

# **CHAPTER 2**

# **BUSINESS RESEARCH**

# **PROCESS**

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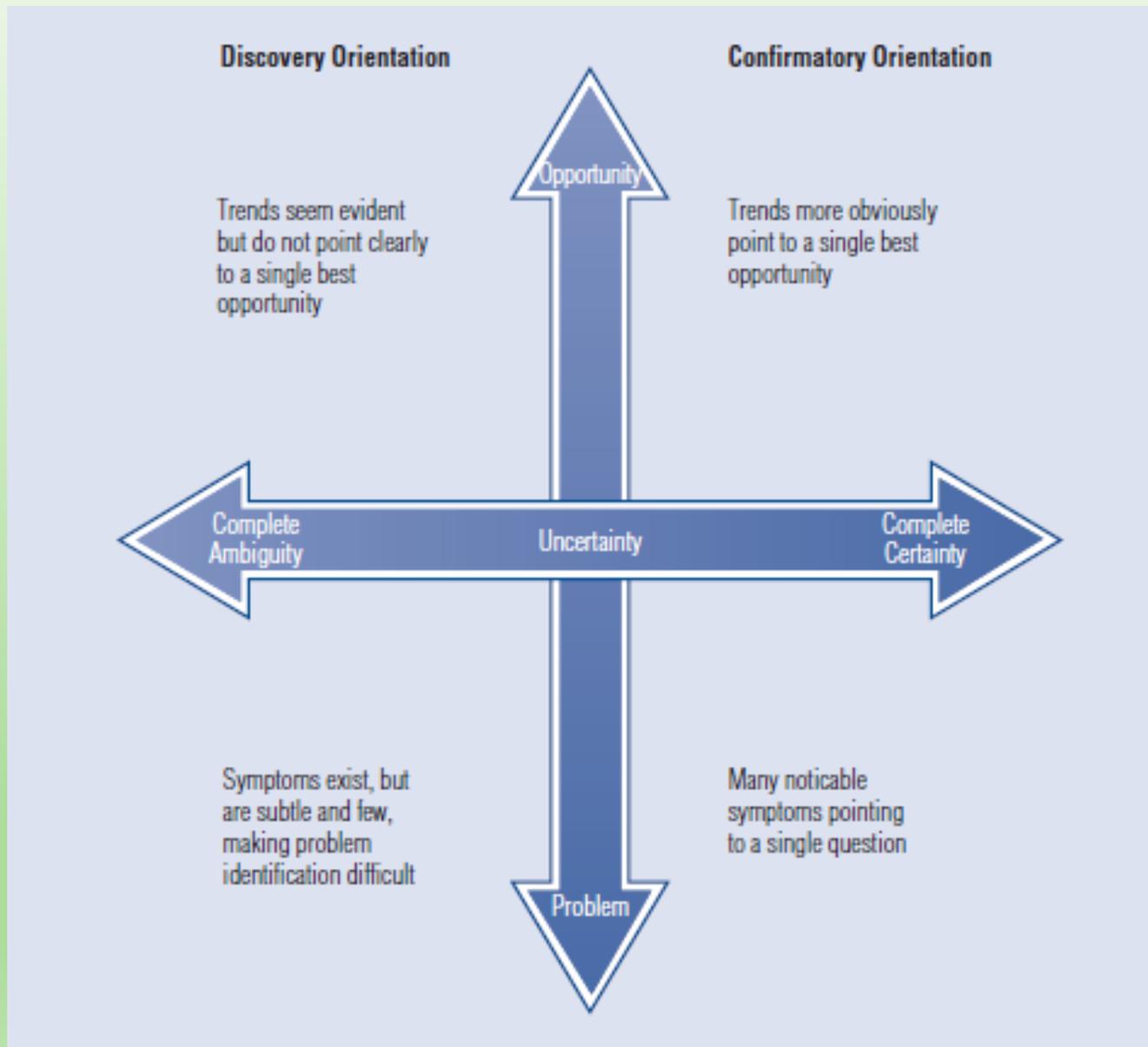


# LEARNING OUTCOMES

- **After studying this chapter, you should be able to**
- 1. Define decision making and understand the role research plays in making decisions
- 2. Classify business research as either exploratory research, descriptive research, or causal research
- 3. List the major phases of the research process and the steps within each
- 4. Explain the difference between a research project and a research program

- **Business opportunity** is a situation that makes some potential competitive advantage possible.
- **Business problem** is a situation that makes some significant negative consequence more likely.
- **Decision making** is the process of developing and deciding among alternative ways of resolving a problem or choosing from among alternative opportunities.

## ▪ Describing Decision-Making Situations



# TYPES OF BUSINESS RESEARCH

- Business research can be classified on the basis of either technique or purpose. The nature of a decision situation influences the research methodology.
- The three types of business research are:
  - 1. Exploratory
  - 2. Descriptive
  - 3. Causal

# TYPES OF BUSINESS RESEARCH

- **Exploratory research** conducted to clarify ambiguous situations or discover ideas that may be potential business opportunities.
- **Descriptive research** describes characteristics of objects, people, groups, organizations, or environments; tries to “paint a picture” of a given situation.
- **Causal research** allows causal inferences to be made; seeks to identify cause-and-effect relationships.

# CHARACTERISTICS OF DIFFERENT TYPES OF BUSINESS RESEARCH

	Exploratory Research	Descriptive Research	Causal Research
Amount of Uncertainty Characterizing Decision Situation	Highly ambiguous	Partially defined	Clearly defined
Key Research Statement	Research question	Research question	Research hypothesis
When Conducted?	Early stage of decision making	Later stages of decision making	Later stages of decision making
Usual Research Approach	Unstructured	Structured	Highly structured
Examples	<p>"Our sales are declining for no apparent reason."</p> <p>"What kinds of new products are fast-food customers interested in?"</p>	<p>"What kind of people patronize our stores compared to our primary competitor?"</p> <p>"What product features are most important to our customers?"</p>	<p>"Will consumers buy more products in a blue package?"</p> <p>"Which of two advertising campaigns will be more effective?"</p>
Nature of Results	Discovery oriented, productive, but still speculative. Often in need of further research.	Can be confirmatory although more research is sometimes still needed. Results can be managerially actionable.	Confirmatory oriented. Fairly conclusive with managerially actionable results often obtained.

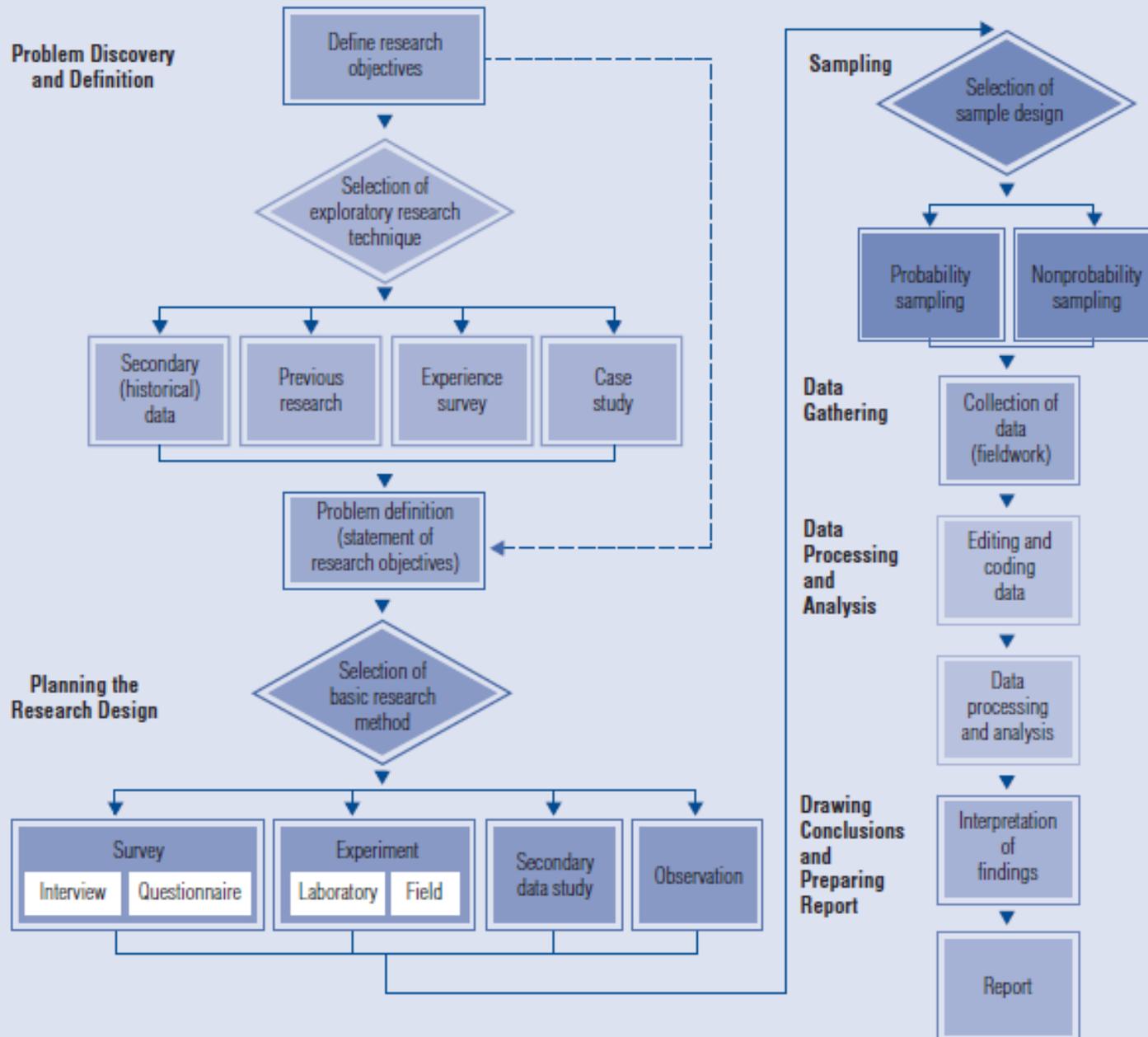
# STAGES IN THE RESEARCH PROCESS

- Business research, like other forms of scientific inquiry, involves a sequence of highly interrelated activities. The stages of the research process overlap continuously, and it is clearly an oversimplification to state that every research project has exactly the same ordered sequence of activities.
- 1. Defining the research objectives
- 2. Planning a research design
- 3. Planning a sample
- 4. Collecting the data
- 5. Analyzing the data
- 6. Formulating the conclusions and preparing the report



# DEFINING THE RESEARCH OBJECTIVES

- Research objectives are the goals to be achieved by conducting research. In consulting, the term deliverables is often used to describe the objectives to a research client. The genesis of the research objectives lies in the type of decision situation faced.



Note: Diamond-shaped boxes indicate stages in the research process in which a choice of one or more techniques must be made. The dotted line indicates an alternative path that skips exploratory research.

- **Example Decision Statements, Research Objectives, and Research Hypotheses**

<b>Decision Statement</b>	<b>Research Objectives</b>	<b>Hypotheses</b>
What should be the retail price for product X?	Forecast sales for product X at three different prices.	Sales will be higher at \$5.00 than at \$4.00 or at \$6.99.
In what ways can we improve our service quality?	Identify the top factors that contribute to customers' perceptions.	Cleanliness is related positively to customers' service quality perceptions. Crowding is related negatively to customers' service quality perceptions.
Should we invest in a training program to reduce role conflict among our employees?	Determine how much role conflict influences employee job satisfaction.	Role conflict is related positively to job satisfaction.

# PLANNING A RESEARCH DESIGN

- The sampling plan is outlined in the research design, the sampling stage is a distinct phase of the research process. For convenience, however, we will treat the sample planning and the actual sample generation processes together in this section.

# PLANNING A SAMPLE

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# GATHERING DATA

- The data gathering stage begins once the sampling plan has been formalized. Data gathering is the process of gathering or collecting information.

# ANALYZING THE DATA

- **Data analysis** is the application of reasoning to understand the data that have been gathered. In its simplest form, analysis may involve determining consistent patterns and summarizing the relevant details revealed in the investigation. The appropriate analytical technique for data analysis will be determined by management's information requirements, the characteristics of the research design, and the nature of the data gathered. Statistical analysis may range from portraying a simple frequency distribution to more complex multivariate analyses approaches, such as multiple regression. Part 6 of this text will discuss three general categories of statistical analysis: univariate analysis, bivariate analysis, and multivariate analysis.

# FORMULATING THE CONCLUSIONS AND PREPARING THE REPORT

- The conclusions and report preparation stage consists of interpreting the research results, describing the implications, and drawing the appropriate conclusions for managerial decisions. These conclusions should fulfill the deliverables promised in the research proposal. In addition, it's important that the researcher consider the varying abilities of people to understand the research results. The report shouldn't be written the same way to a group of PhDs as it would be to a group of line managers.