

# Critical thinking on Comparison of research methods

[Parts of the World](#), [Europe](#)



## **Introduction and general statement.**

The action of applying rationality in handling certain pertinent issues in life and especially in the world of business has proved to be a vital step in ensuring learning and improvement. Exercising a critical analysis of a document, journal or any literary work helps one to come up with varied ideas on top of those presented in the material or materials being reviewed. In connection to the above introduction, this paper shall comprise a critical review of two journals. The journals both handle the same issue or topic but then, they have a considerable amount of differences based on a number of aspects. Such aspects include the research methods used in both cases. The two journals handle the same topic area but using different methods of research. The review shall therefore entail a critical analysis and comparison of the research methods used in both cases.

At this point, I consider it important to introduce the topic area which the two journals handle. The subject of the topic is MSC marketing hence the topic area under study is the aspect of shareholder value in European banking as well as the determinants of shareholder value in European banking. Just to give a brief overview, the shareholders in any business organization play a big role in influencing a number of aspects in that particular sector. It is therefore important to ensure the stability of this fraternity for instance in such sensitive sectors as banking. The research carried out and hence reported in the two different journals therefore sought to explore the value that shareholders have in European banking as well as some of the factors that determine the shareholder value in the banking sector in Europe.

From a more professional approach, the term shareholders value is used to define the value of a company after all the future debts have been subtracted. In other words, it is the amount that remains after a company has paid all its creditors. This implies, the shareholders are usually paid at the end of every other transaction. From the definition, it is evident that for every form of business organization, a number of factors pose as determinants of this value.

At this point, I would like to introduce the components of the two articles chosen. The first article which I shall denote as paper A goes with the title: Shareholder value efficiency in European banking and it was written by Franco Fiordelisi. On the other hand, the second article which was done by Franco Fiordelisi and Phil Molyneux has the title: The determinants of shareholder value on European banking, it is also a journal on banking and finance. This shall serve as the Paper B in this review.

## **Summary of the main purpose and findings.**

### **Paper A.**

The study was mainly carried out in order to explore some of the issues which surround the aspects of bank efficiency as well as the shareholder value. Therefore by using various methodological approaches, the paper was targeted at determining the extent to which the European banks have become or remained efficient in dealing with the issue of the shareholder value. This was done by comparing the estimates from different approaches hence enabling the researchers to estimate the efficiency of banks in Europe

with a major focus on some of the countries and financial sectors which have never undergone such studies before.

In terms of the findings of the research, the results depicted that the new measure used gave a better explanation of the aspect of shareholder value creation as compared to the traditional methods used before. The paper also led to the determination of a number of variables on the estimated efficiency measures. Such measures which were analyzed include type of banks as well as the ownership in each case. In a nut shell, the research gave the business image that most if not all the European banks have exercises high level of efficiency in handling the issue of shareholder value.

## **Paper B**

The main purpose in this research was to carry out a thorough examination on some of the determinants of shareholder value. This was to be done with regard to a large sample of banks in Europe which have existed at least since 1988 to the recent past. The paper also seeks to bring out the relationship that exists between the efficiency of banks and the shareholders value. From the research, it was possible to derive a number of determinants hence a number of aspects were laid down as the findings. Some of the determinants of the shareholder value include the performance of a bank and most importantly, the efficiency in its operations. Others obtained in the research were, bank income diversification, cost and revenue efficiency, adjusted deposit and the rate of growth of loans. In addictions, some other determinants include credit risk losses, liquidity risk exposure as well as the market risk exposure just to mention but a few.

## **Research methodology, sources of data, data collection and data analysis methods.**

### **Paper A**

For this paper, the methodology involved the use of an alternative profit efficiency approach in order to come up with a new measure of shareholder value. This methodology was applied in this case as a result of the fact that there have not been available and reliable data which gives information about the output prices of a bank. Without such data, it would be hard to estimate a standard profit function. A similar specification was also used to estimate the alternative profit as well as the cost efficiency. This was done to give room for the comparison of the new efficiency measure with the other indicators which have since been considered traditional. In a nut shell, the methodology which mainly comprised the use of primary sources was based on direct manipulation of variables rather than interpretation of a particular data. In other words, a number of variables were collected and this could be information on the performance of different banks. These variables were then used to derive the results and hence the main findings of the research. The findings were therefore obtained and presented based on well defined calculations through the use of specific functions.

Just as I have been able to highlight above, the main sources of data in this case included a number of variables which were then compared and analyzed. This information was probably obtained from banks in different countries as well as from other materials so long as they had the variable required for analysis.

The process of data collection simply involved carrying out an examination

into the relevant archives for different banks across a number of countries in Europe. The obtained data was then subjected to analysis by it being divided into the appropriate sets. In each case, a given set of information could be obtained which was then used to determine the shareholders value as well as its efficiency and the efficiency of the bank as a whole. The data obtained involved what was referred to as the dummy variables, other variable included the alternative profit as well as the shareholder value efficiency and the aspects of time period. All these variables were combined in one function hence from the calculations involved, it was possible to come up with the shareholder value as well as the efficiency of the banks.

## **Paper B**

Unlike in the case of paper A, the methodology in this case involved a revisit of previously obtained data. The strategy here involved carrying out an analysis of previously collected and most probably tabulated data. At the same time, most of the information was obtained from literature review. In other words, for the researches to obtain information on some of the determinants of shareholders value, they couldn't merely do calculations and present variables, instead, they had to dig deep to source this information from other avenues.

This kind of methodology can be termed as secondary because the information which was used to derive the findings was produced from a data which had earlier been collected by other people. Therefore by exploring the literary works which handled the topic of concern, it was possible to come up with some of the factors that determine shareholders value. At the same time, the strategy involved the interpretation of certain tabulated data. This

was done majorly to come up with the relevant relationships that existed between two or more variables. For instance, by analyzing a statistical representation of the efficiency of a bank and the stability of the shareholder fraternity and hence value, it was possible to deduce the conclusion that the efficiency of the operations of a bank has a close connection with the issue of shareholder value. In a nut shell, in this particular case, the methods of obtaining information majorly entailed derivation from several sources' like banks and other financial institutions. At the same time, some information was also obtained from direct surveys which involved manipulation and interpretation of some specific data.

Although part of this has been highlighted in the information that has been given above, I would like to emphasize the aspects of data sources and collection. For this particular paper, the main sources of data were statistical representation using tables hence the ability to derive relationships that may exist between two or more aspects. At the same time, other sources were literature materials whose components exposed the issue of the determinants of shareholders value.

This information was therefore sourced from the various banks as well as other sources. The data especially the tabulated ones was arranged and analyzed in order to give room for the derivation of tacit conclusions. The data was analyzed by comparing two variables as they were presented in the tables, from such comparisons and examinations, it was quite possible to derive the relationship between two or more factors. This in the long run enabled the researcher to identify some of the determinants of shareholder

value which was the main purpose of this research. At the same time, the information which was obtained from such direct sources as literary reviews, books and other materials was directly incorporated into the findings. Since the sampling procedure involved obtaining information from a number of selected banks and other financial institutions, the findings were presented after comparison across the information received in each case.

## **Appropriateness of the research methods**

### **Paper A**

Many a researchers fail to hit the mark in the process as a result of not giving enough attention to important factors with respect to the procedures involved. It is therefore important to carefully consider each component of the research. For instance, It is vital to check whether or not the research methods used were appropriate or not. For a research method to be considered appropriate, it ought to carry a considerable amount of specificity. At the same time, the method(s) should play a big role in addressing the objectives of the research. Based on the above highlighted literature, I would like to say that the research methods used in this paper were appropriate. One thing that can help confirm that is the fact that findings were obtained hence the purpose of the research was fulfilled. The methods were also appropriate since there was no any other source of reliable data concerning the topic of discussion, hence this was the most appropriate approach for such a case.



## **Paper B**

For paper B, the main objective or rather purpose of the research was to come up with the determinants of shareholder value at the end of it all. In line with that, it is notable that the methods applied were accurate hence the data obtained was reliable. At the same time, the methods entailed good specificity, an aspect which is characteristic of an appropriate research method. The method also gave room for specific time periods. This in turn gives room for the vital flexibility which is important for any research methodology. In a nut shell, the research methodologies applied in this case were appropriate since they led to the desired/anticipated findings.

## **Reliability and the validity issues.**

It is always important to counter check the relevant information in order to derive some of the reliability and validity issues. For paper A, due to the fact that the information was received from a variety of trusted sources, the reliability of the findings was somewhat guaranteed. At the same time, since the results involved calculations, based on acceptable functions and equations, the methods and the findings could be said to be valid. On the other hand, as much as the methodologies used in Paper B were appropriate, certain data especially the tabulated statistics and the direct survey of text could not give the information that was up to date. As a result, this may slightly put the reliability and validity into test. Other wise, a bigger portion of the data and information in this paper have got reliable and valid bases.

## **Approaches adopted to the topic.**

The researchers, as one can note have adopted varied trends while handling the topics of discussion. It is important to note that for any research, the approach that has been given to the topic greatly determines the end results. For Paper A, the topic has been given a wide exposure before venturing into the actual purpose of the research. The researcher has described a number of variables in line with the topic of study hence exposing and preparing the reader for the major portion of the work. On the other hand, for Paper B, the researcher has chosen to give a deeper insight to the topic towards the end while discussing the findings. In a nut shell, the second paper gives a wider view of the topic after obtaining the necessary research findings. On the other hand, the first paper uses the approach of a thorough analysis of the topic in the initial stages.

## **Ethical issues as addressed in the papers**

A number of ethical issues could be said to have an association with the papers in one way or the other. For instance paper A concentrates more on the issue of efficiency in the operation of banks in the European countries. This is more or less on the issue of the workers in these financial institutions being committed to their work hence ensuring that the efficiency of the operation is achieved as much as possible. For such strategies to work, a number of factors are involved for instance there is need for employee satisfaction and motivation. The author has managed to address this issue well by continuously revisiting the ethical issues while discussing the main topic. At the same time, the second paper i. e. Paper B also addresses a number of ethical issues. For instance, while handling the issue of the

determinants of shareholders value, it is important to monitor the behavior of the shareholders when it comes to certain conditions. This implies that the aspect of the professional ethics has been considered and hence addressed well throughout the work.

### **Contribution of the papers to the topic of study.**

As I move towards the conclusion of this review, I would like to assert that the papers have gone along way in contributing to the topic area. As a reminder, the major area of study or discussion in our case was the issue of shareholders value and the determinants of this value in European banking. The two papers have deeply addressed this topic in a manner that makes it easy to understand and comprehend. The two papers separately handle a given portion of the topic area, this gives room for a deep examination and exposure of the factors involved in each case since each of the sub topics is given a maximum attention. The other way in which the papers have constituted to the topic of study is by clearly outlaying the final results/findings which was probably the most important thing in each case. In a nut, by combining the two papers, one gets to have a deeper perspective of the topic area which implies the papers have contributed in achieving a thorough exposure of the topic of study.