Chapter 7

Theorizing or Conceptualizing the Research

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Developing the Theoretical Portion of Research Paper

- Most abstract portion of paper
  - So often it is the most difficult to develop
- Applying Theory to a Research Topic
  - Is your topic related to one of the established economic theories that you have learned in your coursework
    - If so, which one?
  - If no obvious theory comes to mind then you will have to "theorize" or brainstorm about the issue to identify logical connections that explain the issue

2

Questions to Ask when Theorizing

- What are the essential concepts involved in the problem being researched?
- How are the essential concepts related?
  - Can you draw on the findings of other researchers?
  - What economic theories provide information on the relationships?
- What implications or predictions can be drawn from these relationships?
- Often times, the specific theory developed will be an application of a existing, more general theory

3

Carrying out a Theoretical Analysis

- Narrative Reasoning
  - Primary Narrative
    - Begins with written document of everything the researcher has found about a topic
  - Concept Creation
    - Pick Essential Ideas from Primary Narrative
  - Higher Order Narrative
    - Revised Narrative focusing on essential concepts
  - Postulate Hypotheses
- Mathematical Reasoning
  - Identify Relevant Economic Assumptions for research problem
  - Use mathematics to manipulate the assumptions and thus derive a conclusion or hypothesis.
  - Two Types of Mathematical theorizing
    - Optimizing Models—driven by idea that agents are involved in maximizing or minimizing behavior
    - Ad Hoc Models—hypothesized relationships come from common sense or experience

4

Shortcut: Modifying an Existing Model

- Most likely can avoid formal optimizing process and just adopt an ad hoc approach
- Take same theoretical model as was employed in a previous study, but use
  - A different method of empirical testing
  - A different data set (e.g. a different country, different time period)
- Take theoretical model used to study some other topic and apply it to your topic of interest
- Modify some existing theoretical model

5

Good Research Hypothesis

- Should be stated clearly and specifically in a way that cannot be misinterpreted
- Must be able to discriminate clearly from alternative hypotheses
- Must be capable of being proved false
- Should be empirically testable (and nontrivial)
  - Have statistical means and data available for testing
- Should be derived from the theoretical analysis
  - Hypothesis being tested should result from theorizing

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