

Chapter 1

Introduction to Business Research

LEARNING OUTCOMES

After studying this chapter, you should be able to

1. Know how to define business research
2. Understand how research contributes to business success
3. Understand the difference between basic and applied business research
4. Understand how research activities can be used to address business decisions
5. Know when business research should and should not be conducted

Definition

Business research is the application of the scientific method in searching for the truth about business phenomena. These activities include defining business opportunities and problems, generating and evaluating ideas, monitoring performance, and understanding the business process.

Business research is more than conducting surveys. This process includes idea and theory development, problem definition, searching for and collecting information, analyzing data, and communicating the findings and their implications.

Business research is designed to facilitate the managerial decision-making process for all aspects of the business: finance, marketing, human resources, and so on.

Business research is an essential tool for management in virtually all problem-solving and decision-making activities. By providing the necessary information on which to base business decisions, research can decrease the risk of making a wrong decision in each area. However, it is important to note that research is an aid to managerial decision making, never a substitute.

Applied and Basic Business Research

Applied business research is conducted to address a specific business decision for a specific firm or organization.

Basic business research is conducted without a specific decision in mind that usually does not address the needs of a specific organization. It attempts to expand the limits of knowledge in general and is not aimed at solving a particular pragmatic problem.

The Scientific Method

The scientific method is the way researchers go about using knowledge and evidence to reach objective conclusions about the real world. The scientific method is the same in social sciences, such as business. It is the way we come to understand business phenomena.

All research, whether basic or applied, involves the scientific method.

A Summary of the Scientific Method

Managerial Value of Business Research

When Is Business Research Needed?

Determining When to Conduct Business Research

Value Should Exceed
Estimated Costs

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

Questions For Review and Critical Thinking

1. Is it possible to make sound managerial decisions without business research? What advantages does research offer to the decision maker over seat-of-the-pants decision making?
2. Define business research and describe its task.
3. Which of the following organizations are likely to use business research? Why? How?
 - a. Manufacturer of breakfast cereals
 - b. Manufacturer of nuts, bolts, and other fasteners
 - c. The Federal Trade Commission
 - d. A hospital
 - e. A company that publishes business textbooks
4. List the conditions that help a researcher decide when research should or should not be conducted.