

SHARP'S

Research Methodology for Business

M. Com.- II (Sem. - III)

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Syllabus

M.Com. - II (Sem. - III)

Reserach Methodology for Business (302)

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UNIT 3 :	Data Collection, Measurement & Scaling, Processing of Data : Sources of Data Collections : Primary Data : Methods of Data Collection, Merits & Demerits Secondary Data: Internal & External Sources of DataCollection Measurement& Scaling: Meaning & Types of Measurement Scale, Classification of Scales Processing of Data: Editing, Coding, Classification & Tabulation. Analysis & Interpretation of Data: Types of Analysis-Univariate, Bivariate and Multivariate Analysis of Data	14
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NOTES ON

RESEARCH METHODOLOGY

FOR BUSINESS (302)

M. Com. - II (Sem. - III)

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CHAPTER**1****Introduction to
Business Research**

Q. 1. What do you mean by 'research'? Explain the characteristics and objectives of Research.

Ans : Introduction :

In today's world, research has become an important activity in overall social life. Research methodology provides a framework to conduct a research. Research in common parlance refers to a search of knowledge. Research is a scientific and systematic search for pertinent information on a specific topic. Hence, research methodology is a science of research & study of research methodology provides a way and guiding principles for research.

Research :

Research is known as the provider of the specific knowledge needed to succeed in researching and utilizing the best and most appropriate data for decision making. It is collection of information on certain ideas or theories to gain better knowledge on something. Research can be done through reading source-material or performing experiments. It will also provide the skills needed to effectively communicate research results to a specific audience for maximum impact and effective decision making.

A) Meaning :

Research is a systematic structure of investigation undertaken in order to discover new facts. It provides a structure for decision-making. Research is an inseparable part of human knowledge. It is a process that takes the assistance of the scientific method in solving problems. Research is a way of thinking. It clarifies the thought process. Research is undertaken in natural and social sciences. It always expects a piece of work that advances human knowledge. Today's research became an important activity in overall social life. Methodology is essential to perform any research activity. Methodology means system or order. Method means way of doing something. Research methodology provides a framework to conduct a research. It can be said that research methodology is a science of research. Methodology provides a way and guiding principles for research. Hence, study of research methodology became very important in today's academic career.

B) Definitions :**1) Redman and Mory :**

"Research is a systematised effort to gain new knowledge."

2) John Best :

"Research is a more systematic activity directed towards discovery and the development of an organised body of knowledge."

C) Characteristics of Good Research :

Research is actually an act of studying something carefully and extensively in order to attain deep knowledge in the same. For being successful, research should be systematic, arranged, summarized and recorded properly. Research is not only a process that is limited to the field of science. It can, as well, cater to people and scholars from artistic, historic or any other field where an individual is willing to do extensive study to get relevant information. Research can be creative, exploring or just reassuring in nature. Therefore, the characteristics of a good research are as follows :

1) Systematic :

It means that research is structured with specified steps to be taken in a specified sequence in accordance with the well defined set of rules. Systematic characteristic of the research does not rule out creative thinking but it certainly does reject the use of guessing and intuition in arriving at conclusions.

2) Logical :

This implies that research is guided by the rules of logical reasoning and the logical process of induction and deduction are of great value in carrying out research. Induction is the process of reasoning from a part to the whole whereas deduction is the process of reasoning from some premise to a conclusion which follows from that very premise. In fact, logical reasoning makes research more meaningful in the context of decision making.

3) Empirical :

It implies that research is related basically to one or more aspects of a real situation and deals with concrete data that provides a basis for external validity to research results.

4) Replicable :

This characteristic allows research results to be verified by replicating the study and thereby building a sound basis for decisions. The research design and procedures are replicated or repeated to enable the researcher to arrive at valid and conclusive results.

5) Analytical :

Research utilizes proven analytical procedures in gathering the data, whether historical, descriptive and experimental and case study.

6) Methodical :

Research is conducted in a methodical manner without bias using systematic method and procedures.

D) Objectives of Research :

The objective of research is to discover answers to questions by applying scientific procedures. In the other words, the main aim of research is to find out the truth which is hidden and has not yet been discovered. Although every research study has its own specific objectives, research objectives may be broadly grouped as follows:

- 1) To gain familiarity with or new insights into a phenomenon (i.e. formulative research studies)
- 2) To accurately portray the characteristics of a particular individual, group, or a situation (i.e. descriptive research studies)
- 3) To analyse the frequency with which something occurs (i.e. diagnostic research studies) and
- 4) To examine a hypothesis of a causal relationship between two variables (i.e. hypothesis-testing research studies).

Q. 2. Explain various types of Research in detail.

Ans : Introduction :

The systematic, rigorous investigation of a situation or problem in order to generate new knowledge or validate existing knowledge is called as Research. Its various types are as follows :

Types of Research :

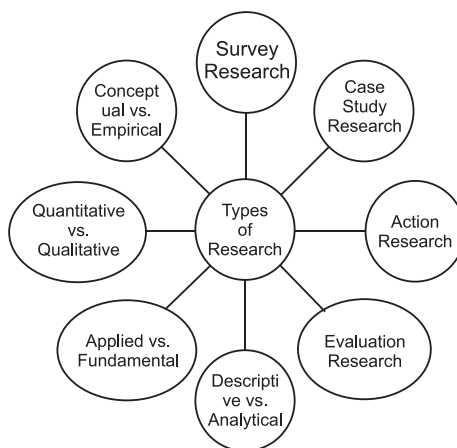


Fig 1.1 : Types of Reserch

1) Survey Research :

Survey research is a technique whereby the researcher studies the whole population with respect to sociological and psychological variables. Survey research studies large and small population by selecting and studying samples chosen from the population. It is mostly devoted to the study of characteristics of the population under investigation. Survey research is approached through the method of personal interviews, mailed questionnaires and personal discussion besides indirect oral investigation. The success of survey research depends upon the willingness and the co-operative of the sample selected for the study. The different categories of survey research are personal interview, mail, questionnaire - panel technique and telephone, survey.

2) Case Study Research :

The case study is an intensive study through which one can know precisely the factors and causes of a particular phenomenon. It is a very good method of collecting information about an individual, a family or a group of persons. Case data may be gathered exhaustively of an entire life cycle of a social unit or a definite section of it. Study of social psychology without case study is like a law court without testimony. It is considered as gateway and destination to abstract knowledge.

In this study, a large variety of units is selected for study and the size of the unit may be quite large to cover an entire community. It aims at deep and through study of a unit. It deals with every aspect of a unit and studies it intensively.

3) Action Research :

Applied research is also known as action research. It is a recent addition to the categories of research. The aim of applied research is to discover a solution for some practical problems. It is concerned with search for ways of using scientific knowledge to solve practical problems. It is a research through launching of a direct action with the objective of obtaining workable solutions to the given problems. The methods used for this type of research are usually personal interviews and the survey method. The personal values of the individuals are one of the problems associated with action research.

4) Evaluation Research :

Every country in the world is intensively engaged in implementing target-oriented planned programs. There is need to evaluate these programs or projects in the context in which they are launched. Evaluation research is concerned with measuring the effectiveness of these programs. Evaluation research is primarily

directed to evaluate the performance of the developmental projects and other economic programs that have already been implemented. Concurrent evaluation, phasic or periodic evaluation and terminal evaluation are the three types of evaluation research. Concurrent evaluation is a continuing process of an inspection of the project that has been launched. Phasic or periodic evaluation takes place at different phases or stages of performance of the project. Terminal evaluation is the evaluation of the final phase of the project.

5) **Descriptive Vs. Analytical :**

Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs, as it exists at present. In social science and business research, we quite often use the term Ex - post - facto research for descriptive research studies. The main characteristic of this method is that the researcher has no control over the variables; he can only report what has happened or what is happening. Most ex - post - facto research projects are used for descriptive studies in which the researcher seeks to measure such items as, for example, frequency of shopping, preferences of people, or similar data. Ex - post - facto studies also include attempts by researchers to discover causes even when they cannot control the variables. The methods of research utilized in descriptive research are survey methods of all kinds, including comparative and correlation methods. In analytical research, on the other hand, the researcher has to use facts or information already available, and analyze these to make a critical evaluation of the material.

6) **Applied Vs. Fundamental :**

Research can either be applied (or action) research or fundamental (to basic or pure) research. Applied research aims at finding a solution for an immediate problem facing a society or an industrial/business organisation, whereas fundamental research is mainly concerned with generalisations and with the formulation of a theory. "Gathering knowledge for knowledge's sake is termed 'pure' or 'basic' research." Research concerning some natural phenomenon or relating to pure mathematics are examples of fundamental research. Similarly, research studies, concerning human behaviour carried on with a view to make generalisations about human behaviour, are also examples of fundamental research, but research aimed at certain conclusions (say, a solution) facing a concrete social or business problem is an example of applied research. Research to identify social, economic or political trends that may affect a particular institution or the copy research (research to find out whether certain communications will be read and understood) or the marketing research or evaluation research are

examples of applied research. Thus, the central aim of applied research is to discover a solution for some pressing practical problem, whereas basic research is directed towards finding information that has a broad base of applications and thus, adds to the already existing organized body of scientific knowledge.

7) Quantitative Vs. Qualitative :

Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity. Qualitative research, on the other hand, is concerned with qualitative phenomenon, i.e. phenomena relating to or involving quality or kind. For instance, when we are interested in investigating the reasons for human behaviour (i.e. why people think or do certain things), we quite often talk of 'Motivation Research', an important type of qualitative research. This type of research aims at discovering the underlying motives and desires, using in depth interviews for the purpose. Other techniques of such research are word association tests, sentence completion tests, story completion tests and similar other projective techniques. Attitude or opinion research i.e., research designed to find out how people feel or what they think about a particular subject or institution is also qualitative research.

Qualitative research is especially important in the behavioural sciences where the aim is to discover the underlying motives of human behaviour. Through such research, we can analyse the various factors which motivate people to behave in a particular manner or which make people like or dislike a particular thing. It may be stated, however, that to apply qualitative research in practice is relatively a difficult job and therefore, while doing such research, one should seek guidance from experimental psychologists.

8) Conceptual Vs. Empirical :

Conceptual research is that related to some abstract idea(s) or theory. It is generally used by philosophers and thinkers to develop new concepts or to reinterpret existing ones. On the other hand, empirical research relies on experience or observation alone, often without due regard for system and theory. It is data-based research, coming up with conclusions which are capable of being verified by observation or experiment. We can also call it as experimental type of research. In such a research, it is necessary to get at facts firsthand, at their source, and actively to go about doing certain things to stimulate the production of desired information. In such a research, the researcher must first provide himself with a working hypothesis or guess as to the probable results. Researcher then works to get enough facts (data) to prove or disprove his hypothesis. He then sets up experimental designs which he thinks will manipulate the persons or the materials concerned so as to bring forth the desired information. Such research is thus characterised by the experimenter's control over the variables

under study and his deliberate manipulation of one of them to study its effects. Empirical research is appropriate when proof is sought that certain variables affect other variables in some way. Evidence gathered through experiments or empirical studies is today considered to be the most powerful support possible for a given hypothesis.

Q. 3. Discuss the importance of research in today's business world.

Ans : Introduction :

Research plays significant role in important areas like marketing, production, banking, etc. It plays an important role in developing economy. It helps to solve the problems in the economy. Following points reveals various advantages of research. Research is useful and helpful in various areas to solve the complicated problems. Following figure reveals importance of research in various areas.

Significance of Research:



Fig 1.2 : Significance of Research

1) Marketing Decisions :

Research plays crucial role in taking sound marketing decisions. Research tools are applied effectively for studies involving demand forecasting, consumer buying behaviour, measuring advertising effectiveness, media selection and new product potential.

2) Production Decisions :

Research helps to producer in taking production decisions. Research enables an organisation to decide on what to produce, how much to produce, when to produce and for whom to produce in the field of production.

3) Helps Banking Institution :

Research is useful to banking institution. They have found it useful to setup research departments for the purpose of gathering and analysing information both for their internal operations and for making in-depth studies on economic conditions of business.

4) Foundation for Government Policies :

Research provides basis for all government policies in our economic system. Research is useful in economic planning. It also helps the government in preparing budget and collection of information on the economic and social structure of the nation.

5) Human Resource Department :

Research helps human resource department in several ways. Research is useful to study wage rates, incentive schemes and cost of living and employment trends. Research is effectively used in manpower planning.

6) Solving Problems of Business and Industry :

Research plays significant role in solving problems of business and industry. It helps to business and industry through providing information required for business decisions.

7) Guiding Social Planning :

Social research has a crucial role to play in guiding social planning. Research helps social planning through providing a systematic knowledge of the societal resources and liabilities of the people and their culture. No effort can be successful if social planning is based on fictitious assumptions about the need, problems prevailing systems and the quantum and quality of efforts required for a particular type of social planning.

8) Welfare Reforms :

Appropriate welfare reforms can be introduced in the society only when social research helps in finding out their need and necessities. State can introduce legislative measures with the help of the findings of social researcher.

9) Guiding Social Growth :

The success of planning for social development depends to a great extent on our intimate knowledge of our own society and also of other societies. Social research is initiating and guiding social growth on proper line and towards the cherished goal.

10)Improvement in the Tools and Techniques :

Every social research helps in improving old techniques and innovating the new ones. Existing tools of research are modified. There is a great chance of improvement in the methodology and its tools in social research than in any other discipline.

Q. 4. Define the term 'Business Research'. Explain the need of studying Business Research.**Ans : Introduction :**

Business Research is an important management activity that helps companies to determine the products which will be most profitable for companies to produce. Several steps are necessary when conducting the business research; each step must be thoroughly reviewed to ensure that the best decision is made for the company.

Business Research :**A) Meaning :**

The business research method is how companies collect information from consumers or business-to-business customers. Some business research is conducted among smaller groups of people, with the objective of clarifying research content. For example, a restaurant company may test six menu items but tries to find the best two for further research. Other business research is for garnering explanations of customers' purchases or buying habits. There are several key steps in the business research process. Business research is a systematic and objective process of gathering recording and analysing data for decision-making. The research must be systematic and not haphazard. It must be objective to avoid the distorting effects of personal bias. The aim of applied research is to facilitate managerial decision-making. Basic or pure research on the other hand is used to test and build specific theories and concepts.

B) Definitions :**1) McDaniel & Gates :**

"Business research is the collection and analysis of data relevant to business decision-making and the communication of the results of this analysis to management."

2) Zikmund :

Business research is a management tool that companies use to reduce uncertainty. It is a manager's source of information about organisational and environmental conditions and covers topics ranging from long-range planning to the most ephemeral tactical decisions.

C) Need for Studying Business Research :

Businesses use research to set themselves apart from their competition. Research can give business owners valuable information on consumer buying habits. Owners also can discover which products and services consumers like and dislike. Research is especially important for people who want to determine if a new idea has the

potential to support a solid business. Thus, to run a successful business, step by step research has to be conducted at every crucial point. For success and prosperity of business, research reports on business play a vital role. The following points give a brief discussion for need of studying business research.

1) Product Analysis :

Product analysis is the first step of business research. Companies must find a product that meets or exceeds consumer demand, or the product will fail in the economic market place. One type of analysis is to find an existing product that can be improved through design or features. Another type of product analysis will find emerging markets with high demand and low supply, which allows for companies to sell new products to meet consumer demand.

2) Market Analysis :

Companies will conduct a market analysis to determine how much profit may be earned from current demand. Management will look at which stage of the business cycle the market is currently in, whether emerging, plateau, or declining. Each stage has its own level of profitability, with the first stage being the highest and the last stage being the lowest profitability. A market analysis will also determine the price points at which products can be sold. For example, high-quality products at a higher price may not tempt consumers to start buying the product based on quality itself.

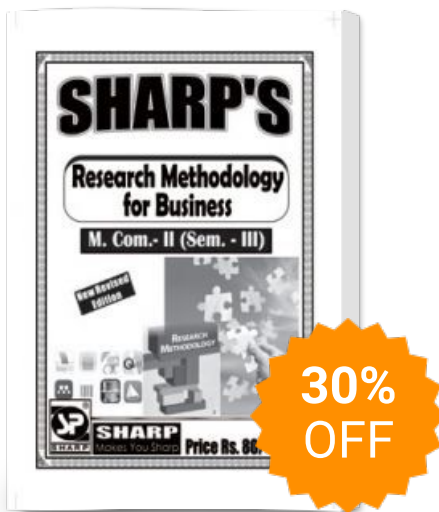
3) Financial Analysis :

A financial analysis determines the cost of each production item used to produce goods and services. High costs may not allow companies to price goods or services competitively, leading to an unprofitable situation. Management will examine the costs of raw materials, labour and manufacturing overhead to find the best raw goods available to produce the most profitable product. Management will also review the best cost application methods, ensuring that all production costs are properly applied to each product or service produced.

4) Competitor Analysis :

Analyzing the current competitors of a market is an important part of business research. Knowing which companies have the best production methods or customer loyalty helps new companies understand how they can create a competitive advantage when entering a new market. Proper business research will also indicate how financially stable companies are and if they can be purchased outright by a company wanting to enter the industry. Buying a competitor may be cheaper than starting new operations for a company.

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