

# Free critical thinking on deductive study

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The deductive study conducted by Audia and Greve, entitled "Less Likely to Fail: Low Performance, Firm Size, and Factory Expansion in the Shipbuilding Industry" is structured as a typical research question, containing introduction, literature review, methodology, results and conclusion. The study includes four hypotheses, formulated in accordance with the literature review findings. The hypotheses have affirmative value, guiding the study's development towards finding whether or not research supports them.

The literature review contributes to deducing the hypotheses in the analyzed study. The authors rely on previous developed studies for stating the four hypotheses presented in this research. The fact that previous studies suggest competing predictions regarding the predisposition to risk taking versus risk avoidance of the companies with low resource endowment guided Audia and Greve (85) to form the first two hypotheses. According to these hypotheses, when performance is below the aspiration level, companies (1) increase or (2) decrease their risk taking. The third hypothesis relies on literature findings according to which the size of the company imposes the level of risk taking. The fourth hypothesis is founded on the literature findings according to which the bigger the company is, the more slower the risk taking processes are, because of the installment of an inertia. Out of the four hypotheses, the last one is the most novel one, as it proposes to consider risk taking as related to bureaucratic work processes that often guide organizational behavior within large companies.

The hypotheses are tested using methodology, which analyzes specific dependable variables: value of machinery, value of nonmachinery real assets and number of workers, firm performance, firm size (Audia & Greve 87).

There are also controllable variables, which refer to firm age, product diversification or the operating cash flow (Audia & Greve 88). These variables are subjected to descriptive statistics and correlations, and applied to specific companies from the shipbuilding industry in Japan. In this way, the hypotheses are tested.

## **Works Cited**

Audia Pino G & Greve, Henrich R. " Less Likely to Fail: Low Performance, Firm Size, and Factory Expansion in the Shipbuilding Industry". *Management Science*. Vol. 52, no. 1, pp. 83-94.