



Business Research Methods

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The background of the slide is a blue-tinted photograph of a suspension bridge. The bridge has two tall, dark towers connected by a horizontal beam. From the towers, several cables fan out to support the bridge deck. The bridge spans across a body of water, with a shoreline and some trees visible in the distance. The overall image has a grainy, sketch-like texture.

Chapter 1: The Role of Business Research

Learning Objectives

- Understand the value of research as source of information.
- Importance of business research as a management decision-making tool.
- Define business research.
- Difference between basic and applied research.
- Managerial value of business research
- Topics of business research.
- Business research and globalization.

Sources of human knowledge

- Tradition
- Authority
- Trial & error
- Logical thought processes
- Scientific research

Tradition

- Common foundation of accepted practice
- Used or normal practice
- Efficient (no need for effort)
- May never been evaluated for their validity
- By nature its interferes with the ability to perceive alternatives

Authority

- Expertise opinion
- Fast and easy
- Assumptions or knowledge are unchallenged

Experience and trials and error

- Functional source of knowledge
- Individual experience is restricted; difficult to generalize
- Same experience might be perceived differently by two individuals

Trial and Error

- Alternatives are tried successively until we find one that answers our question or solve our problem
- Means of securing knowledge
- Inefficient
- Unsystematic
- unrecorded

Logical thought processes

- Method of knowing combines experience, intellectual faculties, and formal system of thought.
- Inductive reasoning
 - From specific observations to generalizations
- Deductive reasoning
 - From general principle to specific prediction

Scientific Approach

Systematic investigations

- Uses inductive and/or deductive with other parameters
- Much better in quality
- Self evaluation capability
- Checks and balances

Scope of business research

- Any research in business field!
- With broader definition: non-profit organizations
- Non business organizations
- Business research help in decision making
- Could have a title of “marketing researcher” or “organizational researcher” etc.

Business Research Defined

Business research is defined as the systematic and objective process of generating information for aid in making business decisions.

Key words in the definition

- Literally, research (re-search) -“search again”
- Systematic
- Objective
- Decision making



Business Research Types



Basic research

Applied research

Basic Research

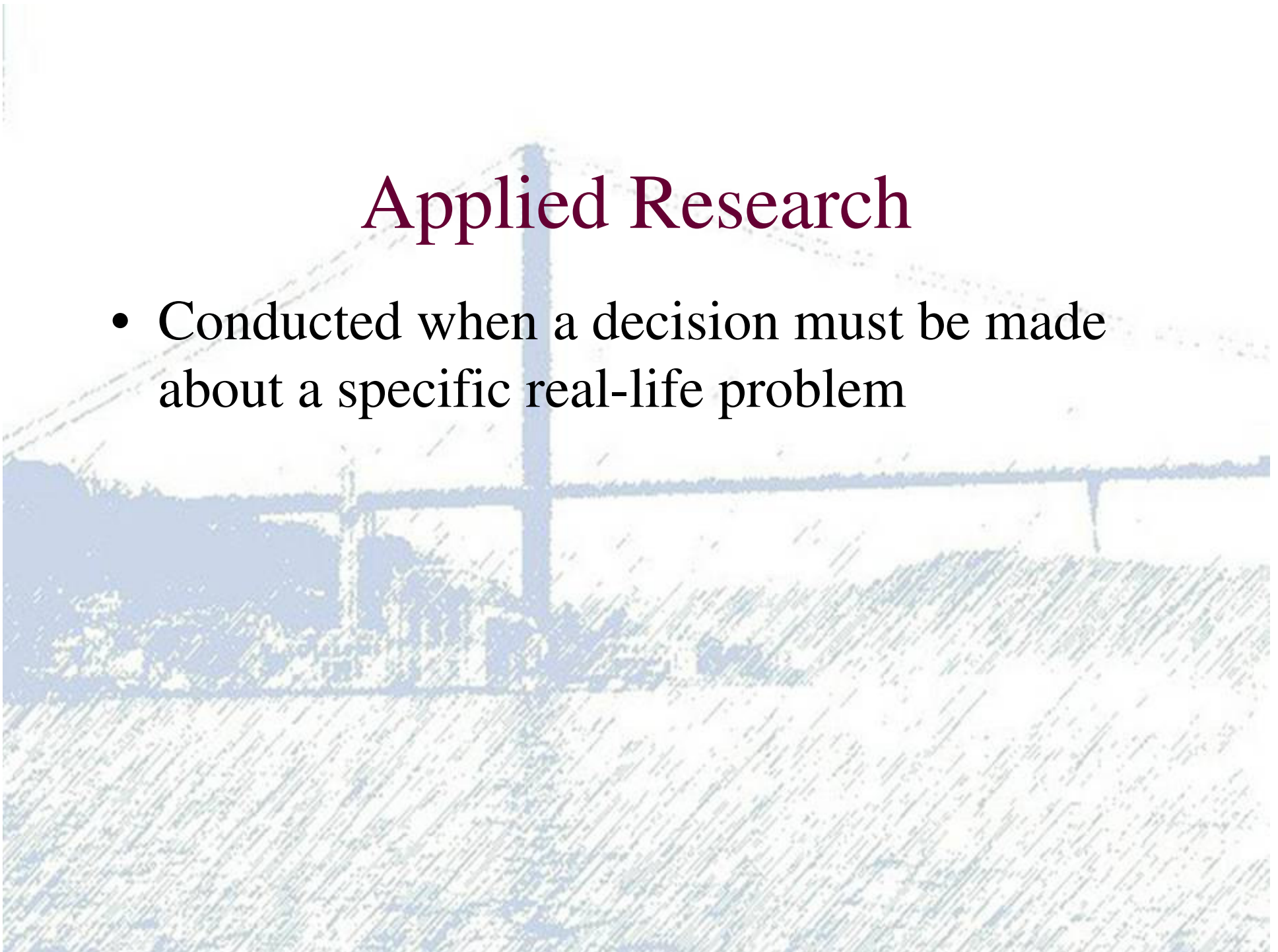
- Attempts to expand the limits of knowledge.
- Not directly involved in the solution to a pragmatic problem.
- To test theory or to discover more about a concept.

Basic Research Example

- Is executive success correlated with high need for achievement?
- Are members of highly cohesive work groups more satisfied than members of less cohesive work groups?
- Do consumers experience cognitive dissonance in low-involvement situations?

Applied Research

- Conducted when a decision must be made about a specific real-life problem



Applied Research Examples

- Should McDonalds add Italian pasta dinners to its menu?
 - Business research told McDonald's it should not?
- Should Procter & Gamble add a high-priced home teeth bleaching kit to its product line?
 - Research showed Crest Whitestrips would sell well at a retail price of \$44

Scientific Method

- The analysis and interpretation of empirical evidence (facts from observation or experimentation) to confirm or disprove prior conceptions.







Managerial value of business research

- Identifying problems and opportunities
- Diagnosis and assessment
- Selecting and implementing a course of action
- Evaluating the course of action

Identifying problems or opportunities

- Identify nature of the problem
- Scan the market
- Examples:
 - Dividend of the stock
 - Airline reservation clerk

Diagnosing and assessing problems or opportunities

- Gain more insight
- Set priorities
- Quantitative and/or qualitative investigations

Selecting and implementing a course of action

- Evaluating alternatives
 - Fax machine manufacture
- Proper forecast
- Effective implementation

Evaluating the course of action

- Provide tool to:
 - Planned activities properly executed
 - Accomplished what expected
- Feedback for evaluation and control

Evaluation Research

- Evaluation research is the formal, objective measurement and appraisal of the extent to which a given activity, project, or program has achieved its objectives.

Performance-monitoring Research

- Research that regularly provides feedback for evaluation and control
- Indicates things are or are not going as planned
- Research may be required to explain why something “went wrong”

Total Quality Management (TQM)

- A business philosophy that embodies the belief that the management process must focus on integrating customer-driven quality throughout the organization.

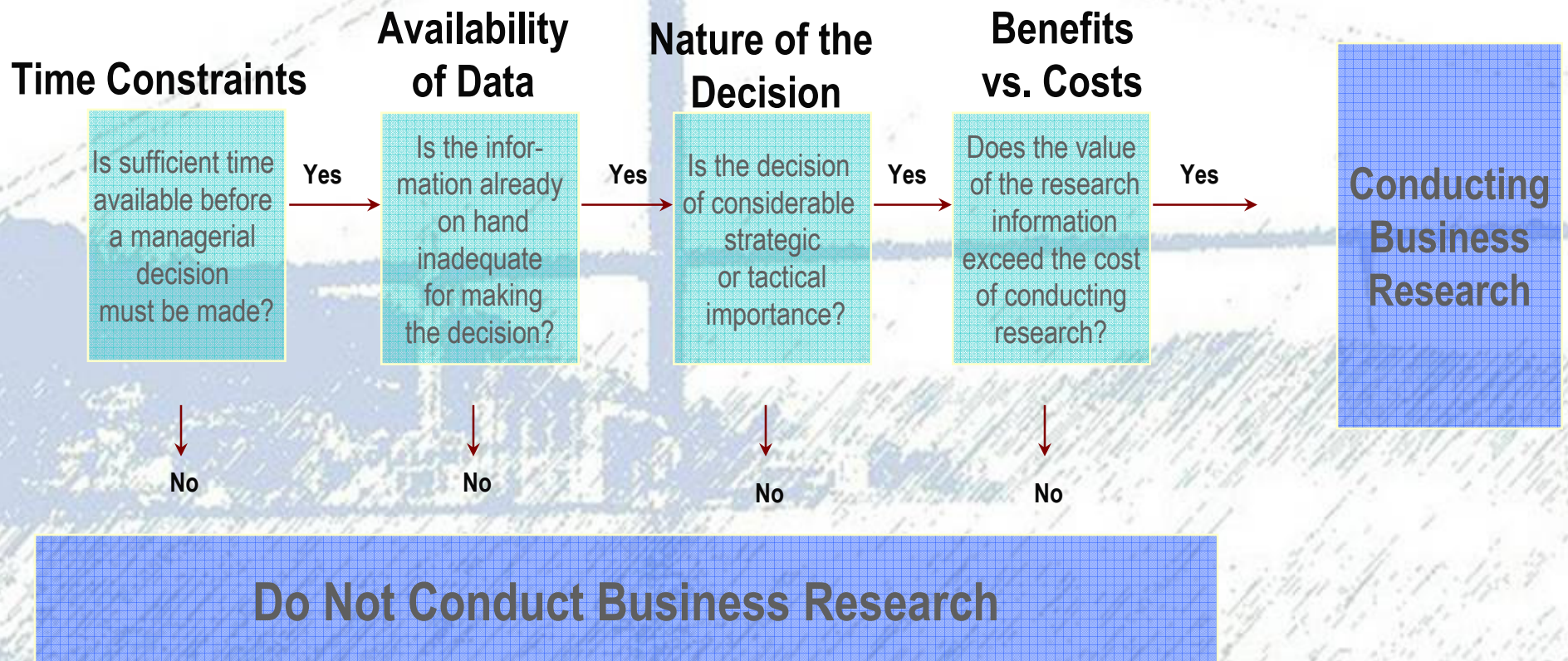
TQM, continue

- Continuous improvement.
- Improve durability and enhance features.
- Managers strive to improve competitiveness.

Determining When to Conduct Business Research

- Not feasible for all decisions
- Factors:
 - Time constraints
 - Availability of data
 - Nature of the decision
 - Benefits versus costs

Determining When to Conduct Business Research



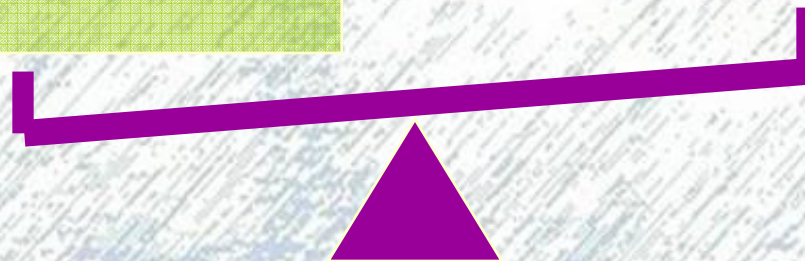
Value Should Exceed Estimated Costs

Value

- Increased certainty
- Increased likelihood of a correct decision
- Improved business performance and resulting higher profits

Costs

- Research expenditures
- Delay of business decision and possible disclosure of information to rivals
- Possible erroneous research results



Major Topics for Research in Business

- General Business Conditions and Corporate Research
- Financial and Accounting Research
- Management and Organizational Behavior Research
- Sales and Marketing Research
- Information Systems Research
- Corporate Responsibility Research

Cross-functional Teams

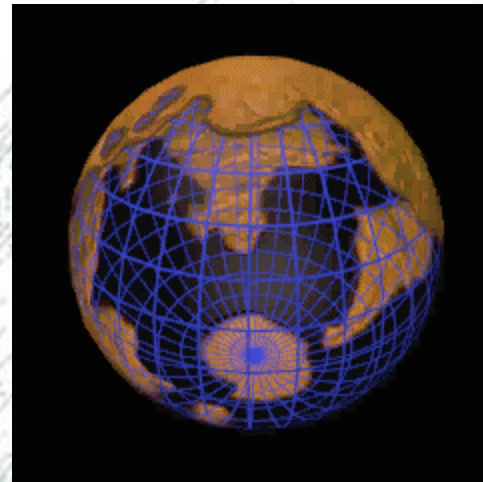
- **Cross-functional teams** are composed of individuals from various organizational departments such as engineering, production, finance, and marketing who share a common purpose.

Business Research in the 21st Century

- Increased globalization
- Growth of the Internet and other information technologies

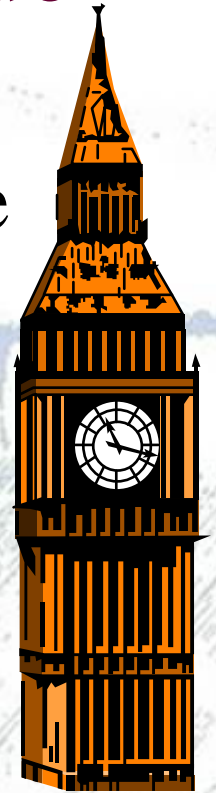
Global Research

- Business Research is increasingly global
- Market knowledge is essential
- A.C. Nielsen - more that 67% international business



Global Business Research, continue

- General information about country - economic conditions and political climate
- Cultural and consumer factors
- Market and competitive conditions - demand estimation



The Internet Is Transforming Society

- Time is collapsing.
- Distance is no longer an obstacle.
- Crossing oceans is only a mouse click away.
- People are connected 24 hours a day, seven days a week.
- "Instantaneous" has a new meaning.



End of chapter 1