EXAMINING THE USE OF FOCUS GROUPS IN ECONOMIC DEVELOPMENT INITIATIVES

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ABSTRACT

City officials often use focus groups in economic development. However, findings indicate that group dynamics can threaten validity when seeking consensus. Data suggest a strong rebound effect for participants to return to their earlier pre-focus group assessment beliefs. Introduced is the 'BUCKS' Planning Model for facilitating city economic development initiatives.

INTRODUCTION

Focus group development and implementation in the social sciences and commercial marketing research is marked with an extensive history. Stewart et al. (2007) trace the origins of the “focused interview” back to World War II. Contemporary researchers continue the use of focus groups to gain insights into a wide range of topics, and their future use is likely to remain unabated (Bristol and Fern, 2003). According to Vogt, King, and King (2004), “the focus group is a technique that involves a moderator-facilitated discussion among multiple participants about a specified topic of interest . . . that can allow researchers to learn about the meaning of a construct from the perspective of the population under study” (p. 233). In most instances, the researcher will assemble a small group of participants (six to twelve) who share a specific trait or background to discuss an issue or situation. As a research technique, focus groups are typically associated with qualitative research. Moreover, the vast majority of researchers argue that since there is an absence of forced numerical measurement and statistical analysis, the result is a deeper and more robust understanding of the issue than numbers can afford (Calder, 1977).

FOCUS GROUPS: CRITICISM AND REBUTTAL

It is ironic however, given Calder’s (1977) unequivocal support of focus groups that its qualitative nature is the basis of the majority of criticisms leveled against their use. Calder does cite conflicting feelings among professional researchers about focus groups; for example, expressing concerns about “the subjectivity of the technique, and a feeling that any given result might have been different with different respondents, a different moderator, or even a different setting” (p. 353).

However, Calder and other focus group proponents are not impressed with these criticisms. According to the Qualitative Research Consultant’s Association (1998), “qualitative research is the best research method for discovering underlying motivations, feelings, values, attitudes, and perceptions” (p. 1). In fact, Rossiter (2008) a strong adherent of qualitative research methods, argues further that “qualitative research is superior to quantitative research” (p. 915).

Hughes and DuMont (1993) suggest that one of the principal benefits of focus groups is consensus building, or the discovery and identification of common knowledge or a shared view. However, other researchers suggest that consensus building can precipitate a shift in one’s own tendencies, including attitudes (Bristol and Fern, 1993; Millar and Miller, 1990; Turner, 1991; Zuber, Crott, and Werner, 1992). An additional experimental study conducted by Bristol and Fern (2003) indicated that focus group interaction would likely lead to more pronounced attitude shifts. Bristol and Fern detailed two ways: (1) attitude polarization, characterized by an increase in intensity of one’s previously held attitude; or, (2) attitude depolarization by a reversal in attitude direction, either a decrease in intensity or a move in the opposite direction. As such, it is for this reason that Javidi, et.al. (1991) suggest that predictive validity is the basis of most of the criticism against focus group research.
FOCUS GROUPS IN ECONOMIC DEVELOPMENT

In economic development, officials often use focus groups to examine issues of geography (Florida, 2002); discuss specific factors related to tourism (Wilson, et. al., 2001); to evaluate local and regional enterprises (Blackburn and Stokes, 2000); and to examine entrepreneurial ventures (Stokes, 2000). However, no literature addresses the possible limitations of using focus groups in economic development or cautions against the group effect. For example, is a false consensus effect possible when conducting a city focus group on economic development issues? Ross, Green, and House (1977) define the false consensus effect as a tendency for people to see their own behavioral choices and judgments as relatively common. Gershoff, Mukherjee, and Mukhopadhyay (2007) suggest that marketers who rely on group consensus findings must be highly sensitive to the danger of over projecting the group's preferences onto others. This is akin to Groupthink and city focus groups addressing economic development must control for this possibility. For clarification, Groupthink is a social phenomenon studied by social psychologist Irving Janis (1972) who stated that this condition occurs when a group makes faulty decisions because of a psychological drive to find consensus.

RESEARCH PURPOSE AND QUESTIONS

The purpose of this research is to review with community officials, research professionals, and other interested practitioners key issues related to the use of focus groups for developing an economic development strategy or plan. City officials have invested substantial time and money in growth and development; hence, having valid research driving any marketing plan is paramount. As such, this research examines critical constructs and predictive validity associated with focus groups. Specifically, five research questions are addressed: (1) Does participation in a city’s economic development focus group facilitate consensus building?; (2) Does participation in a city’s economic development focus group exaggerate collective responses?; (3) Is there a relationship between participation in a city’s economic development focus group and the direction of response?; (4) Following participation in a city’s economic development focus group, are consensus effects stable?; and (5) Is there a relationship between group consensus with the city’s economic development focus group and predictive validity?

METHODOLOGICAL CONSIDERATIONS

Over the course of two years, economic development officials representing fourteen cities located in the Midwestern U.S., [mean population, approximately 14,000; smallest city, population of 6,000; largest city, population of 24,000] acknowledged difficulty and disappointment with previous economic development initiatives and decided to address their challenges by conducting proprietary focus group research. The average number of participants in each focus group was 12.5 with a minimum group size of seven and a maximum group size of twenty. The principal economic development officer of each city self-selected the stakeholders who were to participate in the focus groups. Group membership often included the mayor, city council members, tourist bureau representatives, and members from the chamber of commerce.

The research instrument, a city audit, is a 62-item questionnaire assessing the major areas of interest to site selectors and relocation professionals (McKnight, et.al, 2010). Each area was assessed on a 9-point Likert scale where 1 = "low or bad" and 9 = "high or good". A test-retest reliability was performed using two volunteer cities (n=32), both conducted within a 15 day time interval prior to the scheduled focus group. The research instrument’s reliability coefficient was 0.84 — an acceptable range according to Nunally (1978, p. 245).

This research design had four phases. In the first phase, each focus group participant completed the 62-item questionnaire online 72 hours prior to the initiated focus group. In the second phase, participants interacted in the actual focus group. Here, participants reviewed each item and gave a collective/group assessment on each item using the 9-point scale. In the third phase, participants again completed the 62-item questionnaire, 72 hours following participation in the city’s economic development focus group. In the last phase, participants as individuals had an opportunity to provide further insight about the focus group discussion and strategic marketing initiatives.

As a predictive validity measure, this study used the unemployment rate for each of the fourteen cities as the primary indicator of economic development (United States Department of Labor, 2010); this was the dependent variable. The predictor or independent variables used were the focus group and independent assessment scores.
FINDINGS AND IMPLICATIONS

Researchers analyzed the first research question, "Does participation in a city's economic development focus-group facilitate consensus building?" by applying a two-tailed, paired t-test. Specifically, the mean value of all the standard deviation (SD) scores for the participants' (N=175) on the 62-item questionnaire were tabulated for both the participant's individual assessments in phase one (pre-focus group) and phase two (actual focus group) assessment scores. The resulting mean SD in phase one (pre-focus group) was 2.33 – whereas, the mean SD in phase two (actual focus group) was 0.98. The two-tailed, paired t-test between all 14 cities' standard deviations yielded a p <.002; thus establishing a statistically significant difference between group variation. The key implication is that participation in a focus group does facilitate consensus building as evidenced by the shrinking SD; and, reaffirms the findings of Hughes and DuMont (1993). Hence, a singular focus or solution is possible using focus groups in city economic development.

Addressing the second research question, "Does participation in a city's economic development focus group exaggerate collective responses?" employed the same statistical procedure applied in the first research question, with one exception. Here, researchers examined only the mean scores and not the mean of the standard deviations. Hence, to answer this research question, the mean scores of all the participants' (N=175) responses on the 62-item questionnaire (9-point Likert scale) were tabulated from phase one (pre-focus group) and phase two (actual focus group). In phase one (pre-focus group), the mean was 4.51; in phase two (actual focus group) the mean was 7.05. The two-tailed, paired t-test between all 14 cities' mean scores yielded a p < 3.12267E-05, thus establishing a statistically significant difference. The key implication is that participation in a focus group does exaggerate collective responses when evaluating the city's assets and resources using the 62-item audit; supporting the findings of Bristol and Fern (2003). Hence, there appears to be "response inflation".

The third research question used the sign test to investigate the directional findings of the 14-paired t-tests; specifically addressing the question, "Is there a relationship between participation in a city's economic development focus group and the direction of response?" When comparing all 14 cities' mean scores between phase one and phase two on the 62-item questionnaire, this research question found statistical significance. Specifically, as noted in Table 1, the mean scores in phase two for the 13 cities were significantly higher than scores obtained in phase one; however, in one city, the mean scores in phase two were significantly lower than in phase one. Moreover, the probability of finding statistically significant higher mean scores in 13 out of 14 trials is p <.0009 and finding statistically significant results in 14 out of 14 is

<table>
<thead>
<tr>
<th>Cities (N=14)</th>
<th>Paired Differences</th>
<th>95% Confidence Interval of the Difference</th>
<th>Significance (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std. Deviation</td>
<td>Std. Error</td>
</tr>
<tr>
<td>Pair 1 A1 - A2</td>
<td>-4.19355</td>
<td>2.70300</td>
<td>.34328</td>
</tr>
<tr>
<td>Pair 2 B1 - B2</td>
<td>-2.50000</td>
<td>2.57192</td>
<td>.32663</td>
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<td>Pair 3 C1 - C2</td>
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<td>2.76685</td>
<td>.35139</td>
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<tr>
<td>Pair 4 D1 - D2</td>
<td>-2.45161</td>
<td>2.17796</td>
<td>.27660</td>
</tr>
<tr>
<td>Pair 5 E1 - E2</td>
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<td>1.55986</td>
<td>.19773</td>
</tr>
<tr>
<td>Pair 6 F1 - F2</td>
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<tr>
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<td>.29488</td>
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<tr>
<td>Pair 8 H1 - H2</td>
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<td>.38822</td>
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<tr>
<td>Pair 10 J1 - J2</td>
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<td>.31902</td>
</tr>
<tr>
<td>Pair 11 K1 - K2</td>
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</tr>
<tr>
<td>Pair 12 L1 - L2</td>
<td>-3.22581</td>
<td>2.39822</td>
<td>.30457</td>
</tr>
</tbody>
</table>

Note: The exact significance levels are: A1 = 1.065E-11; B1 = 4.898E-18; C = 1.74E-10; D = 6.3E-12; E = 1.46E 12; F = 2.14E-13; G = 1.7E-16; H = 2.86E-99; I = 1.058E-06; J = 3E-21; K = 4.8E-16; L = 6.67E-19; M = 4.32E-65; and = 3.56E-16. Research alpha level was .05; with Bonferroni correction adjusting for multiple comparisons, alpha .003 A1 = pre-focus group, City A; A2 = focus group, City A, etc.
p < 0.0001 for a two-tailed test. The key implication is that participation in a focus group tends to polarize responses, either positively or negatively; again, supporting the earlier findings of Bristol and Fern (2003); Millar and Millar, 1990; Turner, 1991; Zuber, Crott, and Werner, 1992. Ultimately, there is a strong tendency to regress toward the extreme and not the mean.

The fourth research question was, "Following participation in a city's economic development focus group, are consensus effects stable?" To address this question by visual inspection, Table 2 highlights the stability of focus group ratings on the 62-item questionnaire. However, when using a paired two-tailed t-test, testing the difference between phase two and phase three scores (post-focus group assessment), there was a statistically significant difference (p = 1.45992E-05). Furthermore, when testing for difference between phase one and phase three mean scores, statistical significance is noted (p = 0.004).

### Table 2

<table>
<thead>
<tr>
<th></th>
<th>Phase One</th>
<th>Phase Two</th>
<th>Phase Three</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>9.0</td>
<td>8.5</td>
<td>7.0</td>
</tr>
<tr>
<td>2</td>
<td>8.0</td>
<td>7.5</td>
<td>6.0</td>
</tr>
<tr>
<td>3</td>
<td>7.0</td>
<td>6.5</td>
<td>5.0</td>
</tr>
<tr>
<td>4</td>
<td>6.0</td>
<td>5.5</td>
<td>4.0</td>
</tr>
<tr>
<td>5</td>
<td>5.0</td>
<td>4.5</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Note: The Y-axis = represents the mean Likert score on 62-item audit; X-axis = represents the 14 participating cities. Bar 1 = Phase One: Pre-Focus Group Score; Bar 2 = Phase Two: Actual Group Participation Score; Bar 3 = Phase Three: Post-Focus Group Score.

It is apparent that there is a strong rebound effect - participant scores have a tendency to return to their baseline assessment. In fact, the return is more pronounced supporting Bristol and Fern (1993) earlier findings. Therefore, any group consensus appears to dissipate within 72 hours. The implication for professionals facilitating a city economic development focus-group is that members may not fully believe in any strategic plan forthcoming. This could ultimately undermine or negatively affect economic growth.

The fifth research question, "Is there a relationship between group consensus within the city's economic development focus group and predictive validity?" was addressed by applying simple regression, with each cities’ real unemployment rate serving as the dependent variable. The mean scores from phase one successfully predicted the unemployment rate within statistical limits; that is, with an \( R^2 = 0.5 \) (1/13), \( p < 0.0004 \); R = .809; R-square = .654; however, phase two data failed to predict the unemployment rate. The key implication is that improving the predictive validity of focus groups is possible if the participants relied more on their own individual thoughts, feelings, and attitudes than the collective thoughts of the focus group, confirming Hoch's (1987) earlier research. However, it may be likely that individual responses (phase one) are more conducive to reflecting a current state of affairs;
whereas, focus group responses (phase two) are more useful in setting long-term goals or objectives.

An anecdotal finding is important to note. Interviews with participants suggested that they felt “that it was in their best interest” to go along with the “mayor or some other recognized person of power”. Therefore, group membership and selection are critical in facilitating a successful focus group for a city’s future economic development.

**RECOMMENDATIONS**

Officials using the focus group as a marketing research tool for economic development is likely to continue, and the authors strongly suggest that the practice continues. However, findings indicate that results from focus groups are subject to group dynamics that can threaten or jeopardize predictive validity. Also, since focus group members rebound and return to their earlier beliefs following engagement, participants may “shel” the ideas and never really initiate the plan. In addition, controlling for the influence of group membership is crucial. Therefore, Table 3 presents the ‘BUCKS’ Planning Model for using focus groups in city economic development initiatives.

**LIMITATIONS AND FUTURE RESEARCH**

This study exhibits all the inherent limitations and weaknesses associated with focus group research, specifically the subjectivity of the technique, selection and composition of the focus group participants, professional capabilities of the moderator, and the focus group setting. Likewise, the disparity in “power” or “status” between focus group members is an issue of concern. Moreover, the operational definition of the dependent variable, economic development was a single, U.S. Government measure.

Future research examining the role of “power” or “status” between focus group members appears warranted. Likewise, researching the outcomes of cities engaged in economic development would establish validity baselines.

**Table 3  The ‘BUCKS’ Planning Model**

Baseline quantitative responses using pre and post surveys that address important economic development questions — this allows for balanced perspective when facilitating a focus group.

Understand group dynamics — in particular, focus-group composition and hidden agendas.

Consensus does not mean correct — do not manufacture agreement, build on truth.

Know the tendency for groups to regress towards the extreme — false consensus and other Groupthink effects can be real threats to economic development initiatives.

Successful economic development depends on valid market research — be cognizant of reliability and validity issues.

**CONCLUSION**

In their entirety, these research findings confirm three key concerns addressed in the professional literature on focus groups. First, focus group participants do build consensus, but the psychological drive for consensus may lead to a false consensus effect. Second, participation in a focus group tends to shift the individual’s previously held attitude or opinion, often times in a polarized manner. Third, implicitly assuming the predictive validity of focus groups is unwarranted, similar to the warning Javidi, et al. (1991) expressed. In addition, one unique finding suggests that participants rebound to their previously held beliefs within 72 hours.

**REFERENCES**


