

UNIVERSITY OF COLOMBO, SRI LANKA

FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration in Finance (Level II – Semester VI)

Examination –December, 2018

FIN 2309 – Research Methods

- **Three (03) Hours**
 - **Answer All Questions**
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01.

- i. How has the advancement of technology helped data gathering?
(05 Marks)
- ii. How can bias be reduced while interviewing?
(05 Marks)
- iii. In what ways do Lab experiments differ from Field experiments?
(05 Marks)
- iv. The fewer the biases in measurement and in the data collection procedures, the more scientific the research. Comment on this statement.
(05 Marks)

(Total 20 Marks)

02.

- i. Strictly speaking, would case studies be considered as scientific research? Why or why not?
(05 Marks)
- ii. How would you describe the research process?
(05 Marks)
- iii. What is the purpose of the literature survey? Briefly Explain.
(05 Marks)
- iv. A “problem” means that something is seriously wrong with a current situation that needs to be rectified immediately. Do you agree? Explain.
(05 Marks)

(Total 20 Marks)

03.

For situation given below, respond to the following research design questions.

An Auditor is interested in knowing the relationship among the three variables – depreciation, assets accounting, and taxes paid.

- a. What would be the nature of the study that would be designed - Exploratory, descriptive, or hypothesis-testing?
- b. Give reasons for your answer to (a) above.
- c. Would it be a Field study, Comparative study, Lab experiment or Field experiment?
- d. Would it be a causal or correlational study?
- f. Would it be a longitudinal or cross-sectional study?
- g. How would you explain your answer to (f) above?
- h. What would be the unit of analysis?
- i. Defend your answer to (h) above.

(Total 20 Marks)

04.

- i. Give two specific instances where an external research team would be useful and two other scenarios where an internal research team would be deployed, with adequate explanations as to why each scenario is justified for an external or internal team.

(10 Marks)

- ii. Given the situations below, (a) discuss with reasons, whether they will fall into the category of Applied or Basic research, and (b) for scenario 1 explain, with reasons, who will conduct the research.

Scenario 1

Companies are very interested in acquiring other firms even when the latter operate in totally unrelated realms of business. For example, Coca-Cola has announced that it wants to buy China Huiyuan Juice Group in an effort to expand its activities in one of the world's fastest-growing beverage markets. Such acquisitions are claimed to "work miracles." However, given the volatility of the stock market and the slowing down of business, many companies are not sure whether such acquisitions involve too much risk. At the same time, they also wonder if they are missing out on a great business opportunity if they fail to take such risk. Some research is needed here!

Scenario 2

Reasons for Absenteeism

A university professor wanted to analyze in depth the reasons for absenteeism of employees in organizations. Fortunately, a company within 20 miles of the campus employed her as a consultant to study that very issue.

(10 Marks)

(Total 20 Marks)

05. Develop a theoretical framework for the following situation and state one testable hypothesis

Critical Factors that Influence the Value of a Company's Stock.

The value of the company's shares is of interest to the study. If a company sustains its high earnings year after year, its credibility as a successful company would be enhanced and the public will believe it has further prospects for growth (intervening variable). This will help to explain how sustained earnings will increase the stock value of the company. Faith in the managerial competence of the key people in the company will hold the stock value high, even in times of mild recession. Thus, the perceived managerial competence of the individuals in the company would influence the stock value.

Usually, the higher the dividends, the higher the stock value; however, if the higher dividend declared is perceived as a stunt to hoodwink the public, the stock value will not go up. Only when the public expects that the dividend policy will be maintained by management in the future (moderating variable), will the stock value of the company be influenced by the higher dividends that are declared.

(Total 20 Marks)
