresses issues related to normality and heteroskedasticity. Accordingly, this study employs quantile regression analysis, which effectively addresses issues of normality and heteroskedasticity. Unlike OLS regression, which estimates the mean of the response variable, quantile regression provides a more flexible approach by estimating the conditional distribution of the response variable. This makes it particularly useful when the distribution of the response variable is non-normal or when there are outliers in the data.

Table 6.14. Likelihood ratio test results

	Likelihood Ratio		
	Value	df	Probability
Türkiye	97,29	12	0,00
Azerbaijan	793,70	11	0,00

Quantile regression analysis is a technique that describes the relationship between a set of predictors (independent variables) and specific percentiles or quantiles of a target (dependent variable), most frequently the median (Nica et al., 2023, p. 11) and that was first putted forward by Koenker and Bassett (1978). Quantile regression estimates the conditional quantiles (e.g., the median or the 25th percentile) of the dependent variable given the independent variables, offering a more detailed understanding than traditional methods. OLS regression, widely used in the literature, summarizes the average relationship between the outcome variable and regressors by estimating the conditional mean function $E(y | x)$. This approach provides only a limited view of the relationship (Sahu and Dash, 2021, p. 29). In contrast, quantile regression can capture the varying impact of independent variables across different quantile levels of the dependent variable (Farhan et al., 2014, p. 603). A quantile is a statistical measure that divides a probability distribution or dataset into equal-sized intervals, indicating specific points within the data to better understand its spread and distribution.

Quantile regression offers several advantages that are frequently highlighted in the literature. One key advantage is its ability to provide a comprehensive view of the relationship between variables, capturing effects across different points of the distribution (Sahu and Dash, 2021, p. 29). Additionally, it accounts more effectively for substantial and persistent heterogeneity in the dependent variable (Benli, 2016, p. 186). Unlike traditional regression techniques, quantile regression does not require assumptions about the distribution of the dependent variable (Nica et al., 2023, p. 11). It is also robust to outliers and heavy-tailed distributions, enhancing its applicability in diverse analytical contexts (Zhu et al., 2016, p. 240).

This study examines the unique cases of Azerbaijan and Türkiye. Outliers can signify scientifically significant and unique phenomena (Stefanovič and Kurasova, 2018, p. 106). In this context, Azerbaijan and Türkiye may represent outliers. This argument is supported by the descriptive statistics presented in Table 6.9, which display the minimum and maximum values within the dataset. The substantial differences between these values,

combined with the association of maximum values with Türkiye in the Azerbaijan dataset and the mean for Azerbaijan being twice as high as the mean of other countries in the Türkiye dataset, highlight the uniqueness of these cases. Therefore, it is reasonable to consider Azerbaijan and Türkiye as outliers, justifying the use of quantile regression, which is particularly adept at analyzing outliers and capturing their influence.

The specified quantile regression equation is as follows:

$$Q_{Y_{n,t}}(\tau|X_{n,t}) = X_{n,t}^{\tau} \gamma_{\tau}$$

where $Q_{Y_{n,t}}(\tau|X_{n,t})$ refers to the dependent variable's τ th quantile, $X_{n,t}^{\tau}$ consists of independent variables as specified in previous sections for τ th quantile. γ_{τ} denotes the coefficients of independent variables in the τ th quantile. To consider more disaggregated quantiles and reach detailed inferences, the τ is determined as five decimal divisions.

Unlike traditional regression techniques, quantile regression does not require assumptions about the distribution of the dependent variable (Nica et al., 2023, p. 11). In this sense, many studies in the literature have directly shared the results without providing any further analysis such as cointegration analysis, unit root analysis, etc. (Girma and Görg, 2005; Chunying, 2011; Farhan et al., 2014; Benli, 2016; Chowdhury, et al., 2021; Sahu and Dash, 2021; Yunus, 2023). This is because quantile regression pays regard to normality and heteroscedasticity presumptions that error term may include. Moreover, the most common explanation for the failure to reject the unit root and no cointegration nulls is the low power of these tests over short time spans of data, and in response to these problems, researchers have turned to longer data sets, panel testing procedures and more powerful tests (Culver and Papell, 1999, p. 752). However, in some cases, obtaining long panel data is not feasible. Therefore, there are some studies in the literature that do not carry out further presumption tests such as unit root and cointegration analysis with the hidden claim that there is no need for these tests in short panel data (Reganati and Sica, 2007; Neise, et al., 2022). Since this research includes short panel data, this study does not prefer to perform these tests.

Two primary quantile regression techniques are usually discussed: traditional quantile regression and Bayesian quantile regression. Bayesian quantile regression, as introduced by Yu and Moyeed (2001), employs an equivalent formulation of quantile regression that assumes an asymmetric Laplace distribution for the likelihood function. This approach combines the likelihood formulation with priors for model parameters to form a posterior model, utilizing Markov Chain Monte Carlo (MCMC) methods for

estimation and this process allows for the full posterior distributions of model parameters, facilitating comprehensive inference, including model-based standard errors (Stata, 2024). The Bayesian method provides precise and comprehensive inference, even in models with a limited number of observations, as seen in this study (Alhamzawi and Ali, 2020, p. 314). Both techniques are used to ensure robustness; however, the estimations primarily focus on findings derived from traditional quantile regression.

Before presenting the results of the quantile regression, it is useful to discuss the descriptive statistics shown in Table 6.15. An examination of the maximum and minimum values in the dataset reveals that brother countries represent significant outliers. The maximum value of 58,2 in the Azerbaijan dataset corresponds to Türkiye and indicates the percentage of FDI flows to Türkiye from Azerbaijani OFDI in 2023. Furthermore, a detailed examination of the data shows that the mean of OFDI (%) in the Türkiye dataset is half the percentage of FDI flows to Azerbaijan in Turkish OFDI from 2001 to 2023. The high standard deviations, approximately 10 in outward FDI (%) in both datasets, further support that Azerbaijan and Türkiye are outliers. Additionally, the skewness and kurtosis values for all variables suggest that the data are near to a normal distribution.

Table 6.15. Descriptive statistics

	Descriptive Statistics	Outward FDI (%)	GDPPC	Exchange Rate	Export
Türkiye	Mean	6,56	41728,45	1,11	528207,8
	Median	1,95	41994,71	0,85	371448,9
	Max. Value	44,97	133711,8	4,63	3225960
	Min. Value	0,0001	703,671	0,5	1123,12
	Std. Deviation	10,84	26676,14	0,81	604327,6
	Skewness	2,25	1,18	2,84	1,98
	Kurtosis	6,92	5,17	10,17	7,25
	Jarque-Bera	377,42	108,89	884,36	357,54
	Descriptive Statistics	Outward FDI (%)	GDPPC	Exchange Rate	Export
Azerbaijan	Mean	5,48	41696,04	8,27	520939,1
	Median	2,5	41774,39	0,95	423725
	Max. Value	58,2	99994,94	85,16	1688727
	Min. Value	0,04	4300,857	0,73	3341
	Std. Deviation	10,02	25201,88	20,07	379522,1
	Skewness	3,4	0,42	2,91	1,67
	Kurtosis	15,67	2,61	9,88	,5,91
	Jarque-Bera	517,34	2,1824	203,44	49,37

Table 6.16. The results of traditional quantile regression

	Variable	0.20		0.40		0.50 (Median)		0.60		0.80	
		Coef.	P. Value	Coef.	P. Value	Coef.	P. Value	Coef.	P. Value	Coef.	P. Value
TÜRKİYE	<i>constant</i>	1,184	0,689	-10,65	0,003***	-7,778	0,011**	0,102	0,968	0,880	0,754
	<i>lnGDPPC</i>	0,451	0,074*	0,798	0,008***	0,555	0,034**	-,052	0,811	-0,129	0,588
	<i>lnExc</i>	-1,443	0,001***	-0,669	0,175	-0,849	0,049**	-1,207	0,001***	-1,294	0,001***
	<i>lnExport</i>	-0,145	0,227	0,440	0,002***	0,406	0,001***	0,233	0,027**	0,278	0,015**
	<i>Geographic Distance</i>	-2,412	0,000***	-1,448	0,000***	-1,254	0,000***	-0,695	0,017**	-0,646	0,039**
	<i>Nationalism as Brotherhood</i>	-0,710	0,382	3,360	0,001***	2,975	0,000***	1,664	0,020**	1,128	0,144
	<i>Obs.</i>	253		253		253		253		253	
	<i>Pseudo R²</i>	0,153		0,107		0,118		0,130		0,176	
AZERBAIJAN	<i>constant</i>	-4,246	0,347	-2,471	0,630	-3,575	0,355	-2,209	0,606	-4,006	0,213
	<i>lnGDPPC</i>	1,223	0,043**	0,967	0,156	0,947	0,066*	0,705	0,215	0,596	0,160
	<i>lnExc</i>	0,564	0,091*	0,533	0,160	0,383	0,178	0,274	0,383	0,254	0,281
	<i>lnExport</i>	-0,697	0,093*	-0,666	0,158	-0,420	0,233	-0,359	0,359	0,077	0,791
	<i>Geographic Distance</i>	-0,202	0,843	0,292	0,802	-0,311	0,722	-0,006	0,995	-0,767	0,293
	<i>Nationalism as Brotherhood</i>	3,822	0,009***	3,694	0,025**	2,998	0,015**	3,120	0,023**	1,421	0,159
	<i>Obs.</i>	60		60		60		60		60	
	<i>Pseudo R²</i>	0,305		0,265		0,255		0,236		0,308	

Note: “***”, “**” and “*” denote the significance of the statistics in the models at the 1%, 5% and 10% levels respectively. For more discussion of Pseudo R², you may read Koenker and Machado (1999).

Table 6.16 presents the results of the traditional quantile regression analysis, conducted across five quantiles. The table also includes Pseudo R² values, which measure the goodness of fit, ranging from 0 to 1, with higher values indicating a better fit (Wong and Ting, 2016, p. 26-27). The analysis reveals that GDP per capita consistently exerts a positive influence on OFDI flows. This finding aligns with existing literature, which posits that GDP per capita serves as a measure of a country's economic prosperity and the purchasing power of its citizens, thereby incentivizing investors by highlighting the significance of other factors (Callen, 2008; Alshamsi et al., 2015). Additionally, the results demonstrate a consistently negative impact of the exchange rate on OFDI flows in Türkiye, whereas in Azerbaijan, the exchange rate shows a consistently positive effect. These observations are consistent with the literature, which attributes the positive impact to reduced investment costs in the host country and the negative impact to increased exchange rate instability, higher borrowing costs, and elevated costs of imported goods (Alba et al., 2010; Khandare, 2016). Regarding exports, the analysis indicates a consistent positive effect on OFDI in Türkiye and an insignificant negative effect in Azerbaijan. These results are supported by the literature, which suggests that the positive impact may be due to the enhanced international image of the country through exports, while the negative effect could be attributed to market saturation and heightened competition (Dash and Sharma, 2010; Ahmed et al., 2023). Lastly, the study finds a negative impact of geographical distance between the home and host countries on OFDI. This result is consistent with the literature, which explains it through increased costs associated with monitoring, coordinating, and controlling operations, as well as information asymmetries (Ly et al., 2018).

Finally, the results demonstrate a positive impact of nationalism as brotherhood on OFDI flows in both Azerbaijan and Türkiye, with this impact being statistically significant across nearly all quantiles. The results show that in both models, nationalism as brotherhood is positive and significantly affects OFDI in middle quantiles (0.40 and 0.60) and median quantiles (0.50). This refers to that nationalism as brotherhood is an effective variable in medium level of OFDI flows. In the model for Türkiye, nationalism as brotherhood do not significantly affect OFDI flows in both higher (0.80) and lower (0.20) quantiles while it does not significantly affect OFDI flows in only higher (0.80) quantile in the model for Azerbaijan. In the model for Azerbaijan, its influence on OFDI flows is positive and statistically significant in lower (0.20) quantile. The insignificant

results for Türkiye can be explained by the characteristics of the sample. Unlike Azerbaijan, Türkiye has established longer-standing FDI relationships with certain EU countries, such as the Netherlands. The high costs of withdrawing from investments, along with the necessity for continuous investment to sustain existing operations, contribute to higher OFDI flows from Türkiye to these countries. As these EU countries are not perceived as brother countries to Türkiye, their FDI relationships are less likely to be influenced by notions of brotherhood, making the insignificant results understandable. The same explanation applies to the lower quantile in Türkiye's model. Türkiye has more transient FDI relationships with certain countries in the sample, such as Romania, compared to Azerbaijan. Since these countries are also not perceived as brother countries, this result is likewise consistent. The positive yet insignificant effect observed in the higher quantile (0.80) for Azerbaijan can be attributed to the impact of COVID-19 on Azerbaijani OFDI. Given the significant decline in OFDI flows during this short period, the results for the higher quantile may have been distorted.

In terms of Pseudo R^2 , no negative values of Pseudo R^2 were observed across all quantiles for both countries, and the model exhibits a better goodness of fit for Azerbaijan. The findings from Bayesian quantile regression (Appendix 14) align with those from traditional quantile regression, thus reinforcing the robustness of this research. Consequently, the third hypothesis of this study is supported. This result challenges existing literature that highlights the negative impact of nationalism on FDI flows, thereby providing significant evidence that could alter perspectives on the relationship between nationalism and FDI. Moreover, these findings indicate that the concept of brotherhood transcends mere discourse and is also manifest in economic practices. Therefore, this finding underscores a unique contribution of this research.

6.5. Conclusion

This chapter is dedicated to the application of research methodology and is structured into three primary sections, each addressing a distinct research question. The first section elaborates on the unique characteristics of nationalism as brotherhood through thematic analysis, content analysis, and descriptive statistics. It identifies eight themes defining nationalism as brotherhood: strong relationships, mutual support, mutual interests, nationalist feelings, future, market, firm perspective, and market perspective.

Building on these themes, nationalism as brotherhood is defined as “*a form of nationalism characterized by strong, strategically significant relationships underpinned by shared ethnic, historical, and emotional ties, wherein two brother nations, united by a past that revitalizes nationalist sentiments, come together around common interests and provide unconditional support to each other, with this support extending not only at the state level but also to firms and market mechanisms.*” The second section investigates the mechanisms regulating the relationship between nationalism as brotherhood and FDI flows, utilizing Institutional Theory, Social Network Theory, and Transaction Cost Theory through document analysis. The findings support the research propositions, which posit that nationalism acts as a legitimacy-creating informal institution, enhances trust among parties, and reduces transaction costs, thereby positively influencing FDI flows between brother countries. The final section examines the macroeconomic impact of nationalism as brotherhood using T-tests, Mann-Whitney U tests, and quantile regression. The results demonstrate that brother countries preferentially invest in each other, with the impact of nationalism as brotherhood on FDI flows being statistically significant and positive. In summary, as demonstrated in Table 6.17, all the propositions and hypotheses formulated within this research have been supported.

Table 6.17 provides a summary of this study, addressing the research propositions and hypotheses, their rationale for formulation within the scope of this research, their status of support or rejection, and the theoretical and practical implications of the findings. From a theoretical perspective, the results related to the first two propositions, grounded in Institutional Theory, reveal the presence of a distinctive context (brother country) and a novel concept (nationalism as brotherhood), which can be interpreted as an informal institution influencing firms’ decisions through legitimacy mechanisms. This finding contributes to the broader applicability of the theory by expanding its scope and demonstrating its relevance across diverse contexts. Considering that informal institutions are relatively underexplored in the literature, this study contributes to the theoretical framework by addressing a less-examined area (Vaupot and Fornazarič, 2021). Moreover, the findings support the claims of Institutional Theory by illustrating that nationalism as brotherhood positively impacts managers’ FDI decisions due to legitimacy concerns in parallel to the literature (Chen et al., 2024). This is significant for enhancing the credibility of the theory and further establishing its robustness.

Table 6.17. Research summary

Propositions/Hypotheses	The Reasons for the Formulation of These Propositions/Hypotheses	The Status of Support	Theoretical Implications	Practical Implications
<p>P1: Owing to the phenomenon of nationalism as brotherhood, investing in a brother host country is perceived as more legitimate than investing in other countries by managers.</p>	<p>To evaluate whether nationalism as brotherhood is perceived as the source of legitimacy.</p>	<p>Supported</p>	<ul style="list-style-type: none"> - A unique context and a novel concept are provided for Institutional Theory. - A new informal institution which shapes the decisions of firms is provided. - A new source of legitimacy which is brotherhood was illustrated. 	<ul style="list-style-type: none"> - Providing a concept which helps shaping the entry strategies by enhancing legitimacy of the firm.
<p>P2: The legitimacy of investing in a brother country increases the likelihood that a firm from the home country will invest in the brother host country.</p>	<p>To evaluate the legitimacy provided by nationalism as brotherhood enhances FDI flows between brother countries.</p>	<p>Supported</p>	<ul style="list-style-type: none"> - Qualitative evidence supporting the claims of Institutional Theory is provided. - Brotherhood is illustrated as a new legitimacy-based determinant of FDI decisions at firm level. 	<ul style="list-style-type: none"> - Providing the basis for the promotion activities of FDI in the host country.
<p>P3: Nationalism as brotherhood constitutes a form of socially embedded tie that enhances trust among firms from brother countries.</p>	<p>To evaluate whether nationalism as brotherhood is a type of social tie enhancing trust among firms.</p>	<p>Supported</p>	<ul style="list-style-type: none"> - A novel concept brotherhood is introduced as a social tie strengthening factor in the scope of Social Network Theory. - A new source of trust among the partners in the social network is introduced. - Since social ties take roles in the formation of social capital, a new dimension for social capital is introduced. 	<ul style="list-style-type: none"> - Providing an opportunity to improve the social capital of managers and firms. - Providing a basis for enlarging social networks of managers and firms. - Providing a basis for improving reputation through enhancing trust perception.
<p>P4: The mutual trust fostered by brotherly nationalist ties, which are embedded among firms from the home and host countries, increases the likelihood that a firm from the home country will invest in the brother host country.</p>	<p>To evaluate the trust provided by nationalism as brotherhood enhances FDI flows between brother countries.</p>	<p>Supported</p>	<ul style="list-style-type: none"> - Qualitative evidence supporting the claims of Social Network Theory is provided. - Brotherhood is illustrated as a new trust-based determinant of FDI decisions at firm level. 	

Propositions/Hypotheses	The Reasons for the Formulation of These Propositions/Hypotheses	The Status of Support	Theoretical Implications	Practical Implications
P5: Firms in brother countries prioritize the interests of their fellow brother countries over traditional business objectives such as profit maximization, resource acquisition, and market expansion.	To evaluate whether firms have tendency to prioritize brother country in their economic activities due to factors related to nationalism as brotherhood.	Supported	- A novel concept leading to prioritization of nationalism-based objectives in firm-level decisions rather than traditional business objectives.	- Providing a way to gain power in negotiations of trade agreements through the perception of brother. - Providing a basis for decreasing transaction costs.
P6: The presence of the nationalism as brotherhood phenomenon between home and host countries reduces the likelihood of opportunistic behavior of firms by increasing mutual trust in both countries, thereby lowering transaction costs and enhancing bilateral FDI flows.	To evaluate whether firms perceive other firms from other brother country as less opportunistic partners and accordingly increase their FDI activities.	Supported	- Qualitative evidence supporting the claims of Transaction Cost Theory is provided. - In the scope of Transaction Cost Theory, a novel concept which reduces the opportunistic tendencies of firms is introduced. - A new factor that diminishes transaction costs is introduced. - A new transaction cost-based determinant of FDI decisions is provided.	
H1: There is a significant difference between Azerbaijan and other countries' FDI in Türkiye, with this difference favoring Azerbaijan.	To show whether the favoritism towards brother country reflects on FDI flows.	Supported	- In the macroeconomic level, a new source of country favoritism in economic activities is illustrated. - The role of nationalistic discourse on FDI flows is shown.	- Showing the necessity for sustaining and improving brotherhood relationships at governmental level.
H2: There is a significant difference between Türkiye and other countries' FDI in Azerbaijan, with this difference favoring Türkiye.	To show whether the favoritism towards brother country reflects on FDI flows.	Supported		
H3: There is a positive and significant relationship between nationalism as brotherhood and FDI outflows at the macroeconomic level.	To show the positive impact of nationalism as brotherhood on FDI flows between brother countries.	Supported	- Contrary to the literature, the positive relationship between nationalism and FDI flows was established. - It was shown that there are cases in which nationalistic rhetoric turns into practical outcomes.	

The findings related to the third and fourth propositions, grounded in Social Network Theory, indicate that nationalism as brotherhood positively influences the FDI decisions of firms' managers. This suggests that managers tend to favor firms from brother countries in their decisions due to the increased trust fostered by the brotherhood relationship. This finding aligns with similar studies in the literature that emphasize the critical role of trust (Choe and Lee, 2016). Similar to the implications for Institutional Theory, these results contribute to broadening the applicability and enhancing the credibility of Social Network Theory. Additionally, the findings underscore the significance of nationalism as brotherhood within the structure of social networks, highlighting benefits such as strengthened trust and enhanced social capital (Zhao and Kim, 2011).

The findings concerning the fifth and sixth propositions, rooted in Transaction Cost Theory, reveal that nationalism as brotherhood reduces transaction costs for firms, thereby encouraging managers to invest in brother countries (Contractor et al., 2021). This reduction in transaction costs offers advantages such as greater flexibility in agreements, pricing benefits, and other favorable outcomes. These benefits are considered influential in managerial decision-making, as highlighted in the literature (Tian et al., 2024; Yi and Nie, 2024). The primary driver of this reduction is managers' perception that firms from brother countries are less likely to engage in opportunistic behavior which is one of sources of transaction cost (Kalemci, 2013). Furthermore, the reputation associated with being a brother country and an increased level of information sharing also contribute to lowering transaction costs (Qian 2010; Owot et al., 2023). Moreover, language similarity between brother countries plays a role in reducing transaction costs, consistent with findings in the literature (Vidal-Suárez and López-Duarte, 2013).

The findings related to the hypotheses of this research confirm that nationalism as brotherhood has a positive and significant impact on FDI flows between brother countries. This demonstrates that nationalistic rhetoric can translate into tangible economic outcomes. This result challenges the prevailing assumption in the literature that nationalistic discourse is only limited to rhetoric (Mikula, 2002; Calhoun, 2017; Cowan, 2021) and lacks practical effects at the macroeconomic level. Furthermore, given the growing emphasis on the institutional environment in macroeconomic studies, identifying nationalism as brotherhood as an informal institution influencing macroeconomic indicators constitutes a valuable theoretical contribution (Mondolo, 2019).

From a practical perspective, the findings regarding the role of nationalism as brotherhood in legitimacy creation suggest its potential application in entry strategies and promotional activities. Firms can leverage the brotherhood narrative in promotional campaigns within the host brother country to foster societal acceptance. Additionally, firms may view brother countries as advantageous markets due to legitimacy-related benefits, influencing their market entry strategies. In relation to the propositions derived from Social Network Theory, policy implications include utilizing nationalism as brotherhood to enhance social capital, expand and strengthen trust-based social networks, and bolster the reputation associated with being a brother country. Reputation, or “popularity,” as a cornerstone of social capital, can enable firms to access and utilize resources held by members of the brotherhood network. The brotherhood narrative may also support firms in expanding their current social networks. For the propositions emphasizing the transaction cost-reducing effects of nationalism as brotherhood, practical implications involve employing the brotherhood narrative to secure better positions in negotiations, mitigate risks linked to opportunistic behaviors of partners, and enhance contract processes. Finally, the positive impact of nationalism as brotherhood on FDI flows at the macroeconomic level highlights several policy implications. Policymakers might focus on preserving brotherhood relationships through initiatives such as partnership and trade agreements, specific incentives for firms from brother countries, and the establishment of common formal economic institutions. Furthermore, efforts to sustain these relationships across generations could include cultural initiatives and awareness-raising activities targeted at youth.

This chapter presents the findings of the study along with their potential theoretical and practical implications. Building on these insights, the subsequent chapter will elaborate on the theoretical and practical contributions of the research, address its limitations, and propose recommendations for future research directions.

7. DISCUSSION AND CONCLUSION

This chapter is dedicated to discussing the findings in relation to existing literature, evaluating research constraints that must be considered when interpreting these findings, and proposing a future research agenda. The primary focus is to elucidate the theoretical and practical implications of the research outcomes. Specifically, this chapter assesses whether the research findings effectively address the research questions posed. It explores how the new perspective introduced by conceptualizing nationalism as brotherhood enhances the understanding of nationalism within the IB literature, particularly in relation to FDI flows. Furthermore, it examines how organizational theories elucidate the mechanisms through which nationalism as brotherhood positively influences FDI decisions favoring a brother country. This includes a justification of Institutional Theory, Social Network Theory, and Transaction Cost Theory within a unique context involving a novel concept. Finally, the chapter outlines potential avenues for future research concerning the relationship between nationalism and FDI.

This research makes several contributions to the literature on nationalism and IB, within the context of FDI flows. These contributions and outcomes, which are summarized in Table 7.1. underpin the originality of this study. In the Table, these contributions are also matched with the findings. The first contribution is the development of the Nationalism-FDI Matrix, a framework that provides a comprehensive examination of the relationship between nationalism and FDI. Existing literature includes various classifications of nationalism, often summarized as “bad” and “good” nationalisms (Özkırımlı, 2020). In the context of nationalism and FDI, Li et al. (2019) proposed a framework based on animosity and affinity, characterized by two axes: positive versus negative and accumulated versus transient. Although their model is valuable, this research introduces a more comprehensive framework. It incorporates three dimensions for evaluating nationalism and FDI relationships: FDI attitude, the process of emergence of national sentiments and the changefulness of the direction of the impact on FDI. This framework also proposes six distinct categories within the Matrix to classify nationalisms based on their relationship to FDI. Consequently, this framework represents an original contribution to the literature.

Table 7.1. Summary of research contributions

Findings/Outcomes	Contributions to the Literature
Development of Nationalism-FDI Matrix	More comprehensive framework including three dimensions of nationalism and FDI relationships is presented to the literature
Unique concept of nationalism as brotherhood is defined with eight distinct themes.	A new perspective on nationalism in relation FDI flows is gained to the literature by underlying possibility of continuous and positive impact of nationalism as brotherhood.
Elaboration of eight distinct themes is put forward.	Possibility of new dimensions of nationalism concept is illustrated such as inter-nation, co-existence, mutuality, etc.
The results indicate that the scope of “nation” can go beyond the national borders.	This finding gains to the literature the possibility to change the understanding of “the nation” by elevating the inter-country level.
Nationalism as brotherhood constitutes the cultural, political and social dimensions.	This concept contributes the literature of psychic distance by presenting a new type of distance which might be brotherhood distance.
Findings illustrate that nationalism as brotherhood has role in FDI decisions at firm level through legitimacy creation, trust enhancement and transaction cost diminishing mechanisms.	These findings provide qualitative evidence to support the claims of Institutional Theory, Social Network Theory and Transaction Cost Theory.
Findings show that nationalism as brotherhood is perceived as the source of legitimacy.	This finding provides a new concept which constitutes the informal institution creating legitimacy and opens new discussion in the literature.
Findings show that nationalism as brotherhood is a form of social tie generating trust among partners.	This finding provides a new concept which generates trust enhancing social tie (brotherhood tie) and a basis for social capital for both managers and firms.
Findings show that nationalism as brotherhood has role in diminishing transaction costs.	This finding provides a new concept which diminishes opportunistic tendencies of firms, provides reputation and accelerates information sharing among partners to the literature of Transaction Cost Theory.
Findings show the positive and significant impact of nationalism as brotherhood on FDI flows.	This finding illustrates the existence of a new institutional determinant of FDI flows at macroeconomic level. This finding shows that the discourse of brotherhood extends beyond rhetoric and has tangible implications in economic life.

The second contribution is the introduction of a unique perspective that differs from the prevailing views in the current literature. The dominant view on the role of nationalism in IB activities, including FDI, is that nationalism typically hinders such activities due to concerns related to national interest and security, and it is argued that nationalism only temporarily fosters IB activities in contexts where national interests are aligned and the threat to national security is minimal (Jakobsen and Jakobsen, 2011; Zeng and Li, 2019; Mas Isaac and Duclos, 2020; Feng et al., 2021; Ko and Shin, 2021). Consequently, it is often asserted that nationalism, which frequently manifests in discriminatory practices and political rhetoric, poses a political risk for MNEs, therefore, it is commonly advised against investing in countries where nationalism is prevalent (Click and Weiner, 2010; Kurosawa et al., 2017; Charpin, 2022; Mithani, 2024). This

research diverges from existing studies by exploring the possibility of unique contexts in which nationalism consistently supports IB activities, particularly FDI flows, and is perceived as an advantage rather than a risk to be avoided. The concept of nationalism as brotherhood presents an alternative perspective, highlighting the potential for a new form of nationalism that creates a favorable investment climate for certain MNEs on a sustained basis. This alternative and unique perspective represents one of the original contributions of this research.

The third contribution of this research lies in the elaboration of the dimensions that distinguish this new concept from other forms of nationalism. In the existing literature, dimensions such as independence, sovereignty, development, and national identity have been discussed as fundamental aspects of nationalism (Jackson and Dear, 2018; Bohle and Greskovits, 2019; Miño, 2022; Mylonas and Tudor, 2023). However, this research demonstrates that mutuality, inter-nation collaboration, and the co-existence and co-evolution of two nations - concepts typically viewed as antithetical to traditional understandings of nationalism - may form the foundation of a new type of nationalism. Moreover, this study reveals that the concept of the “nation,” a cornerstone of nationalism, can be redefined in ways that significantly alter the conventional understanding of nationalism. Traditionally, nationalism views the “nation” as the people or a community that must be liberated, free from external constraints, capable of self-determination, united, gathered within a single territory (including a unified economy) referred to as the homeland, and enjoying legal equality, particularly in terms of citizenship rights (Hutchinson and Smith, 1994, p. 4). In contrast, this new form of nationalism envisions a mutual and equal connection between two nations that have different homelands and do not share the same rights of citizenship. This expansion of the concept of the nation, which forms the foundation of nationalism, is another original contribution of this research.

The fourth contribution of this study lies in advancing the literature on psychic distance. Psychic distance, as defined by Johanson and Vahlne (1977), encompasses the totality of factors that hinder the flow of information to and from a market, including differences in language, education, business practices, culture, and industrial development. It serves as a conceptual umbrella term encompassing various forms of distance, such as cultural, linguistic, and institutional distances, which influence the ease or difficulty of conducting business in a host country (Coldwell and Joosub, 2018). Ethnic

distance, referring to affective beliefs tied to ethnicity and animosity (e.g., nationalism), is also subsumed under psychic distance (Rašković et al., 2017). When analyzing nationalism as brotherhood, it is evident that this concept integrates dimensions of psychic distance, including cultural, linguistic, and ethnic factors. Moreover, nationalism as brotherhood appears to facilitate the flow of information, thereby easing business activities. Consequently, this study contributes to the discourse on psychic distance by introducing a novel dimension, referred to as “brotherhood distance.”

The fifth contribution of this research is the validation of specific claims from three organizational theories - namely, Institutional Theory, Social Network Theory, and Transaction Cost Theory - within a unique context featuring a novel concept. In the context of FDI decisions, meeting institutional requirements to achieve legitimacy is crucial for the success and survival of foreign investments (Trevino et al., 2008; Peng, 2012). Numerous studies have examined how various institutions, such as regional marketization, social norms, peer firm behaviors, industry associations, and reforms, contribute to the legitimacy of firms’ FDI decisions (Trevino et al., 2008; Qiao et al., 2020). By introducing the concept of nationalism as brotherhood, this research identifies the existence of a new, informal institution - one that has been rarely studied - which provides legitimacy for firms and influences FDI decisions.

Furthermore, drawing on Social Network Theory, prior research has emphasized the role of trust in economic activities (Kuada, 2007). Factors such as migration, political affinity, and ethnicity have been investigated as generators of trust in the social ties of firms, thereby facilitating FDI (Alcaraz and Salamanca, 2018; Alcaraz and Salamanca, 2023; Ouyang et al., 2023). This study introduces a new concept that enhances trust in the social ties between firms, thereby promoting FDI flows. Also, one of the concepts that Social Network Theory focuses on is social capital. The concept of “social capital” in a network refers to the position of a node within the network and its ability to access and utilize the resources held by other members (Lin, 1999). A node’s capacity to leverage these resources is influenced by factors such as its “popularity,” its role as a broker, or its status as a network elite, and this capacity is largely shaped by the extent, structure, and nature of the network, the resources available to its members, and the node’s capability to establish and maintain connections (Kadushin, 2004). In the context of nationalism as brotherhood, it can be understood as a form of social capital that provides firms with opportunities to access and leverage resources from networks composed of stakeholders

in “brother” countries. The literature on Social Network Theory also discusses the dual role of social ties as both “lubricant” and “glue” within networks. The term “lubricant” refers to the facilitation of tasks and transactions, while “glue” refers to the creation of meaning and order within social life (Powell and Smith-Doerr, 1994). In this context, nationalism as brotherhood can be seen as functioning as both glue and lubricant in the social ties between brother countries, thereby enhancing social capital and fostering the acceleration of economic activities. By considering nationalism as brotherhood, the study extends these concepts, demonstrating how shared national identity not only strengthens emotional and cultural ties (glue) but also facilitates practical interactions and reduces barriers (lubricant). Therefore, this study contributes to the existing literature by introducing a novel perspective on social capital and further providing new perspective on the “glue” and “lubricant” characteristics of social ties.

Seventh, from the perspective of Transaction Cost Theory, it has been argued that opportunistic behaviors by firms lead to market imperfections, which in turn increase transaction costs (Williamson, 1975; Hennart, 2010). The literature has explored factors such as corruption and host country governance that increase transaction costs, thereby reducing the likelihood of FDI (Ning, 2017; Hsiao, et al., 2024). This research presents a new concept that reduces transaction costs by mitigating the opportunistic tendencies of firms. Although this research explained the transaction cost diminishing impact of nationalism as brotherhood through the opportunism and trust, it is also possible to explain this role with various characteristics of nationalism as brotherhood. In the literature, it is argued that information sharing (Yigitbasioglu, 2010) and reputation (Han, et al., 2021) are supposed to decrease transaction costs. When nationalism as brotherhood considered, it can be stated that this phenomenon provides the reputation of “being brother” and also information sharing between brother markets are purposefully accelerated by the state and market to reach common interests. Therefore, nationalism as brotherhood diminishes transaction cost not only through trust and opportunism mechanisms but also through reputation and information sharing mechanism. In conclusion, this research makes an original contribution to the literature by introducing a unique context and a novel concept that merits consideration within the frameworks of Institutional Theory, Social Network Theory, and Transaction Cost Theory.

The eighth contribution of this study is the analysis of the impact of a novel concept, considered a political and social variable, as a determinant of FDI flows at the macro

level. It is often argued that social, political, and institutional factors are more significant than economic factors in understanding FDI patterns (Rehman, 2016). While several studies have examined political and social variables as determinants of FDI flows (Chanegriha et al., 2017; Arel-Bundock, 2017; Lee et al., 2024), it is evident that these factors have only begun to receive more focused attention in the last decade and remain relatively less explored in the literature compared to economic factors. This study contributes to the literature by introducing and conceptualizing a new form of nationalism, empirically demonstrated as a significant political and social determinant of FDI flows at the macro level.

The final contribution of this research is the demonstration that the discourse of brotherhood extends beyond rhetoric and has tangible implications in economic life. It is often assumed that political rhetoric does not translate into practical actions and may sometimes fail to resonate within society. However, the findings of this study reveal that the frequently employed rhetoric by politicians in both Azerbaijan and Türkiye is reflected in the actions of firms and economic activities. Thus, examining how political rhetoric manifests in economic practices represents another original aspect of this research.

In addition to its theoretical and conceptual contributions, the findings of this research offer several valuable policy recommendations for both firms and policymakers. First, the findings demonstrate that nationalism does not always constitute a political risk for firms; rather, it can provide strategic advantages. Consequently, firms should assess the specific contexts in which nationalism might be advantageous and identify the types of benefits it may bring. In this regard, firms should analyze which countries might be considered “brother countries” to their home country. For example, although the research focused on Azerbaijan and Türkiye, the data suggest the potential relevance of other brother countries. In particular, Kazakhstan emerges as a brother country to both Azerbaijan and Türkiye. Additionally, other Turkic states, such as Uzbekistan, Turkmenistan, and Kyrgyzstan, are mentioned as brother countries. Beyond the Turkic states, when considering global politics, other examples can also be identified. In this respect, Russia and Belarus, India and Bhutan, Greece and Cyprus, the Baltic countries (Estonia, Latvia, and Lithuania), and the Scandinavian countries (Sweden, Norway, and Finland) present contexts where firms might similarly benefit from nationalism as brotherhood. It is important to clarify that this recommendation does not imply that firms

or managers should embrace nationalism as an ideological stance. Instead, it suggests that nationalism as brotherhood should be regarded as a political and cultural advantage to be strategically leveraged. Second, the findings indicate that nationalism as brotherhood can provide legitimacy for firms. Therefore, firms may strategically place the discourse of brotherhood at the center of their market entry campaigns to mitigate potential negative perceptions of “foreignness.” In doing so, firms could emphasize their role in strengthening bilateral relations between the two brother countries and highlight their contributions to achieving mutual interests. Third, the establishment of strong and extensive social networks is widely recognized as crucial to firm success, particularly due to the increased likelihood of fostering win-win collaborations and forming new agreements. Trust is a key element in building successful social networks. As indicated by this research’s findings, nationalism as brotherhood can function as a trust-enhancing factor among firms from brother countries. Accordingly, during the process of social networking, firms should emphasize that they belong to brother countries that share mutual interests and envision a common future. By doing so, they may enhance their perceived trustworthiness in the eyes of firms from brother countries. However, it is essential to note that to effectively utilize the brotherhood discourse as a trust-building mechanism, firms must also possess a background that does not undermine trust. Lastly, the findings suggest that firms believe their counterparts from brother countries are less likely to act opportunistically. Therefore, in negotiating contract terms, such as flexible delivery times, pricing, or product standards, firms may feel more comfortable requesting favorable conditions.

The results demonstrate the positive impact of nationalism as brotherhood on FDI flows at macro level. Consequently, it is advisable for policymakers to undertake activities that strengthen brotherhood relationships. In this regard, policymakers could foster a favorable business environment for firms from brother countries by offering measures such as tax reductions, financial incentives, streamlined administrative procedures, and enhanced facilitation at customs. Furthermore, policymakers could increase the number of bilateral agreements with brother countries in areas conducive to potential collaborations, thereby promoting mutual development and creating new business opportunities. Additionally, policymakers should focus on expanding the number of joint projects. While significant projects have been implemented between Azerbaijan and Türkiye, they are predominantly centered on the energy sector. Thus,

diversifying these large-scale projects to include other sectors could represent a strategic next step. Finally, although the discourse of brotherhood is currently effective and resonates broadly within society, it is crucial that this narrative is continuously reinforced and passed down to future generations to ensure the continuity of brotherhood relationships and their associated benefits.

This research also offers several recommendations for future studies. The following conceptual, theoretical, and empirical suggestions are proposed to extend and build upon the current research:

- Within the scope of this research, eight themes were identified that are believed to encompass all aspects of nationalism as brotherhood. However, there may be other themes that also define nationalism as brotherhood. Therefore, further research could explore additional themes by examining different contexts, such as the Turkic states, Baltic states, or Scandinavian states, as well as various business activities, including import-export, licensing, franchising, and others.
- This research incorporated the perspectives of various stakeholders on nationalism as brotherhood, including the Presidents of Azerbaijan and Türkiye, ministers of economy, business managers, NGO representatives, and other political figures such as deputies and mayors. However, it did not include the perspectives of individuals from the general public. Future research could address the following questions: (i) Are individuals aware of the concept of brotherhood between countries, and if so, what does this relationship signify for them? (ii) Do individuals prefer firms from brother countries, or do they prioritize other factors such as brand image or product quality? (iii) Do individuals favor the presence of global firms in their countries, or do they prefer firms from brother countries? (iv) If the government provides a favorable business environment for firms from brother countries, would individuals feel uncomfortable or annoyed, or would they feel pleased and supportive? and why?
- This research explored the mechanisms governing the relationship between nationalism as brotherhood and FDI decisions at the firm level, drawing upon Institutional Theory, Social Network Theory, and Transaction Cost Theory, while providing a rationale for the exclusion of other mainstream organizational theories. Recognizing that incorporating different theoretical perspectives could enhance the understanding of this phenomenon, future research might consider applying

theories from various disciplines to provide a more comprehensive analysis. Given that FDI decisions are typically made by managers or groups of individuals, future studies could explore theories specifically focused on decision-making processes from the fields of psychology and organizational behavior. For instance, Prospect Theory could be utilized to understand the impact of nationalism as brotherhood on perceived uncertainty; Game Theory could help analyze how managerial decisions (such as favoring a brother country) are influenced by other decision-makers (such as those favoring more rational options); Cognitive Dissonance Theory could offer insights into how discrepancies between personal affinity towards a brother country and a firm's interests are resolved; and Construal Level Theory could be employed to examine how different managers (such as those with or without the opportunities and capabilities to invest in a brother country) construe investment decisions and how these differing construal levels influence their FDI decisions.

- In light of Institutional Theory, this research posits that nationalism as brotherhood functions as an informal institution through which firms gain legitimacy by aligning with its expectations, including investment practices. Adapting to such institutions arises from various institutional pressures, which are typically categorized as cognitive, normative, and regulative. Future research could explore the specific types of pressures that nationalism as brotherhood imposes on firms and investigate the mechanisms through which these pressures manifest. Additionally, future studies could examine the formal institutions that emerge from nationalism as brotherhood and the resultant pressures they create.

- This study argues that nationalism as brotherhood forms the foundation of social capital within the framework of Social Network Theory. The literature suggests that social capital can be enhanced through bonding, bridging, and linking processes (Claridge, 2018). Future research could explore the role of nationalism as brotherhood in facilitating these forms of social capital, specifically examining its influence on bonding, bridging, and linking activities.

- Within the framework of Transaction Cost Theory, this study demonstrates how nationalism as brotherhood can reduce transaction costs. Transaction Cost Theory identifies three primary categories of costs: searching costs, monitoring costs, and adapting costs (Teo and Yu, 2005). Future research could explore the relationship between nationalism as brotherhood and these specific cost categories,

investigating how nationalism as brotherhood contributes to the reduction of each type of transaction cost, thereby enhancing the efficiency of economic transactions.

- This research assessed the impact of nationalism as brotherhood on FDI flows at the macroeconomic level by utilizing nationalism as brotherhood as a dummy variable. While this technique provides a straightforward approach and is commonly used for measuring social and political variables, developing a more nuanced and comprehensive measurement technique for nationalism as brotherhood is crucial for making more accurate comparisons across countries. Future research could focus on creating an index that quantifies the degree of brotherhood relationships among countries, potentially using machine learning techniques. Additionally, to better understand individual perceptions, future studies could develop and employ a detailed questionnaire. Both the development of such an index and questionnaire would enhance the generalizability of the research findings and increase the robustness of empirical evidence.

- Due to limitations in data availability, this research concentrated on a limited number of countries and a relatively short time period. Future research should aim to include a broader range of contexts and cover an extended time frame where data is accessible. Such expanded empirical evidence would enhance the robustness and generalizability of the research findings.

- This research primarily focuses on the cases of Azerbaijan and Türkiye. Future studies could explore different and distinctive contexts, potentially enriching or challenging the current understanding of nationalism as brotherhood. The findings indicate that cultural closeness, a key dimension of nationalism as brotherhood, has a positive influence on FDI flows (Head, 2006). In this regard, culturally proximate nations with strong nationalist sentiments, such as the Baltic states, Balkan countries like Serbia and Montenegro, Turkic nations such as Kazakhstan, Kyrgyzstan, and Uzbekistan, as well as Greece and Cyprus, represent promising contexts for further investigation.

As with any study, this research has certain limitations that should be considered when evaluating its results. The first limitation concerns the use of open-ended questions. While open-ended questions are widely accepted in qualitative research, the data they provide is relatively limited compared to data obtained from interviews. Open-ended questions are pre-structured, preventing the researcher from asking follow-up questions

to clarify or expand upon the respondents' answers, as is possible in interviews. However, interviews could not be conducted in this research due to several constraints, including the unwillingness of managers to participate in either online or face-to-face interviews, the sensitive nature of the topic which leads to participants' unwillingness to respond, transportation costs, and scheduling problems caused by the geographical distance between the researcher, located in İzmir, and the managers, who were based in Ankara and İstanbul. A related limitation is the inability to include a larger number of managers in the analysis. Nonetheless, in qualitative research, data saturation is more crucial than the sheer number of participants, and the data collected adequately addresses the research questions, which mitigates this limitation. The third limitation pertains to the exclusion of perspectives from the general public. Although this study captures the views of various stakeholders who play an active role in FDI activities, incorporating perspectives from the general public might enhance or broaden the current understanding of nationalism as brotherhood. The fourth limitation concerns the sample size and time span used in analyzing the macro-level impact of nationalism as brotherhood on FDI flows. Due to data limitations, a larger sample size and longer time frame could not be incorporated. However, the analysis does include the major investment partners of both countries, which supports the generalizability of the findings within the context of Türkiye and Azerbaijan. The fifth limitation is that, although the period from 2014 to 2023 is considered when discussing the concept of nationalism as brotherhood, a detailed historical perspective evaluating specific events (such as political crises like the Russia-Türkiye warplane incident, constitutional changes in Türkiye, or the Azerbaijan-Armenia war) could not be provided. This type of analysis requires an advanced understanding of multiple disciplines, including law, international relations, economics, and politics, and would necessitate collaboration with experts from various fields, which is beyond the scope of a single researcher. The sixth limitation lies in the inability to examine scenarios where political conflict exists at the state level between brother nations, yet the populations continue to perceive each other as brothers. Political conflicts may potentially reshape the conceptualization of nationalism as brotherhood. However, given that political affinity is one of the dimensions of nationalism as brotherhood, this limitation also presents a valuable avenue for future research. The final limitation pertains to the inability to analyze the impact of nationalism as brotherhood once a particular threshold of FDI flows is achieved. It is plausible that beyond a certain level of FDI inflows between

brother nations, the significance of nationalism as brotherhood in shaping FDI relationships may diminish. Nevertheless, similar to the previous limitation, this presents a promising direction for future research. Despite these limitations, this study offers a novel contribution to the literature, and the phenomenon under investigation is thoroughly addressed.



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APPENDICES

APPENDIX-1

DETAILS OF SECONDARY AND QUALITATIVE DATA

The Stakeholder	Types of Documents	Sources
The President Recep Tayyip Erdogan	Interviews with Press after Visits to Azerbaijan,	Official Website of Presidential Communications Office of the Republic of Türkiye - https://www.iletisim.gov.tr/turkce
	News in the Press after the Visits to Azerbaijan	Anadolu Agency - https://www.aa.com.tr/tr/dunya/cumhurbaskani-erdogandan-azerbaycanda-sehitlik-ziyareti/1255532 - https://www.aa.com.tr/tr/turkiye/erdogan-ilk-resmi-ziyaret-icin-azerbaycanda-/1199725 - https://www.aa.com.tr/tr/dunya/cumhurbaskani-erdogan-baku-tiflis-kars-demiryolu-hatti-kararliligimizin-eseri/951460 - https://www.aa.com.tr/tr/turkiye/itirazi-olanlar-itirazlarini-yapar/125777 Other Sources of News - https://www.ntv.com.tr/turkiye/hedefimiz-ikili-ticareti-uce-katlamak,F_dLidOa_0ipgCCZ7KFpMg - https://www.tccb.gov.tr/haberler/410/86167/baku-tiflis-kars-demiryolu-projesi-yeni-ipek-yolunun-halkalarindan-birisidir - https://www.eurosport.com.tr/olimpiyat-oyunlari/avrupa-oyunlari/2015/avrupa-oyunlari-gorkemli-bir-torene-acildi_sto4781007/story.shtml - https://www.pusulahaber.com.tr/erdogan-azerbaycanda-putinle-gorustu-270787h.htm - https://www.trthaber.com/haber/gundem/itirazi-olanlar-itirazlarini-yapar-142702.html
	Official Letters from to the President Aliyev	Official Website of Azerbaijani Presidency - https://president.az/en
The President Aliyev	Official Letters to the President Erdogan	Official Website of Azerbaijani Presidency - https://president.az/en

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	Interviews	Official Website of Azerbaijani Presidency - https://president.az/en
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		Şahin Mustafayev - https://www.yeniazərbaycan.com/SonXeber_e14937_az.html - https://globalinfo.az/sahin-mustafayev-turkiyede-fuat-oktayla-gorusdu/ - https://www.trt.net.tr/azerbaycan/turk-dunyasi/2021/07/17/az-rbaycan-dovl-t-s-rh-di-at-s-tutulub-1676640 - https://report.az/biznes-xeberleri/sahin-mustafayev-azerbaycanla-turkiye-arasindaki-munasibetler-strateji-terefdasliq-seviyyesinde/ - https://www.xalqcebhəsi.az/news/economy/6350.html - https://azpromo.az/az/posts/667/qebelede-3-cu-azerbaycan-gurcistan-turkiye-biznes-forumu-kecirilmisdir
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Managers	Speeches, Interviews and Press Releases	<p style="text-align: center;">Ahmet Erentok (CEO, Ata Holding) https://www.gazetevatan.com/ekonomi/azerbaycanda-yarim-milyar-dolar-kazanan-turk-otel-zinciri-kuracak-63852</p> <p style="text-align: center;">Nurgün Çalbıyık (Director of Türkiye, Akkord) https://www.milliyet.com.tr/ekonomi/azeri-devi-turkiye-ye-500-milyon-yatiracak-1943581</p> <p style="text-align: center;">Mehmet Cengiz (Chairman of the Board, Cengiz Holding) https://www.aa.com.tr/tr/sirkethaberleri/holding/cengiz-holding-azerbaycandaki-uc-bolgede-maden-arayacak/667788</p> <p style="text-align: center;">Cem Hakan Elmas (The Member of the Board, Sur Yapı) https://www.aa.com.tr/tr/sirkethaberleri/gayrimenkul/sur-yapinin-azerbaycan-projeleri-icin-ilk-adimlar-atildi/676616</p> <p style="text-align: center;">Tanay Evliya (General Manager, DDTECH) https://www.aa.com.tr/tr/sirkethaberleri/teknoloji/ddtech-in-yerli-dijital-cozumleri-baku-de-gorucuye-cikiyor/677027</p> <p style="text-align: center;">Alpaslan Baki Ertekin (The Member of the Board, Erciyes Anadolu Holding) https://www.aa.com.tr/tr/sirkethaberleri/holding/istikbal-azerbaycanda-yeni-bir-magaza-acti/676191</p> <p style="text-align: center;">Haluk Görgün (General Manager, Aselsan) - https://www.aa.com.tr/tr/sirkethaberleri/sanayi/aselsan-bakudeki-adex-fuarinda-azerbaycan-cumhurbaskani-alievi-agirladi/675317</p> <p style="text-align: center;">Kadri Özdal (Vice Manager, Turkcell) - https://www.aa.com.tr/tr/sirkethaberleri/bilisim/turkcell-pasaj-8-eylul-den-itibaren-azerbaycan-da/675291</p> <p style="text-align: center;">Serdar Görgüç (General Manager, Otokar) - https://www.aa.com.tr/tr/sirkethaberleri/otomotiv/otokar-adex-2022de-cobra-ii-aracini-sergileyecek/675204</p>

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Managers	Speeches, Interviews and Press Releases	<p style="text-align: center;">Selçuk Demir (General Manager, Ziraat Bankası) https://www.aa.com.tr/tr/sirkethaberleri/finans/ziraat-bank-azerbaycan-7-subesini-acti/670798</p> <p style="text-align: center;">Zaur Gahramanov (CEO, Socar)</p> <ul style="list-style-type: none"> - https://www.aa.com.tr/tr/ekonomi/socar-turkiye-ust-yoneticisi-gahramanov-petrolde-ideal-fiyat-45-55-dolar/1799569 - https://www.haberturk.com/turkiye-ye-daha-ucuz-gaz-veriliyor-3457212-ekonomi - https://www.turkiyeazerbaycan.com/haber/socar-dan-bir-dev-yatirim-daha-ikinci-petkim-geliyor <p style="text-align: center;">Mustafa Boran (Vice Manager, Karadeniz Ticaret ve Kalkınma Bankası)</p> <ul style="list-style-type: none"> - https://www.haberler.com/ekonomi/ktkb-nden-azerbaycan-a-yatirim-destegi-3663720-haberi/ <p style="text-align: center;">Özgür Bayraktar (CEO, Turan)</p> <ul style="list-style-type: none"> - https://www.businessworldglobal.com/turan-turkiyeden-azerbaycana-komisjonsuz-para-transferine-basladi/ <p style="text-align: center;">Halil Özendi (General Manager, Evolog)</p> <ul style="list-style-type: none"> - https://www.inbusiness.com.tr/sektorler/2023/01/16/evolog-lojistikten-rusya-bolgesine-bu-yil-10-bin-konteynerlik-tasima-hacmi-hedefi <p style="text-align: center;">Rövşan Najaf (CEO, Socar)</p> <ul style="list-style-type: none"> - https://www.inbusiness.com.tr/sektorler/enerji/2022/12/22/socar-baskani-najaftan-turkiyeye-ziyaret <p style="text-align: center;">Taha Yasin Öztürk (The Member of the Board, BMC)</p> <ul style="list-style-type: none"> - https://www.ekonomist.com.tr/otomotiv/bmc-azerbaycana-320-otobus-ihracati-gerceklestirecek-17481 <p style="text-align: center;">Mustafa Kopuz (General Manager, Tekfen)</p> <ul style="list-style-type: none"> - https://www.aa.com.tr/tr/sirkethaberleri/gayrimenkul/azerbaycan-merkez-bankasinin-yeni-binasini-tekfen-insaat-yapacak-/662143 <p style="text-align: center;">Haluk Kayabaşı (CEO, Kibar Holding)</p> <ul style="list-style-type: none"> - https://www.ekonomist.com.tr/sirketler/kibar-holding-ile-azerbaycanli-stpden-stratejik-ortaklik-19080 <p style="text-align: center;">Cenk Eynehan (General Manager, Pasha Bank)</p> <ul style="list-style-type: none"> - https://www.ekonomist.com.tr/ozel-haberler/turkiye-azerbaycan-gurcistan-ucgeninde-finansal-kopru-olacak-21190 <p style="text-align: center;">Tolunay Yıldız (CEO, YEO)</p> <ul style="list-style-type: none"> - https://www.ekonomist.com.tr/enerji/yeodan-azerbaycana-dijital-enerji-yonetimi-23031

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Managers	Speeches, Interviews and Press Releases	<p>Jalal Gasimov (CEO, Pasha Holding) - https://www.ekonomist.com.tr/turizm/mandarin-oriental-bodrum-a-azerbaycanli-ortak-37828</p> <p>Nicad Ahmedov (Business Development Director, Brendfoni) - https://www.fortuneturkey.com/turkiye-azerbaycan-arasinda-e-ticaret-koprusu-kuruyor</p> <p>Ahmet Elibol (Professional Services Director, Karmasis) https://www.fortuneturkey.com/karmasisisten-azerbaycan-acilimi</p>
Other Stakeholders	Interviews and News	<p>Selçuk Bayraktar (The Chamber of the Boards, Teknofest) - https://www.aa.com.tr/tr/sirkethaberleri/teknoloji/teknofest-yonetim-kurulu-baskani-bayraktar-dunya-turkun-gucunu-gorsun-yerini-bilsin/673216</p> <p>Atilla Benli (The President, Turkish Insurance Association) - https://www.aa.com.tr/tr/sirkethaberleri/sigorta/azerbaycan-icbari-sigorta-burosu-ile-tmtb-arasinda-is-birligi-protokolu-imzalandi/671544</p> <p>Hüseyin Büyükfırat (The President, TÜİB Şanlıurfa) https://www.ajansurfa.com/haber/9144511/urfali-isadami-azerbaycan-icin-konustu-turkler</p> <p>Mehmet Özyurt (The President, Nizip Chamber of Commerce) - https://www.hurriyet.com.tr/yerel-haberler/gaziantep/nizipli-is-adamlari-azerbaycani-mercek-altina-41040132</p> <p>Ekram Canalp (Governor, Batman) - https://www.inbusiness.com.tr/sectorler/enerji/2022/09/07/socar-batmanda-petrol-arayacak</p> <p>İsmail Alper Coşkun (Ambassador, Baku) - https://www.fortuneturkey.com/turk-elektrik-elektronik-sirketlerinden-azerbaycan-atilimi-2320</p> <p>Fikri Işık (Minister, Ministry of Science, Industry and Technology) - https://www.fortuneturkey.com/turkiyenin-azerbaycanla-ortak-uydu-projesi-3895</p>

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Other Stakeholders	Interviews and News	<p style="text-align: center;">Hazar İbrahim (Ambassador)</p> <p>- https://www.trthaber.com/haber/ekonomi/azerbaycanin-turkiyeye-yatirimlari-20-milyar-dolara-cikacak-389596.html</p> <p style="text-align: center;">Şamil Ayrım (Congressman)</p> <p>- https://www.turkiyeazerbaycan.com/haber/hedefimiz-turkiye-ve-azerbaycan-bayraklarini-sonsuz-dek-beraber-dalgalandirmaktir</p> <p style="text-align: center;">Azay Guliyev (Chairman of the Council for State Support to Non-Governmental Organizations of the Presidency of Azerbaijan)</p> <p>- https://www.turkiyeazerbaycan.com/haber/agit-pa-baskan-yardimcisi-azerbaycan-milletvekili-azay-guliyev-ile-roportaj</p> <p style="text-align: center;">Gürsel Baran (The President, Ankara Chamber of Commerce)</p> <p>- https://www.turkiyeazerbaycan.com/haber/ankara-ticaret-odasi-baikani-gursel-baran-la-roportaj</p> <p style="text-align: center;">Fatih Dönmez (The Minister, Ministry of Energy and Natural Resources)</p> <p>https://www.socar.com.tr/basin-bultenleri/azerbaycan-cumhuriyeti-ekonomi-bakani-ve-socar-denetleme-kurulu-baskani-ile-gorustu</p>

APPENDIX-2

OPEN-ENDED QUESTIONS

The name of your company:

Your role in your company:

The sector that your firm operates in:

The number of employees in your company:

The Question	The Purpose
If you have not had any investment or commercial relations with Azerbaijan / Türkiye before, please do not answer this question.	
1. Can you tell us about the process you went through before and after your decision to invest in Azerbaijan? What were the conveniences or difficulties you experienced as a Azerbaijani / Turkish company?	
These questions were asked both managers having previous experience or not.	
1. What does the brotherhood discourse between Azerbaijan and Türkiye mean to you? How is the brotherhood between the two countries reflected in your investment decisions?	These questions are asked to understand their perceptions about the concept of nationalism as brotherhood and the investment climate.
2. In your opinion, are there any extra advantages of investing in Azerbaijan / Türkiye? What are they?	
3. When making an investment decision, are the attitudes/rules/norms of the local people important to you? Is it necessary to act in accordance with them? Why?	These questions are asked to understand whether the proposed mechanisms related to Institutional Theory work.
4. Do you think that investing in a brother country is a behavior that society expects from companies within the context of brotherhood discourse between two countries? Does meeting this expectation make you make a legitimate decision in the eyes of society and is this important to you? Why?	
5. Do you know any businessperson from Azerbaijan/Türkiye? Would you invest in another country with an Azerbaijani/ Turkish partner, or do you have such experience? Do you think there is a difference between investing with an Azerbaijani/Turkish person and someone from another country?	These questions are asked to understand whether the proposed mechanisms related to Social Network Theory work.
6. Do you think Azerbaijani/Turkish companies are more trustworthy and closer? Why?	
7. Do you think Azerbaijani/Turkish companies will act less opportunistically towards you? Why?	These questions are asked to understand whether the proposed mechanisms related to Transaction Cost Theory work.
8. What is your attitude towards determining the terms of the contract when signing a business contract with Azerbaijani/Turkish companies? Are you more careful and detailed or more flexible? Do you have a standard behavior in this regard? Do you do anything extra? Why? Have you had such an experience before?	

APPENDIX-3

CODES AND THEMES FOR THE STATEMENTS OF PRESIDENT ERDOGAN ABOUT AZERBAIJAN

Themes and Definitions	Frequency	Percentage	Codes	Frequency	Percentage
Strong Relationships: This theme emphasizes the characteristics of relationships between Azerbaijan and Türkiye and takes attention on unshakable ties between brother countries.	288	%38	Brother/hood (EBO)	148	%20
			One Nation Two States (EBO)	23	%3
			Can Azerbaijan (EBO)	5	%0,5
			Shared Emotions and Values (EBO)	25	%3
			The Level of Relationships (EBO and ABO)	14	%2
			Strategy/ic (ABO)	19	%3
			Friend/ship (EBO)	22	%3
			Historical and Literacy Speech (EBO)	11	%1
			Common Culture (EBO)	10	%1
Mutual Support: This theme emphasizes the necessity of that brother countries must stand back-to-back whether formally or informally.	170	%23	Common History (EBO)	11	%1
			Solidarity (EBO)	27	%4
			Unity / Togetherness (EBO)	16	%2
			Co-operation / Ally (ABO)	39	%5
			Support (EBO and ABO)	44	%6
			Partnership in International Politics (ABO)	35	%5
Mutual Interests: This theme emphasizes that brother countries must follow common interests in all fields by using different means.	133	%18	Joint Events (ABO)	9	%1
			Formalization of Interests (ABO)	43	%6
			Strategic Project and Mutual Investments (ABO)	51	%7
Nationalist Feelings: This theme emphasizes the phenomenon that activate nationalistic feelings and thoughts in the society and considered as “holy” and “blessed” by the society.	88	%12	Comprehensiveness of Relationships (ABO)	39	%5
			Victory (EBO)	37	%5
Future: This theme is about that brother countries must have common vision and intention to sustain this vision together.	56	%7	Ghazis and Martyrs (EBO)	51	%7
			Continuity (ABO)	29	%4
			Common Future and Goals (ABO)	27	%4

Themes and Definitions	Frequency	Percentage	Codes	Frequency	Percentage
Market: This theme shows the contributions of stakeholders (firms, NGOs, etc.) to the relationships between brother countries.	12	%2	Supports of Firms (ABO)	12	%1,5
Total:	747	%100	Total:	747	%100

APPENDIX-4

DIRECT QUOTATION FOR EACH CODE OBTAINED FROM THE PRESIDENT ERDOGAN'S STATEMENTS

Codes	Example Data
Brother/hood	Turkish: Türkiye olarak inşallah bu süreçte de <i>kardeş</i> Azerbaycan'ın yanında yer almayı sürdüreceğiz.
	English: As Türkiye, we will continue to stand by <i>brother</i> Azerbaijan in this process.
One Nation Two States	Turkish: ' <i>Tek millet, iki devlet</i> ' ilkesi, Azerbaycan'la dayanışmamızın temel felsefesidir.
	English: The principle of ' <i>one nation, two states</i> ' is the basic philosophy of our solidarity with Azerbaijan.
Can Azerbaijan	Turkish: <i>Can Azerbaijan</i> 'a olan desteğimiz, bundan sonra da devam edecektir.
	English: Our support to <i>Azerbaijan which is our heart</i> will continue from now on.
Shared Emotions and Values	Turkish: Azerbaycan'ın <i>sevinci bizim sevincimiz, gururu bizim gururumuz</i> . Derdi, sıkıntısı, problemi de bizim problemimizdir.
	English: Azerbaijan's <i>joy is our joy, its pride is our pride</i> . His struggles, troubles and problems are also our problems.
The Level of Relationships	Turkish: Şuşa Beyannamesi ile ilişkilerini <i>müttefiklik düzeyine</i> çıkaran iki kardeş ülke olarak, inşallah daha nice projelere birlikte imza atacağız.
	English: As two brother countries that raised their relations to <i>the level of alliance</i> with the Shusha Declaration, hopefully we will undertake many more projects together.
Strategy/ic	Turkish: Türkiye ile Azerbaycan arasındaki üst düzey ziyaret yoğunluğu, <i>stratejik ortağımız</i> Azerbaycan'ın münasebetlerimizin geldiği seviyeyi göstermesi bakımından büyük önem arz ediyor.
	English: The high-level visit intensity between Türkiye and Azerbaijan is of great importance as it shows the level of our relations with our <i>strategic partner</i> Azerbaijan.
Friend/ship	Turkish: Bize düşen, binlerce şehidimizin kanıyla yoğrulmuş <i>bu dostluğu</i> ilelebet payidar kılacak projeleri hayata geçirerek bir millet, iki devlet şiarımıza uygun şekilde her alanda işbirliğimizi derinleştirmektir.
	English: Our duty is to deepen our cooperation in every field in accordance with our motto of one nation, two states, by implementing projects that will make <i>this friendship</i> , which was kneaded by the blood of thousands of our martyrs, last forever.
Historical and Literacy Speech	Turkish: Bir ananın iki oğlu, Bir emelin iki kolu, O da ulu bu da ulu, Azerbaycan-Türkiye. Dinimiz bir, dilimiz bir, ayımız bir, yılımız bir, aşkımız bir, yolumuz bir, Azerbaycan-Türkiye
	English: Two sons of one mother, Two branches of a cause, Both are great, Azerbaijan-Türkiye. We have common religion, language, month, year, love, path, Azerbaijan-Türkiye.
Common Culture	Turkish: Türkiye ve Azerbaycan, geçmişi bir, <i>kültürü bir</i> , dili bir, dini bir iki kardeş ülkedir.
	English: Türkiye and Azerbaijan are brother countries with the same past, <i>common culture</i> , common language and religion.
Common History	Turkish: Her iki ülkenin gençlerinin de <i>ortak tarihimizden</i> ve bugünkü kutlamalardan alacak dersleri olduğuna inanıyorum.
	English: I believe that the youth of both countries have lessons to learn from our <i>common history</i> and today's celebrations.
Solidarity	Turkish: Azerbaycan'la, bölgenin güvenliği ve refahı için <i>dayanışmamızı</i> artırarak sürdüreceğiz.
	English: We will continue to increase <i>our solidarity</i> with Azerbaijan for the security and prosperity of the region.

Codes	Example Data
Unity / Togetherness	Turkish: Onların defnedildiği Türk şehitliği, Türk askerinin şecaatini göstermekle beraber Türkiye ve Azerbaycan'ın, bir millet, iki devletin sarsılmaz birliğini ve ebedi kardeşliğini tecessüm ettiriyor.
	English: The Turkish martyrs' cemetery where they are buried shows the bravery of the Turkish soldiers and also embodies the unshakable unity and eternal brotherhood of Turkey and Azerbaijan, and of “one nation, two states”.
Co-operation / Ally	Turkish: Gümrükten tarıma, enerjiden ulaştırmaya, teknolojiden turizme her alanda işbirliğimizi derinleştireceğiz.
	English: We will deepen our cooperation in every field, from customs to agriculture, from energy to transportation, from technology to tourism.
Support	Turkish: Türkiye ve Azerbaycan sirt sirta verdikleri sürece Allah'ın izniyle zorlukları aşmaya, başarıdan başarıya koşmaya devam edecektir.
	English: Turkey and Azerbaijan will continue to overcome difficulties and achieve success as long as they support each other (stand back to back) , with God's permission.
Partnership in International Politics	Turkish: Ermenistan'ın Azerbaycan ile sorunlarını çözme yönünde samimi bir irade sergilemesi gerekiyor. Azerbaycan ile samimi bir irade ortaya koyması halinde, Türkiye'nin Ermenistan ile olan ilişkilerinin de normalleşmesinin önünde bir engel kalmayacaktır.
	English: Armenia needs to show a sincere will to solve its problems with Azerbaijan. If Armenia shows a sincere will with Azerbaijan, there will be no obstacle for the normalization of Türkiye's relations with Armenia.
Joint Events	Turkish: Haziran ayında 2020 Avrupa Şampiyonası kapsamında A Milli Futbol Takımı'mızı izlemeye Bakü'ye geleceğiz. İlk maçını Roma'da oynayacak olan A Milli Futbol Takımı'mız diğer iki maçını da Bakü'de oynayacak.
	English: We will come to Baku to watch our National Football Team as part of the 2020 European Championship in June. Our National Football Team, which will play its first match in Rome, will play the other two matches in Baku.
Formalization of Interests	Turkish: Gelecekteki iş birliğimizin teminatı olan Şuşa Beyannamesi'ni imzaladık.
	English: We signed the Shusha Declaration , which is the guarantee of our future cooperation.
Strategic Project and Mutual Investments	Turkish: Bugüne kadarki konsey toplantılarında aldığımız kararlarla TANAP ve Bakü-Tiflis-Kars Demiryolu Projesi gibi stratejik projeleri hayata geçirdik.
	English: With the decisions we have taken in the council meetings so far, we have implemented strategic projects such as TANAP and Baku-Tbilisi-Kars Railway Project .
Comprehensiveness of Relationships	Turkish: Azerbaycan'la siyasi, askeri, ekonomik, kültürel, diplomasi, her alanda bu iş birliğini sürdüreceğiz.
	English: We will continue this cooperation with Azerbaijan in all fields , political, military, economic, cultural and diplomatic.
Victory	Turkish: Bu destansı zafer (Karabağ) , ortak coğrafyamızda kalıcı barış ve kapsamlı normalleşmenin önündeki engelleri kaldırmıştır
	English: This epic victory (Karabakh) removed the obstacles to permanent peace and comprehensive normalization in our common geography.
Ghazis and Martyrs	Turkish: Gazilerimiz yaralı. Onlara Allah'tan şifalar diliyoruz. Bu şehitlerimiz bir şeye inanarak şehit oldular. Bütün bu şehitlerimizin ruhaniyetini taltif etmemiz lazım
	English: Our ghazis are injured. We wish them healing from God. These martyrs became martyrs by believing in something. We need to reward the spirituality of all these martyrs.
Continuity	Turkish: Bugün tüm imkanlarımızla Azerbaycan'ın yanındayız. Bütün dünya bilsin ki yarın da Azerbaycan'ın yanında yer alacağız
	English: Today , we stand by Azerbaijan with all our means. Let the whole world know that we will stand by Azerbaijan tomorrow too .

Codes	Example Data
Common Future and Goals	Turkish: Temennim odur ki bu adımları beraber atmak suretiyle sadece Avrupa'ya açılmak değil hem kendi ülkemizde hem çok daha farklı ülkelere inşallah yayılma fırsatını da buluruz.
	English: My hope is that by taking these steps together (with Azerbaijan), we will have the opportunity not only to expand into Europe, but also to expand both in our own country and to many different countries.
Supports of Firms	Turkish: <i>Türk müteahhit firmalarımız</i> da 'Eğer planlar hayata geçirilirse biz burayı 1-1,5 yıl içerisinde bitiririz' diyorlar.
	English: <i>Our Turkish contractor companies</i> also say, 'If the plans are implemented, we will finish this place within 1-1.5 years.'

APPENDIX-5

CODES AND THEMES FOR THE STATEMENTS OF PRESIDENT ALIYEV ABOUT TÜRKIYE

Theme	Frequency	Percentage	Code	Frequency	Percentage
Strong Relationships: This theme emphasizes the characteristics of relationships between Azerbaijan and Türkiye and takes attention on unshakable ties between brother countries.	562	%46	Brother/hood (EBO)	391	%32
			One Nation, Two States (EBO)	13	%1
			Shared Emotions and Values (EBO)	17	%1
			Level of Relationships (EBO & ABO)	34	%3
			Strategy/ic (ABO)	17	%1
			Friend/ship (EBO)	40	%3
			Historical and Literacy Speech (EBO)	7	%0,5
			Common Culture (EBO)	13	%1
			Common History (EBO)	23	%2
			Mutual Trust (EBO)	5	%0,3
			Single Fist (EBO)	2	%0,2
Mutual Support: This theme emphasizes the necessity of that brother countries must stand back-to-back whether formally or informally.	376	%31	Solidarity (EBO)	16	%1
			Unity/Togetherness (EBO)	66	%5
			Partnership in International Politics (ABO)	58	%5
			Co-operation/Ally (ABO)	47	%4
			Support (EBO & ABO)	95	%8
			Joint Events (ABO)	22	%2
			Turkish International Power (ABO)	66	%5
			Prioritizing (ABO)	6	%0,5
Mutual Interests: This theme emphasizes that brother countries must follow common interests in all fields by using different means.	138	%11	Formalization of Interests (ABO)	18	%1
			Strategic Projects and Mutual Investments (ABO)	92	%8
			Comprehensiveness of Relationships (ABO)	28	%2
Nationalist Feelings: This theme emphasize the phenomenon that activate nationalistic feelings and thoughts in the society and considered as “holy” and “blessed” by the society.	41	%3	Victory (EBO)	22	%2
			Ghazis and Martyrs (EBO)	19	%2

Theme	Frequency	Percentage	Code	Frequency	Percentage
Future: This theme is about that brother countries must have common vision and intention to sustain this vision together.	82	%7	Continuity (ABO)	52	%4
			Common Future and Goals (ABO)	30	%3
Market: This theme shows the contributions of stakeholders (firms, NGOs, etc.) to the relationships between brother countries.	23	%2	Supports of Firms (ABO)	22	%2
			Death of Özdemir Baykar (Businessperson) (EBO)	1	%0,1
Total:	1222	%100	Total:	1222	%100

APPENDIX-6

DIRECT QUOTATION FOR EACH CODE OBTAINED FROM THE PRESIDENT ALIYEV'S STATEMENTS

Code	Example Data
Brother/hood	The people and state of Azerbaijan stood by <i>the brotherly</i> state and people of Türkiye from the first moments of this struggle and unequivocally condemned the traitors of the country who attacked the country's constitutional structure and legitimate authority.
One Nation, Two States based on the " <i>One nation, two states</i> " principle, Azerbaijani-Turkish relationship has now reached its highest level.
Shared Emotions and Values	We shared in the victory (July 15 events) of the Turkish people, who emerged stronger from those events, as our own victory, their joy as our own joy, and their sadness as our own sadness.
Level of Relationships	In June 2021, the Shusha Declaration between Türkiye and Azerbaijan was signed in the city of Shusha, the crown jewel of Karabakh, and our relations were officially raised to <i>the level of an alliance</i> .
Strategy/ic	Baku-Tbilisi-Kars is a historic project, a project of <i>strategic</i> importance.
Friend/ship	On the occasion of this tragedy (terrorist act in Daglica), on behalf of the people of Azerbaijan and on my own, I extend my deep condolences to you, families and loved ones of those who died and <i>the friendly</i> people of Turkey, and wish those wounded recovery.
Historical and Literacy Speech	The Caucasus Islamic Army, under the command of Nuru Pasha, came to Azerbaijan and joined the struggle. The Caucasus Islamic Army, which passed the glorious battle path from Ganja to Baku, together with the newly-established Azerbaijan National Army and volunteers, liberated Baku from Armenian and Bolshevik occupation.
Common Culture	Therefore, I believe that to have built a fortress of such wonderful relations that rest on solid historical and <i>cultural foundation</i> is our extraordinary achievement
Common History	Azerbaijan-Türkiye relations, which are <i>historically bound together</i> by unbreakable ties stemming from the will of our peoples, are unparalleled in the world today.
Mutual Trust	I am confident that our alliance, strategic partnership, which is based on <i>mutual trust</i> and support, will continue to contribute to the well-being of our peoples and overall development of our countries.
Single Fist	Azerbaijan-Türkiye unity and alliance, will continue to develop steadily and will be further strengthened in accordance with the spirit of the "One nation, two states" and " <i>Single fist</i> " principles.
Solidarity	Our people will never forget this support, which once again demonstrated the Azerbaijani-Turkish <i>solidarity</i> to the whole world.
Unity/Togetherness	I am confident that the unshakable Azerbaijan-Turkey <i>unity</i> and brotherhood, which is our greatest legacy for future generations, will continue to develop...
Partnership in International Politics	By being next to us, Turkey sent a message to the whole world – do not interfere. Azerbaijan is on the right track, and <i>if you intervene, you will have to deal with Turkey</i> . Of course, this was a tremendous advantage.

Code	Example Data
Co-operation/Ally	I am confident that our large-scale, fruitful and active <i>cooperation</i> in all areas, our consistent position and activities based on mutual trust, confidence and support in international affairs will continue to serve the progress of our countries and the well-being of our peoples.
Support	The decisive, unequivocal political and moral <i>support</i> given personally by you, and the brotherly country and people of Turkey, has played a great role in the struggle of Azerbaijan for the liberation of its lands.
Joint Events	A G-20 Summit was held in the Turkish city of Antalya in November 2015. Turkey could invite only one non-member country of the group as a special guest, and President Recep Tayyip Erdogan invited Azerbaijan.
Turkish International Power	We are very happy for every success of a strong and stable Republic of Turkey, which has become <i>a power center on the international arena</i> .
Prioritizing	I can say that President Recep Tayyip Erdogan provided extensive information about the right cause of Azerbaijan from high platforms in previous years too. That issue has always been <i>the top priority</i> in his foreign policy course
Formalization of Interests	In other words, <i>the agreements</i> we have signed in many areas remain in force, these agreements also contain clauses on cooperation and mutual assistance in the military sphere.
Strategic Projects and Mutual Investments	<i>Mutual investments</i> testify to our brotherhood and also show that we rely on each other. We support each other's economies. To date, Turkey has invested more than \$12 billion in the economy of Azerbaijan. Azerbaijan has invested \$17.5 billion in Turkey. These investments improve the well-being of our peoples.
Comprehensiveness of Relationships	This alliance manifests itself <i>everywhere – in politics, economic relations, energy, transport projects, culture, education, and army building</i> .
Victory	In the meantime, during the 44-day war, the entire Turkish people stood with Azerbaijan. Thousands of support and congratulatory messages from Türkiye came both during the war and after <i>our historic Victory</i> .
Ghazis and Martyrs	Today, the brotherly Republic of Turkey marks the fifth anniversary of the 15 July coup attempt. I commemorate with deep respect <i>our martyrs</i> who gave their lives to prevent the coup attempt.
Continuity	Azerbaijan and Türkiye have always been by each other's sides on both joyful and somber days. And <i>it will continue to be the case in the future too</i> .
Common Future and Goals	I am confident that we will continue our joint efforts to achieve <i>the goals we have set</i> for the further strengthening and development of the Azerbaijani-Turkish unity and brotherhood in accordance with the “one nation two states” slogan.
Supports of Firms	<i>Turkish companies</i> are actively involved in many infrastructure projects as contractors in the reconstruction process.
Death of Özdemir Baykar (Businessperson)	I was deeply saddened by the news of the death of Ozdemir Bayraktar, Chairman of the Board of Directors of Baykar company.

APPENDIX-7

CODES AND THEMES FOR THE STATEMENTS OF ECONOMY MINISTERS IN TÜRKIYE AND AZERBAIJAN

Theme	Frequency	Percentage	Code	Frequency	Percentage
Strong Relationships: This theme emphasizes the characteristics of relationships between Azerbaijan and Türkiye and takes attention on unshakable ties between brother countries.	69	%25	Brotherhood (EBO)	24	%8
			One Nation Two States (EBO)	4	%1
			Can Azerbaijan (EBO)	2	%1
			Shared Emotions and Values (EBO)	3	%1
			Level of Relationships (EBO & ABO)	12	%4
			Friendship (EBO)	5	%2
			Strategy/ic (ABO)	13	%4
			Common Culture and History (EBO)	6	%2
Mutual Support: This theme emphasizes the necessity of that brother countries must stand back-to-back whether formally or informally.	49	%16	Unity / Togetherness (EBO)	2	%1
			Partnership in International Politics (ABO)	4	%1
			Cooperation / Alliance (ABO)	27	%9
			Support (EBO & ABO)	16	%5
Mutual Interests: This theme emphasizes that brother countries must follow common interests in all fields by using different means.	88	%29	Formalization of Interests (ABO)	31	%10
			Strategic Projects and Mutual Investments (ABO)	36	%12
			Comprehensiveness of Relationships (ABO)	21	%7
Nationalistic Feelings: This theme emphasize the phenomenon that activate nationalistic feelings and thoughts in the society and considered as “holy” and “blessed” by the society.	4	%1	Victory (EBO)	4	%1
Future: This theme is about that brother countries must have common vision and intention to sustain this vision together.	25	%9	Common Future and Goals (ABO)	25	%9
Market: This theme shows the contributions of stakeholders (firms, NGOs, etc.) to the relationships between brother countries.	61	%20	Support of Actors in the Market (ABO)	27	%9
			Transaction Cost (ABO)	31	%10
			Social Networking (ABO)	3	%1
Total:	296	%100	Total:	296	%100

APPENDIX-8

DIRECT QUOTATION FOR EACH CODE OBTAINED FROM THE ECONOMY MINISTERS' STATEMENTS

Code	Frequency
Brotherhood	Azerbaijani: Azərbaycanın Türkiyə ilə <i>qardaşlıq</i> və strateji tərəfdaşlıq əlaqələrinin olduğunu söyləyən Ş.Mustafayev.... (Şahin Mustafayev)
	English: Mustafayev, who said that Azerbaijan and Türkiye have <i>brotherly</i> and strategic partnership relations... (Şahin Mustafayev)
One Nation Two States	Turkish: Zeybekci, Azərbaycan'ın Türkiye ilə ' <i>iki devlet tek millet</i> ' olduğunu altını çizerek, şöyle devam etti:... (Nihat Zeybekçi)
	English: Zeybekci underlined that Azerbaijan and Turkey are ' <i>two states, one nation</i> ' and continued as follows:... (Nihat Zeybekçi)
Can Azerbaijan	Turkish: Biz bu toprakları, biz bu toprakları derken de iki toprakları birden kastediyorum, gerek Azərbaycan'ı <i>can Azərbaycan'ı</i> gerek Nahçıvan'ı gerekse Anadolu'yu karış karış kanımızla suladık. (Nihat Zeybekçi)
	English: We watered these lands, and when I say “we these lands”, I mean both lands, we watered Azerbaijan, Azerbaijan which is our heart , Nakhchivan and Anatolia, inch by inch, with our blood. (Nihat Zeybekçi)
Shared Emotions and Values	Azerbaijani: 44 günlük Vətən müharibəsi zamanı da Türkiyə dövləti və xalqı Azərbaycanın yanında oldu, bizə siyasi, <i>mənəvi</i> dəstək verdi. (Şahin Mustafayev)
	English: During the 44-day Patriotic War, the state and people of Turkey stood by Azerbaijan and gave us political and moral (spiritual) support. (Şahin Mustafayev)
Level of Relationships	Turkish: Azərbaycan ilə ülkemiz arasındaki ilişkilerin siyasi, ekonomik, yatırım, ticaret ve müteahhitlik alanlarında çok iyi ve <i>stratejik ittifak</i> düzeyinde olmasından memnuniyet duyuyoruz. (Ömer Bolat)
	English: We are pleased that the relations between Azerbaijan and our country are very good and at <i>the level of strategic alliance</i> in the political, economic, investment, trade and contracting fields. (Ömer Bolat)
Friendship	Turkish: Azərbaycan dostluğunu ve gərdaşlığını kriz çıktığı andan itibaren gösterdi. (Mustafa Elitaş)
	English: Azerbaijan showed <i>its friendship</i> and brotherhood from the moment the crisis broke out. (Mustafa Elitaş)
Strategy/ic	Turkish: Bu şekilde, hem ikili hem de bölgesel bir anlayışla, ekonomik iş birliğimizi <i>stratejik</i> bir biçimde ilerletmek için çalışmalarımızı müştereken sürdürmeliyiz. (Ruhsar Pekcan)
	English: In this way, we must jointly continue our work to <i>strategically</i> advance our economic cooperation, with both a bilateral and regional understanding. (Ruhsar Pekcan)
Common Culture and History	Turkish: Qeyd edilmişdir ki, dövlət başçılarının siyasi iradəəsi, qarşılıqlı hörmət və marağ, xalqlarımız arasında <i>tarixən</i> mövcud olan qardaşlıq və dostluq münasibətləri... (Şahin Mustafayev)
	English: It has been noted that the political will of the heads of state, mutual respect and interest, and the relations of brotherhood and friendship that have existed between our peoples <i>throughout history</i> (Şahin Mustafayev)

Code	Frequency
Unity / Togetherness	Azerbaijani: Azərbaycan və Türkiyə daim bir-birinin yanındadır . (Şahin Mustafayev) English: Azerbaijan and Turkey are always next to each other . (Şahin Mustafayev)
Partnership in International Politics	Turkish: Azərbaycan'ın, Rusya'nın Türk tirlarına engel koyunca sınır kapısında bekleyen 300 tırın eskort eşliğinde güvenli geçişlerini sağladığını, bu konuda Azərbaycan Cumhurbaşkanı Aliyev'e de teşekkürlerini sunduğunu söyledi. (Mustafa Elitaş) English: Azerbaijan ensured the safe passage of 300 trucks waiting at the border gate with an escort after Russia blocked the Turkish trucks, and expressed his thanks to the President of Azerbaijan Aliyev in this regard. (Mustafa Elitaş)
Cooperation / Alliance	Azerbaijani: Uğurlu əməkdaşlığımızın artıq ikitərəfli formatdan çıxaraq, regional inkişafa, stabilliyə və təhlükəsizliyə, o cümlədən bütün türk dünyasına böyük töhfələr verən mühüm faktora çevrildiyi vurğulanmışdır (Şahin Mustafayev) English: It was emphasized that our successful cooperation has already left the bilateral format and become an important factor that makes great contributions to regional development, stability and security, as well as to the entire Turkic world. (Şahin Mustafayev)
Support	Turkish: 15 Temmuz sürecinde Azərbaycan'ın Türkiyə'ye en büyük desteği veren ülke olduğunu söyledi. (Nihat Zeybekçi) English: He said that Azerbaijan was the country that gave the biggest support to Türkiye during the July 15 period (Nihat Zeybekçi)
Formalization of Interests	Turkish: Azərbaycan ile Tercihli Ticaret anlaşması kapsamında 3.5 milyar dolarlık ticaret hacminin 10 milyar dolara kadar çıkacağını belirtti. English: He stated that within the framework of the Preferential Trade Agreement with Azerbaijan, the trade volume of 3.5 billion dollars will increase to 10 billion dollars.
Strategic Projects and Mutual Investments	Azerbaijani: Bakı-Tbilisi-Qars dəmiryolu layihəsi Asiya və Avropa arasında nəqliyyat dəhlizinin yaradılması istiqamətində strateji həlqə rolunu oynayacaq. (Şahin Mustafayev) English: The Baku-Tbilisi-Kars railway project will play the role of a strategic link in the direction of creating a transport corridor between Asia and Europe. (Şahin Mustafayev)
Comprehensiveness of Relationships	Turkish: Özellikle, imzalanan eylem planları ticaretten sağlığa, enerjiden tarıma kadar birçok alanda içerdiği maddelerle yol haritası niteliğindedir. (Mehmet Muş) English: In particular, the signed action plans are in the nature of a road map with their contents in many areas, from trade to health, from energy to agriculture . (Mehmet Muş)
Victory	Turkish: Azərbaycan'ın Karabağ'da kazandığı zəferin Türkiyə ilə Azərbaycan ilişkilerinde her anlamda yeni bir açılım imkanı doğurdu. (Ruhsar Pekcan) English: Azerbaijan's victory in Karabakh created a new opportunity for a new expansion in Türkiye-Azerbaijan relations in every sense. (Ruhsar Pekcan)
Common Future and Goals	Turkish: Çok yetersiz olan bu rakamı ilk fırsatta 10 milyar dolara çıkarmayı hedeflediklerini söyledi. (Nihat Zeybekçi) English: He said that they aim to raise this figure to 10 billion dollars as soon as possible. (Nihat Zeybekçi)
Support of Actors in the Market	Azerbaijani: Azərbaycanın işğaldan azad edilmiş ərazilərində irimiqyaslı layihələrin icrasında da Türkiyə şirkətləri bizimlə bərabər çalışır . (Şahin Mustafayev) English: Turkish companies work together with us in the implementation of large-scale projects in the liberated territories of Azerbaijan (Şahin Mustafayev)

Code	Frequency
Transaction Cost	Azerbaijani: Bu gün Azərbaycanın bir sıra məhsulları Türkiyəyə sıfır, yaxud cüzi gömrük rüsumu ilə ixrac edilir. (Mikail Cabbarov)
	English: Today, some products of Azerbaijan are exported to Turkey with zero or low customs duty. (Mikail Cabbarov)
Social Networking	Turkish: Ticari ilişkilerimizin vazgeçilmez unsuru olan iş dünyası temsilcilerimizin daha sık bir araya gelmesi ve ticari bağlantı kurmasını sağlayan tüm etkinlikleri destekledik ve bundan sonra da desteklemeye devam edeceğiz. (Mehmet Muş)
	English: We have supported and will continue to support all activities that enable our representatives of the business world to meet more often and establish commercial connections, which are an indispensable element of our commercial relations. (Mehmet Muş)

APPENDIX-9

CODES AND THEMES FOR THE STATEMENTS OF MANAGERS IN TÜRKIYE AND AZERBAIJAN

Theme	Frequency	Percentage	Code	Frequency	Percentage
Strong Relationships: This theme emphasizes the characteristics of relationships between Azerbaijan and Türkiye and takes attention on unshakable ties between brother countries.	41	%18	Cognate/Ancestry (EBO)	4	2
			One Nation, Two States (EBO)	3	1
			Brother/hood (EBO)	17	8
			Friend/ship (EBO)	6	3
			Bond of Love/Strong Bonds (EBO)	2	1
			Can Azerbaijan (EBO)	1	0,5
			Ancient / Long Years (EBO)	5	2
			Not Being Seen as Foreign/Different (EBO)	3	1
Mutual Support: This theme emphasizes the necessity of that brother countries must stand back-to-back whether formally or informally.	33	%15	Cooperation (ABO)	18	8
			Partnership Between Brothers in International Politics (ABO)	1	0,5
			Prioritizing / Privilege (ABO)	13	6
			Unity (EBO)	1	0,5
Mutual Interests of Brother Countries: This theme takes attention on awareness of firms in brother countries to mutual interests of brother countries.	40	%18	Support for Countries' Goals (ABO)	27	12
			Defense Industry (ABO)	4	2
			Energy Industry (ABO)	3	1
			Strategic Projects (ABO)	6	3
Nationalist Feelings: This theme emphasize the phenomenon that activate nationalistic feelings and thoughts in the society and considered as "holy" and "blessed" by the society.	19	%9	Victory & Martyrs (EBO)	4	2
			Pride (EBO)	9	4
			Service / Duty (EBO)	6	3
Future: This theme is about that brother countries must have common vision and intention to sustain this vision together	4	%2	Continuity (ABO)	4	2
Firm Perspective: This theme underlines opinions about "investment in brother country" and activities of firms related to investments in brother countries.	44	%21	Completed / Planned Investments (ABO)	30	14
			Diversity of Investments (ABO)	4	2
			Transfer of Knowledge and Expertise (ABO)	8	4

Theme	Frequency	Percentage	Code	Frequency	Percentage
Firm Perspective: This theme underlines opinions about “investment in brother country” and activities of firms related to investments in brother countries.	44	%21	Gate / Bridge (ABO)	2	1
Market Perspective: This theme focuses on market conditions perceived by firms and the relationship of firms with the other actors in the market.	27	%12	Support of Politicians (ABO)	12	5
			Potentials / Opportunities (ABO)	4	2
			Investment Climate (ABO)	6	3
			Organizations for Networking (ABO)	5	2
Total:	214	%100	Total:	214	%100

APPENDIX-10

DIRECT QUOTATION FOR EACH CODE OBTAINED FROM MANAGERS' STATEMENTS

Code	Example Data
Cognate/Ancestry	Turkish: Türkiye’de yaşayan <i>soydaşlarımıza</i> , kendi dillerinde hizmet veren tek finansal uygulama olan Turan, Türk Devletleri’nde ilk ülke açılımını Azerbaycan ile gerçekleştirdi.
	English: Turan, the only financial application that serves <i>our cognates</i> living in Turkey in their own language, made its first country expansion in the Turkish States with Azerbaijan.
One Nation, Two States	Turkish: Azerbaycan’ın merhum devlet başkanı, büyük insan Heydar Aliyev’in dediği gibi, <i>iki devlet, bir milletiz</i>
	English: As the late president of Azerbaijan and the great man Heydar Aliyev said, we are <i>two states, one nation</i> .
Brother/hood	Turkish: Dost ve <i>kardeş</i> ülke Azerbaycan’ın başkenti Bakü’de bulunmaktan mutluluk duyuyorum.
	English: I am happy to be in Baku, the capital of our friendly and <i>brotherly</i> country Azerbaijan.
Friend/ship	Turkish: Türkiye ile Azerbaycan arasındaki <i>dostluğun</i> ve süregelen iş birliğinin uzun yıllar devam edeceğine inanıyorum.
	English: I believe that the <i>friendship</i> and ongoing cooperation between Turkey and Azerbaijan will continue for many years.
Bond of Love/Strong Bonds	Turkish: İki ülke arasındaki süregelen <i>güçlü bağın</i> etkisiyle, iş birlikleri her geçen gün artıyor.
	English: With the influence of the ongoing <i>strong bond</i> between the two countries, their cooperation is increasing day by day.
Can Azerbaijan	Turkish: <i>Can Azerbaijan</i> ’in bağımsızlık günü mübarek olsun.
	English: I wish happy independence day of <i>Azerbaijan which is our heart</i> .
Ancient / Long Years	Turkish: İki dost ülke olmanın ötesinde <i>kadim</i> bir kan ve gönül bağı olan kardeşleriz.
	English: Beyond being two friendly countries, we are brothers with <i>an ancient</i> bond of blood and heart.
Not Being Seen as Foreign/Different	Turkish: Biz Azerbaycan ve Türkiye’deki çalışmalarımızı <i>birbirinden farklı görmüyoruz</i> .
	English: We do not see our work in Azerbaijan and Turkey <i>as different from each other</i> .
Cooperation	Turkish: Türkiye ile Azerbaycan arasında enerji alanı da dahil olmak üzere her alanda faydalı <i>işbirliğinin</i> başarılı bir şekilde ilerlemektedir.
	English: Beneficial <i>cooperation</i> between Turkey and Azerbaijan in all fields, including the energy field, is progressing successfully.
Partnership Between Brothers in International Politics	Turkish: <i>Dış ilişkilerde</i> Azerbaycan ve Türkiye birliktedir.
	English: Azerbaijan and Türkiye are together in <i>foreign relations</i> .
Prioritizing / Privilege	Turkish: Turan, Türk Devletleri’nde <i>ilk ülke açılımını</i> Azerbaycan ile gerçekleştirdi.
	English: Turan (an application) made <i>its first country initiative</i> in the Turkish States with Azerbaijan.

Code	Example Data
Unity	Turkish: Sondaj çalışmalarının olumlu sonuçlanması durumunda yapacağımız yeni yatırımla Azerbaycan ekonomisine ve istihdamına katkı sağlarken iki ülkenin sarsılmaz birlikteliğini de peçinlemiş olacağız
	English: If the drilling works yield positive results, we will contribute to the economy and employment of Azerbaijan with our new investment, while also strengthening the unshakable unity of the two countries.
Support for Countries' Goals	Turkish: TEKFEN ülkenin stratejik ve sürdürülebilir kalkınma hedefine hizmet vermeye devam edecek.
	English: TEKFEN (Turkish firm) will continue to serve the country's (Azerbaijan) strategic and sustainable development goal .
Defense Industry	Turkish: Kardeş ülke Azerbaycan ile Türkiye arasındaki dostluk ve iş birliği ilişkilerinin en önemli yansımalarından biri hiç şüphesiz ki savunma sanayii alanında gerçekleştirilen iş birliği projeleridir.
	English: One of the most important reflections of the friendship and cooperation relations between brother countries Azerbaijan and Turkey is undoubtedly the cooperation projects carried out in the field of defense industry .
Energy Industry	Turkish: Türkiye'de enerjinin tüm alanlarında varız.
	English: We are present in all fields of energy in Turkey.
Strategic Projects	Turkish: Bu proje (Bakü-Tiflis-Kars Demiryolu Projesi) çok önemli, çünkü Azerbaycan bu projeye Avrupa'ya açılacak. Türkiye de bu proje sayesinde Çin'e kadar direkt ulaşmış olacak.
	English: This project (Baku-Tbilisi-Kars Railway Project) is very important because Azerbaijan will open up to Europe with this project. Thanks to this project, Turkey will have direct access to China.
Victory & Martyrs	Turkish: Geçen yıl 27 Eylül'de işgale karşı başlayan ve Azerbaycan'ın zaferiyle sonuçlanan savaşta canlarını feda eden şehitlere Allah'tan rahmet diliyorum.
	English: I wish God's mercy to the martyrs who sacrificed their lives in the war that started against the occupation on September 27 last year and ended with the victory of Azerbaijan.
Pride	Turkish: Azerbaycan'ın merhum devlet başkanı, büyük insan Heydar Aliyev'in dediği gibi, 'iki devlet, bir milletiz.' Bu nedenle Azerbaycan'da olmak bizim için büyük bir mutluluk ve gurur vesilesidir.
	English: As the late president of Azerbaijan and the great man Heydar Aliyev said, 'we are two states, one nation.' Therefore, being in Azerbaijan is a great happiness and pride for us.
Service / Duty	Turkish: Azerbaycan için her türlü göreve hazırız (ASELSAN).
	English: We are ready for any duty for Azerbaijan (from ASELSAN, a Turkish firm)
Continuity	Turkish: Biz, Azerbaycan şirketi olarak Türkiye'deki yatırımlarımıza aynı şekilde devam edeceğiz .
	English: As an Azerbaijani company, we will continue our investments in Turkey in the same way.
Completed / Planned Investments	Turkish: Azerbaycan'a 75 milyon dolarlık yatırım yaptık .
	English: We invested 75 million dollars in Azerbaijan.

Code	Example Data
Diversity of Investments	<p>Turkish: Türkiye'deki ilk yatırımımız bankacılık alanında oldu. 2015 yılından bu yana Pasha Yatırım Bankası ile finans sektöründe faaliyet gösteriyoruz. Bunun dışında, Türkiye'de bugüne kadar gayrimenkul ve turizm alanında da çeşitli yatırımlarımız oldu.</p> <p>English: Our first investment in Turkey was in the field of banking. We have been operating in the finance sector with Pasha Investment Bank since 2015. Apart from this, we have also made various investments in real estate and tourism in Turkey.</p>
Support of Politicians	<p>Turkish: Türkiye'de hükümetten gördüğümüz destekten memnuniyet duyuyoruz.</p> <p>English: We are pleased with the support we receive from the government in Turkey.</p>
Common Language	<p>Turkish: İki taraf arasında büyük bir yakınlık var, dil konusundaki yakınlık her şeyde olduğu gibi ticaret alanında da kolaylığı beraberinde getiriyor.</p> <p>English: There is a great closeness between the two sides, the closeness in language brings ease in the field of trade, as in everything else.</p>
Potentials / Opportunities	<p>Turkish: Türkiye'nin grubumuzun uzun vadeli yatırım stratejilerinde önemli bir yeri var ve turizm alanında, diğer bir çok alanda olduğu gibi, önemli potansiyelleri barındırdığını düşünüyoruz.</p> <p>English: Turkey has an important place in our group's long-term investment strategies and we believe that it has significant potential in the field of tourism, as in many other areas.</p>
Investment Climate	<p>Turkish: Biz 15 ülkede faaliyet gösteriyoruz ve bu ülkeler arasında en sağlam yatırım ortamı Türkiye'de bulunuyor.</p> <p>English: We operate in 15 countries and the strongest investment environment among these countries is in Turkey.</p>
Transfer of Knowledge and Expertise	<p>Turkish: 17 yıldır son teknolojileri kullanarak, en verimli şekilde madencilik alanında üretimimizi sürdürüyoruz. Şimdi bu tecrübemizi kardeş Azerbaycan'a aktarmak en büyük dileğimiz.</p> <p>English: We have been continuing our production in the field of mining in the most efficient way, using the latest technologies for 17 years. Now, our greatest wish is to transfer this experience to brother Azerbaijan.</p>
Gate / Bridge	<p>Turkish: Haziran ayında açtığımız Azerbaycan MMC yurtdışındaki beşinci yatırımımız, doğudaki ilk kapımız.</p> <p>English: Azerbaijan MMC, which we opened in June, is our fifth investment abroad and our first door in the east.</p>
Organizations for Networking	<p>Turkish: Dijital Dönüşüm Teknoloji Hizmetleri AŞ (DDTECH), 2 Aralık'ta Azerbaycan'ın başkenti Bakü'de Türkiye Finans Sektörü Liderler Zirvesi'nde geliştirdiği ürün ve hizmetleri Azerbaycan'ın öncü kurumlarına anlatacak.</p> <p>English: Digital Transformation Technology Services Inc. (DDTECH) will explain the products and services it has developed to the leading institutions of Azerbaijan at the Türkiye Finance Sector Leaders Summit in Baku, the capital of Azerbaijan, on December 2.</p>

APPENDIX 11

CODES AND THEMES FOR THE STATEMENTS OF OTHER STAKEHOLDERS

Theme	Frequency	Percentage	Code	Frequency	Percentage
Strong Relationships: This theme emphasizes the characteristics of relationships between Azerbaijan and Türkiye and takes attention on unshakable ties between brother countries.	91	%38	Brother/hood (EBO)	43	%18
			Friend/ship (EBO)	8	%3
			One Nation, Two States (EBO)	8	%3
			Common History (EBO)	7	%3
			Common Culture (EBO)	8	%3
			Cognate/Ancestry (EBO)	1	%0,5
			Shared Emotions and Values (EBO)	6	%3
			The Level of Relationships (EBO and ABO)	7	%3
			Neighbor (EBO)	2	%1
			Trust (EBO)	1	%0,5
Mutual Support: This theme emphasizes the necessity of that brother countries must stand back-to-back whether formally or informally.	75	%32	Cooperation (ABO)	34	%14
			Support (EBO and ABO)	19	%8
			Prioritizing (ABO)	4	%2
			Partnership in International Politics (ABO)	16	%7
			Joint Events (ABO)	2	%1
Mutual Interests: This theme emphasizes that brother countries must follow common interests in all fields by using different means.	41	%17	Formalization of Interests (ABO)	6	%3
			Strategic Projects and Mutual Investments (ABO)	21	%9
			Support for Countries' Goals (ABO)	7	%3
			Non-Oil / Non- Energy Investments (ABO)	7	%3
Nationalist Feelings: This theme emphasize the phenomenon that activate nationalistic feelings and thoughts in the society and considered as "holy" and "blessed" by the society.	3	%2	Martyrs (EBO)	2	%1
			Pride (EBO)	1	%0,5

Theme	Frequency	Percentage	Code	Frequency	Percentage
Market: This theme shows the contributions of stakeholders (firms, NGOs, etc.) to the relationships between brother countries.	26	%11	Transfer of Knowledge and Expertise (ABO)	3	%1
			Support of Firms (ABO)	5	%2
			Potential / Opportunities (ABO)	10	%4
			Investment Climate (ABO)	2	%1
			Support of Politicians (ABO)	5	%2
			Gate / Bridge (ABO)	1	%0,5
Total:	236	%100	Total:	236	%100

APPENDIX-12

DIRECT QUOTATION FOR EACH CODE OBTAINED FROM OTHER STAKEHOLDERS' STATEMENTS

Code	Example Data
Brother/hood	Turkish: <i>Kardeş</i> ülkemiz Azerbaycan'ın İcbari Sigorta Bürosu ile imzalanan protokolle Türkiye ve Azerbaycan sınırında yeşil kartların dijital kontrolleri sağlanacak.
	English: With the protocol signed with the Compulsory Insurance Office of our <i>brother</i> country Azerbaijan, digital controls of green cards will be provided at the border of Turkey and Azerbaijan.
Friend/ship	Turkish: ' <i>Dost</i> ve kardeş ülke' Azerbaycan'la olan ilişkilerimizi her alanda geliştirmeyi amaçlıyoruz.
	English: We aim to improve our relations with Azerbaijan, the ' <i>friendly</i> and brotherly country', in every field.
One Nation, Two States	Turkish: Bu veriler ışığında <i>tek millet iki devlet</i> ekonomisinin gelişmesi için var gücümüzle çalışmaya devam edeceğiz.
	English: In light of these data, we will continue to work with all our strength to develop the one nation, two state economy.
Common History	Turkish: <i>Tarihi</i> , kültürel, sosyal alanlardaki yakınlık sonraki dönemlerde askeri alana da yansımış, Türkiye ve Azerbaycan ordularının düzenlediği ortak tatbikatlar başlamıştır.
	English: <i>The closeness in historical</i> , cultural and social areas was also reflected in the military field in later periods, and joint exercises organized by the armies of Turkey and Azerbaijan started.
Common Culture	Turkish: İki ülkenin birbirlerine coğrafi ve <i>kültürel olarak yakınlıkları</i> göz önünde bulundurulduğunda daha fazla gelişme için ciddi bir potansiyel olduğu görülmektedir.
	English: Considering the geographical and <i>cultural proximity</i> of the two countries to each other, there appears to be a serious potential for further development.
Cognate/Ancestry	Turkish: Bunun da sebebi <i>aynı kökene</i> , aynı tarihe, aynı dile, dine ve geçmişe malik olmamızdır.
	English: The reason for this is that we have <i>the same ancestry</i> , the same history, the same language, religion and past.
Shared Emotions and Values	Turkish: Biz birbirine <i>samimi duygular</i> besleyen iki kardeş ülkeyiz.
	English: We are two brother countries that have <i>sincere feelings</i> for each other.
The Level of Relationships	Turkish: 2010 senesinde iki devlet arasında kurulan Yüksek Düzeyli Stratejik İşbirliği Konseyi, ikili <i>ilişkileri daha da ileri bir aşamaya</i> taşıdı.
	English: The High Level Strategic Cooperation Council, established between the two states in 2010, took <i>bilateral relations to a further level</i> .
Neighbor	Turkish: Azerbaycan-Türkiye münasibetleri <i>iki komşu</i> ülke arasında ilişkilerin efektif gelişmesi ve genişlemesi modelinin parlak örneklerindedir.
	English: Azerbaijan-Turkey relations are bright examples of the effective development and expansion of relations between the <i>two neighboring</i> countries.

Code	Example Data
Trust	Turkish: Azerbaycan ile Türkiye arasından sağlam dostluk ve işbirliği münasebetlerini görmek, ülkeler arasınd karşılıklı itimad ve diyalog gibi yüksek değerlerin hala daha güncel ve önemli olmasını ortaya koymaktadır.
	English: Seeing solid friendship and cooperation relations between Azerbaijan and Turkey reveals that high values such as mutual trust and dialogue between the countries are still more current and important.
Cooperation	Turkish: Azerbaycan ve Türkiye'nin ikitarafılı işbirliği ve sermayeye verdikleri büyük ehemmiyet de ülkelerimizin kalkınmasını sağlayan başlıca faktörlerdir.
	English: The bilateral cooperation between Azerbaijan and Turkey and the great importance they give to capital are the main factors that enable the development of our countries.
Support	Turkish: Azerbaycan ile uzak ve yakın tarihte karşılıklı olarak birbirimize destek olduğumuz, çok hayati anlarda birbirimize kol kanat gerdiğimiz pek çok örnek var.
	English: There are many examples in Azerbaijan's distant and recent history where we mutually supported each other and took each other under our wings at very vital moments.
Prioritizing	Turkish: Türkiye Sigorta Birliği olarak özellikle başta Azerbaycan olmak üzere Türk Devletleri Teşkilatı içindeki kardeş ülkelerimizle iş birliği yapmayı, karşılıklı bilgi paylaşımını oldukça önemsiyoruz.
	English: We, as the Turkish Insurance Association, particularly value cooperation and mutual knowledge sharing with our brother countries within the Turkic States Organization, especially Azerbaijan.
Partnership in International Politics	Turkish: Ermenistan Azerbaycan topraklarından çekilmedikçe, bizim sınırlarımızı açmamız gibi bir şey düşünülemez. Bunu bütün dünya duysun, Azerbaycanlı kardeşlerimiz de rahat olsun.
	English: Unless Armenia withdraws from Azerbaijani territory, opening our borders is unthinkable. Let the whole world hear this, and let our Azerbaijani brothers be comfortable.
Joint Events	Turkish: Türkiye ve Azerbaycan ordularının düzenlediği ortak tatbikatlar başlamıştır.
	English: joint exercises organized by the armies of Türkiye and Azerbaijan have started.
Agreements	Turkish: Türkiye ile Azerbaycan arasında tercihli ticaret anlaşması imzalanması için müzakereler devam ediyor.
	English: Negotiations continue to sign a preferential trade agreement between Turkey and Azerbaijan.
Strategic Projects and Mutual Investments	Turkish: Yatırımlarımızın toplam miktarı halen 6 milyar doları geçmiştir.
	English: The total amount of our investments has currently exceeded 6 billion dollars.
Support for Countries' Goals	Turkish: Bunun için Ankara Ticaret Odası olarak Azerbaycan ile Türkiye arasındaki 2 milyar dolarlık ticaret hacmini Ankara ile 1 milyar dolar, Türkiye ile de 5 milyar dolara taşımayı hedefliyoruz.
	English: For this purpose, as Ankara Chamber of Commerce, we aim to increase the 2 billion dollar trade volume between Azerbaijan and Turkey to 1 billion dollars with Ankara and 5 billion dollars with Turkey.
Non-Oil / Non- Energy Investments	Turkish: Azerbaycan'da yatırım yapan Türk işadamları olarak bu ülkeye petrol dışı sektörlerde yatırım yapan en büyük yabancı yatırımcı grubunu oluşturuyoruz.
	English: As Turkish businessmen investing in Azerbaijan, we constitute the largest foreign investor group investing in this country in non-oil sectors .

Code	Example Data
Martyrs	Turkish: Azerbaycan, Türkiye'nin dışında en çok şehit verdiğimiz ülke olarak kelimenin gerçek anlamıyla bizim kardeşimizdir.
	English: Azerbaijan is our brother in the truest sense of the word, as the country where we had the most martyrs apart from Turkey.
Pride	Turkish: Bu başarı (Azerbaycan'ın uydu göndermesi) bizi de gururlandırdı .
	English: This success (Azerbaijan's satellite launch) made us proud , too.
Transfer of Knowledge and Expertise	Turkish: Kardeş ülke olmanın verdiği güçle karşılıklı iş birliği yapılmasına, sigorta geleneklerinin oluşturulmasına katkıda bulunulmasını ve dostluğu güçlendirmek amacıyla Türkiye'deki sektör deneyimlerimizi aktarmayı hedefliyoruz.
	English: We aim to share our sector experiences in Turkey in order to establish mutual cooperation with the power of being a brother country, to contribute to the creation of insurance traditions and to strengthen friendship.
Support of Firms	Turkish: Bu hedeflerin gerçekleştirilmesi için iş adamlarına büyük görevler düşmektedir.
	English: Businessmen have great responsibilities to achieve these goals.
Potential / Opportunities	Turkish: Azerbaycan'da büyük bir iş potansiyeli var, bunu çok iyi görmekteyiz.
	English: There is a great business potential in Azerbaijan, we see this very well.
Investment Climate	Turkish: Azerbaycan'a yatırım yapmak için uygun bir zaman olduğu için bizler de işadamlarımıza destek olmaya çalışıyoruz.
	English: Since it is a good time to invest in Azerbaijan, we are trying to support our businessmen.
Support of Government	Turkish: Tarım, turizm ve petrokimya sanayisine teşvik verilerek (hükümet tarafından) ciddi yatırımlar yapılmaya başlandı.
	English: Serious investments began to be made by giving incentives (by government) to agriculture, tourism and petrochemical industries.
Gate / Bridge	Turkish: İki tarafın da birbiri için bir köprü özelliği taşıdığını da ayrıca belirtmek gerekir.
	English: It should also be noted that both parties act as a bridge for each other.

APPENDIX-13

RESULTS OF BAYESIAN QUANTILE REGRESSION

	Variable	0.20		0.40		0.50 (Median)		0.60		0.80	
		Coef.	P. Value	Coef.	P. Value	Coef.	P. Value	Coef.	P. Value	Coef.	P. Value
TÜRKİYE	<i>constant</i>	1,184	0,872	-10,65	0,088*	-7,778	0,135	0,102	0,985	0,880	0,753
	<i>lnGDPPC</i>	0,451	0,344	0,798	0,037**	0,555	0,097*	-0,052	0,908	-0,129	0,604
	<i>lnExc</i>	-1,443	0,053*	-0,669	0,293	-0,849	0,127	-1,207	0,016**	-1,294	0,029**
	<i>lnExport</i>	-0,145	0,468	0,440	0,018**	0,406	0,001***	0,233	0,040**	0,278	0,050**
	<i>Geographic Distance</i>	-2,412	0,000***	-1,448	0,022**	-1,254	0,000***	-0,695	0,077*	-0,646	0,198
	<i>Nationalism as Brotherhood</i>	-0,710	0,581	3,360	0,010***	2,975	0,014**	1,664	0,055*	1,128	0,046**
	<i>Obs.</i>	253		253		253		253		253	
	<i>Pseudo R²</i>	0,153		0,107		0,118		0,130		0,176	
	Variable	0.20		0.40		0.50 (Median)		0.60		0.80	
		Coef.	P. Value	Coef.	P. Value	Coef.	P. Value	Coef.	P. Value	Coef.	P. Value
AZERBAIJAN	<i>constant</i>	-4,246	0,370	-2,471	0,601	-3,575	0,487	-2,209	0,655	-4,006	0,272
	<i>lnGDPPC</i>	1,223	0,056*	0,967	0,175	0,947	0,136	0,705	0,193	0,596	0,151
	<i>lnExc</i>	0,564	0,083*	0,533	0,103	0,383	0,228	0,274	0,275	0,254	0,175
	<i>lnExport</i>	-0,697	0,094*	-0,666	0,155	-0,420	0,296	-0,359	0,288	0,077	0,771
	<i>Geographic Distance</i>	-0,202	0,858	0,292	0,792	-0,311	0,825	-0,006	0,996	-0,767	0,307
	<i>Nationalism as Brotherhood</i>	3,822	0,001***	3,694	0,003***	2,998	0,028**	3,120	0,008***	1,421	0,124
	<i>Obs.</i>	60		60		60		60		60	
	<i>Pseudo R²</i>	0,305		0,265		0,255		0,236		0,308	

Note: “***”, “**” and “*” denote the significance of the statistics in the models at the 1%, 5% and 10% levels respectively.

ETHICAL COMMITTEE APPROVAL



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İZMİR BAKIRÇAY ÜNİVERSİTESİ
GİRİŞİMSEL OLMAYAN KLİNİK ARAŞTIRMALARI ETİK KURULU
KARAR

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ARAŞTIRMANIN AÇIK ADI	Reassessing the Role of Nationalism on FDI Decisions by Addressing the Cases of Azerbaijan and Türkiye - Azerbaycan ve Türkiye Örneklerinden Hareketle Milliyetçiliğin DYY Kararları Üzerindeki Rolünün Yeniden Değerlendirilmesi				
KARAR	Karar No:589	Araştırma No:569	Tarih:11.05.2022		
	Prof. Dr.Recai COŞKUN'un sorumlu araştırmacı olduğu "Reassessing the Role of Nationalism on FDI Decisions by Addressing the Cases of Azerbaijan and Türkiye - Azerbaycan ve Türkiye Örneklerinden Hareketle Milliyetçiliğin DYY Kararları Üzerindeki Rolünün Yeniden Değerlendirilmesi" başlıklı araştırmanın etik açıdan UYGUN olduğuna oy birliği ile karar verildi.				
ETİK KURUL DAYANAKLARI	İyi Klinik Uygulamaları (IKU) Kılavuzu ve bununla ilgili Avrupa Birliği Direktifleri, Dünya Tıp Birliği Helsinki Bildirgesi, Biyoloji ve Tıbbın Uygulanması Bakımından İnsan Hakları ve İnsan Haysiyetinin Korunması Sözleşmesi, İnsan Hakları ve Biyotıp Sözleşmesinin Onaylanmasının Uygun Bulduğuna Dair Kanun, Hasta Hakları Yönetmeliği, Türk Ceza Kanunu, Sağlık Hizmetleri Temel Kanunu, Yükseköğretim Kanunu, Klinik Araştırmalar Hakkında Yönetmelik, Tıbbi Deontoloji Tüzüğü, Türk Tabipler Birliği Hekimlik Meslek Etiği Kuralları, Yükseköğretim Kurulu'nun Bilimsel Araştırma ve Yayın Etiği Yönergesi				
Etik Kurul Üyeleri Unvanı/Adı/Soyadı	Uzmanlık Alanı	Araştırma ile ilişki		Katılım	İmza
Prof. Dr. Hanefi ÖZBEK Etik Kurul Başkanı	Farmakoloji	E <input type="checkbox"/>	H <input checked="" type="checkbox"/>	E <input checked="" type="checkbox"/>	H <input type="checkbox"/>
Doç. Dr. Nazan KILIÇ AKÇA Üye	İç Hastalıkları Hemşireliği	E <input type="checkbox"/>	H <input checked="" type="checkbox"/>	E <input checked="" type="checkbox"/>	H <input type="checkbox"/>
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Dr. Öğr. Üyesi Derya KARANFİL Üye	Endüstri ve Örgüt Psikolojisi	E <input type="checkbox"/>	H <input checked="" type="checkbox"/>	E <input checked="" type="checkbox"/>	H <input type="checkbox"/>
Dr. Öğr. Üyesi Seda ÇETİNKAYA KARABEKİR Üye	Histoloji ve Embriyoloji	E <input type="checkbox"/>	H <input checked="" type="checkbox"/>	E <input checked="" type="checkbox"/>	H <input type="checkbox"/>

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Education

Bachelor's Degree	2017, Ankara Yıldırım Beyazıt University, Business School, The Department of International Trade and Business
Master's degree	2020, Ankara Yıldırım Beyazıt University, Institute of Social Sciences, Management and Organization
PhD	2024, İzmir Bakırçay University, Graduate Education Institute, Business Administration

Publication List

Articles	Bilgiç, E. (2019). İnternet teknolojisinin Türk hizmet ihracatı üzerindeki etkisi. Başkent Üniversitesi Ticari Bilimler Fakültesi Dergisi, 3(1), 22-36.
	Bilgiç, E. (2019). Küreselleşme sürecinde kayıt dışı ekonominin Türk hizmet ihracatı üzerindeki etkisi üzerine model önerisi ve tartışma. <i>ARHUSS</i> ,(2019), 2(2), 144-167.
	Bilgiç, E. (2021). Do Employees' Needs Matter for Corporate Social Responsibility Based Employer Attractiveness?. Başkent Üniversitesi Ticari Bilimler Fakültesi Dergisi, 5(2), 1-22.
	Bilgiç, E. (2021). Do impacts of factors affecting goods trade differentiate for service trade? The case of Turkey. Kafkas Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi, 12(24), 1056-1078.
	Bilgiç, E., & Aydoğan, T. (2022). What Have Been Said in Strategic Management Literature During Covid-19 Pandemic?. Toros Üniversitesi İİSBF Sosyal Bilimler Dergisi, 9(16), 16-56.
	Bilgiç, E. (2022). Infrastructure as a determinant of national advantage in service export: the case of Türkiye. Uluslararası İktisadi ve İdari İncelemeler Dergisi, (37), 89-102.
	Bilgiç, E. (2022). Tüketici Davranışı Perspektifinden Kurgulama Seviyesi Teorisi: Bir Sistemik Literatür Taraması Girişimi. İşletme, 3(2), 33-55.
	Bilgiç, E. (2022). Misyona ifadesinin belirlenmesinde karşıt iki görüş: Endüstri mi kaynaklar mı?. <i>Süleyman Demirel Üniversitesi Vizyoner Dergisi</i> , 13(30. YönOrg 2022), 167-183.
	Bilgiç, E., Aydın, E., & Aydoğan, T. (2023). Does Being More Sustainable Make Firms Less Manipulative? Understanding the

	<p>Role of Corporate Sustainability and the COVID-19 Crisis in Financial Manipulation. <i>Is Ahlakı Dergisi</i>, 16(2), 40-65.</p> <p>Ölmez, F., Bilgiç, E., & Aydın, E. (2024). Understanding determinants of outward foreign direct investment: the role of economic policy uncertainty, institutional quality, and globalization. <i>Journal of Economics, Finance and Administrative Science</i>. (Ahead of print)</p>
Conference Papers	<p>Bilgiç, E., & Çitçi, U. S. (2019). Lisans ve Lisansüstü Öğrencilerinin Ekonomik Algısının Sosyal Girişimcilik Niyetleri Üzerindeki Etkisi. Presented at the 9th International Social Sciences Congress in the Balkans, Kuşadası, Aydın.</p> <p>Coşkun, R., & Bilgiç, E. (2021). Milliyetçiliğin Doğrudan Yabancı Yatırımlara Etkisi: Azerbaycan-Türkiye Örneği Üzerinden Literatüre Bir Katkı Girişimi. Presented at 19th International Social Sciences Congress in Turkic World, Baku, Azerbaijan.</p> <p>Bilgiç, E. (2022). Misyon İfadesinin Belirlenmesinde Karşıt İki Görüş: Endüstri mi Kaynaklar mı? Presented at 30. Ulusal Yönetim ve Organizasyon Kongresi, Isparta, Türkiye.</p>
	<p>Erbaycu, A. E., Çitçi, U. S., & Bilgiç, E. (2020). Sağlık Yönetiminde Örnek Olaylar: Tartışma Soruları ve Alternatif Cevapları ile Gerçek Olaylar. Nobel Akademik Yayıncılık.</p> <p>Bilgiç, E. & Aydoğan, T. (2022). Nörobilim ve bir yöntem olarak işletme disiplininde kullanım alanlarının bibliyometrik analiz tekniği ile tespiti. In <i>İşletmecilik Alanındaki Çalışmaların Bibliyometrik Analizi (Muhasebe ve Finansman, Yönetim ve Organizasyon, Üretim Yönetimi ve Pazarlama Boyutlarıyla)</i>, Gazi Kitabevi: Ankara.</p>
	<p>Bilgiç, E. (2023). Sürdürülebilirlik ve finansal manipülasyon üzerine örnek olay çalışması. In <i>Sürdürülebilirlik ve Toplumsal Dönüşüm</i>, Nobel Yayınevi.</p>
	<p>Bilgiç, E., & Aydoğan, T. (2023). Investigating the role of organizational culture in the digitalization process: A critical analysis of the literature through co-word analysis. In <i>Organizational Behavior in the Digital World</i>, Nova Science Publisher: France.</p> <p>Aydın, E., & Bilgiç, E. (2023). Girişimcilik Finansmanında Alternatif Kaynaklar: Karşılaştırmalı Bir Analiz. In <i>Finans: Teori ve Yaklaşımlar</i>, Filiz Kitabevi.</p> <p>Bilgiç, E., & Aydın, E. (2024). Girişimcilik ve İş Finansmanı. In <i>Finansal Okuryazarlık</i>, Filiz Kitabevi.</p> <p>Aydın, E., & Bilgiç, E. (2024). Understanding the Role of Initial Public Offerings in Financial Manipulation: Institutionalization or Cautiousness?. In <i>Ethics and Sustainability in Accounting and Finance, Volume IV</i>. Springer.</p>
Projects	<p>Name of the Project: Training on business continuity strategies for micro SMEs in the aftermath of Covid-19</p> <p>Period: 2021 - 2023</p>

<p>Funding: European Union Coordinator: Ourania ARETA HIZIROĞLU Role: Researcher</p>
<p>Name of the Project: Joint Research on Organizational Behavior in the Digital World Funding: European Union Coordinator: Mehmet Zahid ÇÖGENLİ Role: Researcher</p>

Work Experience

2016 May – 2016 September	Ride Operator	Lagoon Amusement Park, Utah, USA
2024 April – 2024 June	Visiting Researcher	KEDGE Business School, Bordeaux, France
2019 – Ongoing	Research Assistant	İzmir Bakırçay University, Türkiye