

# **Research Methods for Business**

## **A Skill Building Approach**

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# CHAPTER 1

## INTRODUCTION TO RESEARCH



# TOPICS DISCUSSED



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- **Definition of Research**
- **Applied and Basic Research**
- **Why Managers Should Know About Research**
- **Managers and the Consultant-Relationship**
  - **The Manager- Researcher relationship**
  - **Internal Versus External Researchers and Consultants**
- **Knowledge About Research and Managerial Effectiveness**
- **Ethics and Business Research**



# What is Research?

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- Research is the process of finding solutions to a problem after a thorough study and analysis of the situational factors.



# What is Research?

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- Managers in organizations constantly engage themselves in studying and analyzing issues and hence are involved in some form of research activity as they make decisions at the workplace.



# What is Research?

- Sometimes managers make good decisions and the problem gets solved.
- Sometimes managers make poor decisions and the problem persists.
- The difference between making good decisions and poor decisions, lies in how managers go about the decision-making process.



# What is Research?

- Good decision making fetches a “yes” answer to the following questions:
  1. Do managers identify where exactly the problem lies?
  2. Do they correctly recognize the relevant factors in the situation needing investigation?
  3. Do they know what types of information are to be gathered and how?



# What is Research?

4. Do they know how to make use of the information so collected and draw appropriate conclusions to make the right decisions.
5. Do they know how to implement the results of this process to solve the problem?





# What is Research?

- This is the essence of research and to be successful manager it is important for you to know how to go about making the right decisions by being knowledgeable about the various steps involved in finding solutions to problematic issues.
- This is what our text book is all about.



# The Excitement of Research

- Modern technology has made research an exciting and a relatively smooth process.
- Personal computer with any means to an Internet connection places one within easy reach of knowledge of what is happening in the global markets and how the world economy is impacting on business.



# The Excitement of Research

- Decision making is merely a process of choosing from among *alternative solutions* to resolve a problem and **research** helps to generate viable *alternatives* for effective decision making.



# Business Research

- Business research can be described as a **systematic and organized effort to investigate a specific problem** encountered in the work setting, that needs a solution.
- Business research comprises a **series of steps** designed and executed, with the goal of finding answers to the issues that are of concern to the manager in the work environment.



# Business Research

- Steps of business research:
  - ✓ To know where the problem areas exist in the organization.
  - ✓ To identify as clearly and specifically as possible the problems that need to be studied and resolved.
  - ✓ Gather information, analyze the data, and determine the factors that are associated with the problem and solve it by taking the necessary corrective measures.



# Research and the Manager

- The managers encounter big and small problems on a daily basis, which they have to solve by making the right decisions.
- In business, research is usually conducted to resolve problematic issues in the areas of accounting, finance, management, and marketing.



# Research and the Manager

- Problems in Accounting:
  - Budget control systems
  - Inventory costing methods
  - Depreciation
  - Time-series behavior of quarterly earnings
  - Transfer pricing
  - Taxation methods



# Research and the Manager

- Problems in Finance:
  - The operations of financial institutions
  - Optimum financial ratios
  - Mergers and acquisitions
  - Leveraged buyouts
  - Intercorporate financing
  - Yields on mortgages
  - The behavior of the stock exchange





# Research and the Manager

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- Problems in Management:
  - Employee attitudes and behaviors
  - Human resources management
  - The impact of changing demographics on management practices
  - Production operations management
  - Strategy formulation
  - Information systems



# Research and the Manager

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- Problems in Marketing:
  - Product image
  - Advertising
  - Sales promotion
  - Product distribution
  - Product packaging
  - Product pricing
  - After-sales service
  - Consumer preferences
  - New product development



# Types of Business Research

- Research can be undertaken for two different purposes:
  1. To solve a current problem faced by the manager in the work setting. Such research is called **applied research**.
  2. To generate a body of knowledge about how to solve problems that could be occurred in organizations. This is called **basic research or fundamental research**. It is also known as **pure research**.

# Examples of Applied Research



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- Apple's iPod sales increased by 200% from 2001 to 2008. but the sales **decreased** by 6% in 2009. What is the reason for this decrease?
- The question is: what will apple do about this problem?



# Examples of Applied Research

- Xerox is insular and isn't ready for the increasingly competitive, high-tech world. Xerox still relies on old-fashioned and slow-selling analog copiers for more than half its revenue and despite its double-digit growth in digital products and services, its sales rose just 4%.



# Examples of Applied Research

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- In the Xerox situation, it needs to look into the efficacy of the analog technology used in copiers and examine what should be done to increase efficiency and promote its sales.



# Examples of **Basic** Research

- University professors engage in basic research in an effort to understand and generate more knowledge about various aspects of businesses, such as:
  - How to improve the effectiveness of information systems.
  - How to integrate technology into the overall strategic objectives of an organization.
  - How to increase the productivity of the employees.
  - How to increase the effectiveness of small businesses.



# Examples of **Basic** Research

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- These findings **later** become useful for application in business situations.





# Distinction Between Applied and Basic Research

- The main **distinction** between applied and basic business research is:
  - **Applied research** is specifically aimed at solving a currently experienced problem.
  - **Basic research** has a broader objective of generating knowledge and understanding of phenomena and problems that occur in various organizational settings.
  - **Both types of research follow the same steps of systematic inquiry to arrive at solutions to problems.**



# Managers and Research

- Managers with knowledge of research have an advantage over those without.
- With the ever-increasing complexity of modern organizations, and the uncertainty of the environment they face, the management of organizational systems has become one of constant trouble shooting in the work place.



# Managers and Research

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- Knowledge of research and problem-solving process helps managers to identify problem situations before they get out of control.
- Minor problems can be solved by the manager, major problems would warrant the hiring of outside researchers or consultants.



# Managers and Research

- The manager who is knowledgeable about research can interact effectively with the researchers.
- Knowledge about research process also helps managers to become discriminating recipients of the research findings presented, and to determine whether or not the recommended solutions are appropriate for implementation.



# Managers and Research

- When managers understand the research reports about their organizations handed to them by professionals, they will be equipped to take intelligent, educated, calculated risks with known probabilities attached to the success or failure of their decisions.
- Research then becomes a useful decision-making tool.

# Internal Versus External Consultants/Researchers



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- **Internal Consultants or Researchers:**  
Some organizations have their own research department, which might be called:
  - The management services department
  - The organization and methods department
  - R & D (research and development department)

# Internal Versus External Consultants/Researchers



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- Such a department within the organization serves as the internal consultant if it face certain problems and seek help.
- This unit would be useful in several ways

# Advantages of Internal Researchers



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- The internal researchers have better chance of being readily accepted by the employees.
- The team would require much less time to understand the structure, the philosophy and climate and work system of the organization.



# Advantages of Internal Researchers



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- They would be available for implementing their recommendations after the research findings are accepted.
- The internal team might cost considerable less than the external team.

# Disadvantages of Internal Researchers



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- They might have less fresh ideas and perspectives that might be needed to correct the problems.
- There is scope for certain powerful groups in the organization to influence or misrepresent certain facts.

# Disadvantages of Internal Researchers



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- There is a possibility that the internal researchers are not perceived as “experts” by the management, and hence their recommendations do not get the consideration and attention they deserve.
- Certain organizational biases of the internal research team might make the findings less objective and less scientific.

# Advantages of **External Consultants**



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- They have a wealth of experience from having worked with different types of organizations that have had the same or similar types of problems.
- They might have more knowledge of current sophisticated problem-solving models through their periodic training programs.

# Disadvantages of External Consultants



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- The cost of hiring an external research team is usually high.
- They need a considerable time to understand the organization to be researched.
- They seldom get a warm welcome, nor are accepted by employees.
- They charges additional fees for their assistance in the implementation and evaluation phases.



# Ethics and Business Research

- **Ethics** in business research refers to a code of conduct of behavior while conducting research.
- Ethical conduct applies to the organization and the members that sponsor the research, the researchers who undertake the research, and the respondents who provide them with the necessary data.



# Ethics and Business Research

- The members that sponsor the research should do it in good faith, pay attention to what the results indicate, and pursue organizational rather than self-interest.
- Ethical conduct should also be reflected in the behavior of the **researchers** who conduct the investigation, the **participants** who provide the data, the **analysts** who provide the results, and **the entire research team** that presents the interpretation of the results and suggests alternative solutions.



# INTERNET EXERCISES

- Use the Web search engines **Google** and **Yahoo**. Search using the key words “**business research**”. Prepare a brief report telling what you found and how it differed on the different search engines.