

Chapter 1: Research in Business (Handout)

Business Research is a process of planning, acquiring, analyzing and disseminating relevant business data, information, and insights to decision makers in ways that mobilize the organization to take appropriate business actions that, in turn, maximize business performance.

The primary purpose of research is to reduce the level of risk of organizational decision (marketing decision, production decision, pricing decision,.....etc)

Management dilemma: the problem or opportunity that requires a management decision. Example on management dilemma:

- What is the most profitable price level, should we charge for our new product.
- Should we invest in project a or project b.
- Why the ROE in the banking sector is decreasing while ROE is increasing in the technology industry.
- And many more.....

Factors which stimulate business research:

The following factors cause changes in the business environment:

- **Information overload.** While the Internet and its search engines present extensive amounts of information, its quality and credibility must be continuously evaluated.
- **Technological connectivity.** Individuals, public sector organizations, and businesses are adjusting to changes in work patterns (real-time and global), changes in the formation of relationships and communities, and the realization that geography is no longer a primary constraint.
- **Shifting global centers of economic activity and competition** highlight the need for organizations to expand their knowledge of consumers, suppliers, talent pools, business models, and infrastructures with which they are less familiar.
- **Increasingly critical scrutiny (analysis) of big business.** The availability of information has made it possible for all a firm's stakeholders to demand inclusion in company decision making.
- **More government intervention.** As public-sector activities increase in order to provide some minimal or enhanced level of social services, governments are becoming increasingly aggressive in protecting their various constituencies by posing restrictions on the use of managerial and business research tools.

- **Battle for analytical talent.** The shift to knowledge-intensive industries puts greater demand on a scarcity of well-trained talent with advanced analytical skills.
- **Computing Power and Speed.** Lower cost data collection, better visualization tools, more computational power, more and faster integration of data, and real-time access to knowledge are now manager expectations...not wistful visions of a distant future.
- **New Perspectives on Established Research Methodologies.** Older tools and methodologies, once limited to exploratory research, are gaining wider acceptance in dealing with a wider range of managerial problems.

Information leads to competitive advantage and better performance.

Sources of information:

- 1) **Decision support system (DSS):** Numerous elements of data organized for retrieval and use in business decision making (intranet and extranet).

An **intranet** is a private network that is contained within an enterprise and is not available to the public at large. It may consist of many interlinked local area networks. It typically includes connections through one or more computers to the Internet. The main purpose of an intranet is to share company information and computing resources among internal audiences.

An **extranet** is a private network that uses the Internet protocols and the public telecommunication system to share an organization's information, data, or operations with external suppliers, vendors, or customers. An extranet can be viewed as the external portion of a company's intranet.

- 2) **Business intelligence system (BIS):** is a system designed to provide managers with ongoing information about events and trends in technological, economic, political, government and legal, demographic, cultural, social, and competitive.

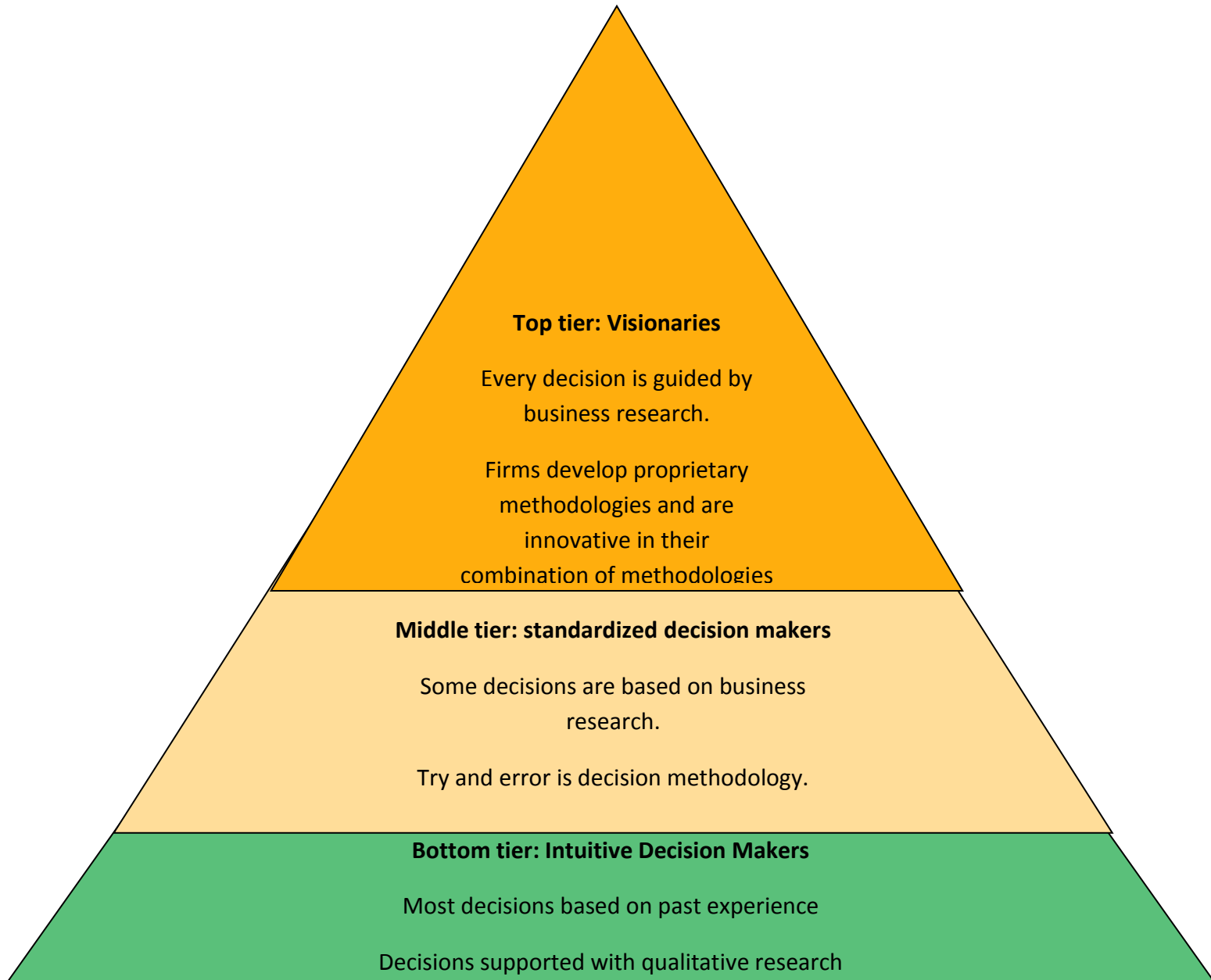
Information value chain:

If we need to collect information about specific characteristics the inspection process follows the following chain: data collection, data management, decision support system, data interpretation and model.

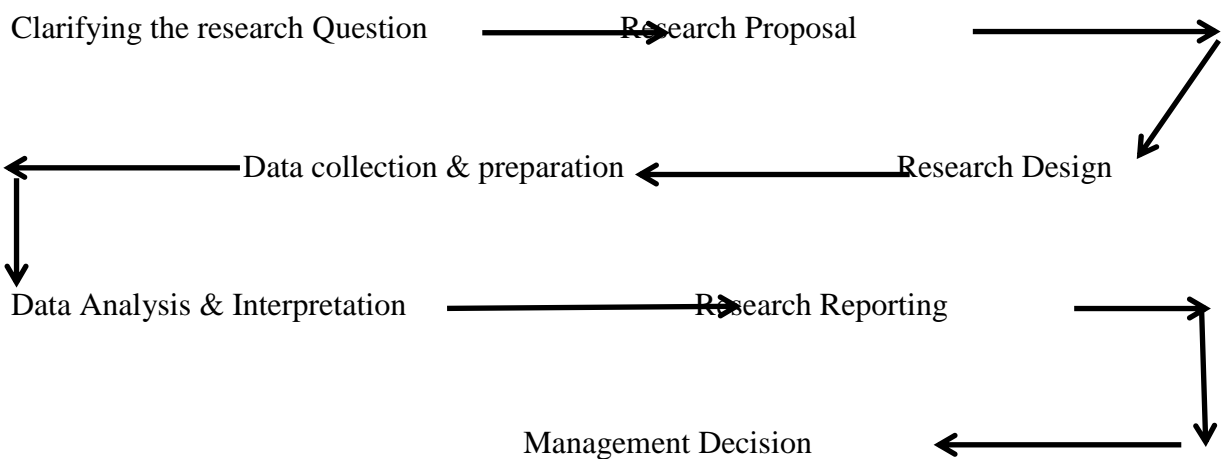
Strategy: research also contributes significantly to the strategies, which are those general approach an organization will follow to achieve its goals.

Tactics: research also contributes significantly to the design tactics, which are those specific timed activities that execute a strategy.

Hierarchy of information-based decision makers



The research process:



Characteristics of good research:

- 1) Clearly defined purpose.
- 2) Detailed research process.
- 3) Thoroughly planned design.
- 4) High ethical standards.
- 5) Limitation addressed.
- 6) Adequate analysis.
- 7) Unambiguous presentation.
- 8) Conclusions justified.
- 9) Credentials.

Types of research:

- **Reporting studies** provide a summation of data, often recasting data to achieve a deeper understanding or to generate statistics for comparison.
- A **descriptive study** tries to discover answers to the questions who, what, when, where, and, sometimes, how.
- An **explanatory study** attempts to explain the reasons for the phenomenon that the descriptive study only observed
- A **predictive study** attempts to predict when and in what situations an event will occur. Studies may also be described as applied research or basic research.