Chapter-2

RESEARCH DESIGN

We have created a slavery-free world, a small pox-free world, an apartheid-free world. Creating a poverty-free world would be greater than all these accomplishments. This would be a world that we could all be proud to live in.

Mohammad Yunus: Founder of Grameen Bank.

2.1 Introduction to Research Methodology

The general meaning of research is the search for knowledge. Research is also defined as a careful investigation or inquiry, specially through search for new facts in any branch of knowledge. Redman and Mory defined research as a "systematized effort to gain new knowledge". Thus research can be conceptualized as the orderly process of investigation by which we increase our knowledge over the existing stock of knowledge. The thirst for knowledge arises from the question "why the world is as it is and how it might be changed".

Objectives of Research

The main objective of research is to find out the truth which is hidden and which has not yet been known. Although each research study has its own specific purpose, research objectives may be considered to be falling into the following categories:

(i) To gain familiarity with a phenomenon or to achieve new insights into the phenomenon (exploratory research).

(ii) To test hypothesis of causal relationship between/among variables (quantitative research).
(iii) To portray accurately the characteristics of a particular situation, individual or a group (descriptive research).

Types of Research

Research can broadly be categorized into two types: basic research and applied research. Basic research is undertaken to develop new theory and law. In applied research, the new theories and laws are applied to assess their relevance under particular circumstances. Applied research is also undertaken to find immediate solution to problems being faced by a society, an entity or organization. Research concerning some natural phenomena of the whole universe or a particular department of the universe are examples of fundamental or basic research. Similarly, research studies concerning human behaviour are also examples of fundamental research; but research aiming at ascertainment and solution of a concrete social and business problem is an example of applied research. Thus the central aim of applied research is to identify and find solution to some pressing practical problem, whereas basic research is directed towards finding new knowledge or information relating to a particular department of the universe and thus adds to the already existing organized body of scientific knowledge.

Research Method versus Methodology

Research method refers to all those methods/techniques that are used for conducting a research. Research methods or techniques thus refer to the methods and tools the researchers use in performing research operations. In other words, all those methods and techniques which are used by the researcher in conducting research are termed as research methods. These
methods and techniques fall into three broad categories: (a) methods used for selection of samples and collection of data, (b) statistical techniques used for establishing relationships between /among relevant variables and (c) methods used for evaluating the accuracy of the results obtained.

Research methodology, on the other hand, is a way of studying how research is done scientifically. A researcher not only needs to know how to apply particular research techniques, he also needs to know which of these methods or techniques are relevant and why. He also needs to understand the assumptions underlying various techniques and the criteria by which the techniques and procedures can be applied for conducting a particular research.

Thus the scope of research methodology is wider than that of research methods. When we talk about research methodology, we not only talk about research method but also consider the logic behind the methods we use in a particular context so that the research results are capable of being evaluated either by the researcher himself or by others.

**Research and Scientific Method**

Research and scientific method are closely related terms. The methods applied in a research, particularly in basic research are based on methods of scientific inquiry. Science is defined as a systematized body of knowledge pertaining to the interaction of phenomena across the universe. Scientific conclusions are based on experimentation/observation, collection and analysis of data/information, logical arguments from accepted postulates and a combination of these in varying proportions.
The scientific methods encourage rigorous, impersonal mode of procedures dictated by the demands of logic and objective procedures. Accordingly, scientific method implies an objective, logical and systematic method, ie.: (i) a method free from personal bias or prejudice, (ii) a method to ascertain demonstrable qualities of a phenomenon capable of being verified, (iii) a method wherein the researcher is guided by rules of logical reasoning, (iv) a method wherein the investigation proceeds in an orderly manner and (v) a method that implies internal consistency.

**Steps of Research**

Steps of research consist of a number of closely related activities. It should be remembered that the various steps involved in a research process are not mutually exclusive nor they are necessarily separate and distinct. However, as a matter of procedural guideline, the steps can be outlined in the following order:

1. Formulating a research problem
2. Developing hypothesis
3. Preparing the research design (experimentation/observation, collection of data/information)
4. Analysis of data/information obtained through experimentation/observation/survey
5. Testing of hypothesis

**1 Formulating the Research Problem**

There are two types of research problems: those which relate to the states of nature and those which relate to relationships between/ among variables. The
researcher, at the very outset, will have to single out the problem he wants to investigate into. The feasibility of a particular solution also needs to be considered before a working formulation of the problem can be set up. Two steps are essentially involved in the formulation of research problem: understanding the problem thoroughly and translating the same into a meaningful task from analytical point of view. Study of the relevant theories and literature and setting up of objectives of research also fall within purview of formulation of research problem.

2 Developing Working Hypothesis

Hypothesis is a tentative statement made in order to draw out and test the logical or empirical consequences of the research. The role of hypothesis is to guide the researcher by delimiting the area of research and to keep him on the right track. It sharpens the understanding of the problem and focuses attention to the more important facets of the problem. It also indicates the types of data required and the methods of data analysis to be used. Hypothesis should be very specific and limited to the piece of research because it has to be tested.

3 Preparing the Research Design

Preparation of a research design refers to deciding upon the ways and means of collecting evidence, information and data, selection of techniques to be used in the analysis and interpretation of the data for drawing conclusions of the study. An important consideration involved in the research design is to set up the design for drawing samples for the study. This is followed by the
consideration of the methods to be used in the collection and analysis of data.

The study of whole 'population' or 'universe' in any field of inquiry is prohibitively expensive in terms of time, effort and money. This consideration calls for selection of appropriate sample in the study. Generally two types of sampling techniques are used for drawing samples for a study. These are (i) probability sampling and (ii) non-probability sampling.

Probability sampling refers to the various ways of drawing samples such that the probability of a particular individual/element being included in the sample is known or can be estimated with reasonable degree of precision. Probability sampling has the important advantages that the risk of sampling bias is minimized and it is possible to draw inferences from the sample about the population with levels of confidence that can be estimated statistically. Probability sampling includes random sampling, systematic sampling, stratified sampling, multistage sampling and cluster sampling.

Non-probability sampling procedures are generally used when probability sampling cannot be used either for technical reasons or by deliberate intention. One disadvantage of non-probability sampling is that the selected samples may ential subjective bias. The major non-probability sampling procedures are convenience sampling, accidental sampling, judgment sampling and quota sampling.

4. Analysis of Data

Data can be obtained either from primary and secondary sources. The procedures generally include direct field survey, mailed questionnaire, case study and reconnaissance survey. The collected data need to be processed,
transformed for use in the models specified for the analysis. Statistical and mathematical techniques such as correlation, regression, production function, programming of various kinds are generally used in the analysis.

5. **Testing of Hypothesis**

After analysing the data, the researcher is in a position to test the hypothesis set earlier. The usual questions answered through testing of hypothesis are, do the findings support the hypothesis or they happen to be contrary? Various tests such as normal test, t-test and F-test are generally used for accepting or rejecting the hypothesis.

6. **Generalizations and Interpretations**

The real value of a research lies in its ability to arrive at certain generalizations. Such generalization may lead to development of a new theory, law, principle or confirmation on the pertinence of the existing theory, law, principles in a particular context. Generalizations and interpretations are often used for drawing policy implications which in turn many lead to formulation of new policy or change or existing policies of governments. Sometimes the interpretation of the findings may trigger off new questions which in turn may call for further research.

**2.2 Objectives of Research:**

Every human activity should be directed towards the well-being and upliftment of mankind. Development is said to have no meaning, unless it is able to improve the quality of life, this research study directed towards:

- To know the present position of financial Institutions in India.
To find out the advances for Indian weaker section of society.

To find out possibility at developing poor people through Microfinance Institutions.

To observe financial, Human Resource and Managerial problems and prospects at self employed poor entrepreneur in rural and urban area.

To know the statistical situation of advances in India.

To major the performance at Microfinance Institutions in India.

To suggest the solution of self employing poor society for development.

To create a better economic situation through the Microfinance Institutions.

To suggest a better ways for development of very small and tiny business through Microfinance Intuitions.

2.3 Research Methodology

An engineer prepares a blueprint before he finally starts the construction of a building. An artist prepares a sketch and draw outline before he actually starts drawing the pictures. Similarly a research student is also required to plan well before he or she can start the work. Research design indicates the plan of action to be carried out in connection with the proposed research work.

(i) **Research Problem:** To study and evaluate need of microfinance of weaker section, and to study Role of MFIs in India. The concept of Microfinance in India will be identified and role of MFIs will be evaluated. This Research will aim at Microfinance practices in India by following microfinance Institutions:
(ii) **Research Approach:** The research is aimed at studying overall disbursements by MFIs in India in the last seven years, during the period of 2005-06 to 2012-13. Overall purpose-wise and agency-wise disbursements were studied. All these data was collected and studies in detail and conclusion was drawn through scientific analysis and interpretation.

(iii) **Research Plan:** The sources of data was primary data and secondary data. Secondary data was collected from annual reports of Micro Finance Institutions.

Primary data will be collected from random basis through personal interview of 400 Executives of selected MFIs.

The data collected would be analyzed and arranged in order to draw meaningful conclusions.

**2.4 Hypothesis:**

**H.1** Due to Microfinance, poor people of India benefited.

**H.2** Need of finance for poor people in India required identifying and properly addressing.

**H.3** There is a need to increase Microfinance awareness in India.
There is scope of improvement in Human Resource Practices in Microfinance Institutions in India.

2.5 Outline of Chapter Plan

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 1</td>
<td>Introduction</td>
</tr>
<tr>
<td>Chapter 2</td>
<td>Research Design</td>
</tr>
<tr>
<td>Chapter 3</td>
<td>Conceptual Framework of Microfinance In India</td>
</tr>
<tr>
<td>Chapter 4</td>
<td>Literature Review</td>
</tr>
<tr>
<td>Chapter 5</td>
<td>Human Resource Practices in Microfinance Industry in India</td>
</tr>
<tr>
<td>Chapter 6</td>
<td>Development of Selected Microfinance Institutes in India</td>
</tr>
<tr>
<td>Chapter 7</td>
<td>Study of Selected Microfinance Institutions</td>
</tr>
<tr>
<td>Chapter 8</td>
<td>Conclusion</td>
</tr>
<tr>
<td>Chapter 9</td>
<td>Suggestions</td>
</tr>
</tbody>
</table>