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# Strengthening the validity and reliability of the focus group as a method in tax research

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## **Abstract**

Contemporary tax research appears to be becoming increasingly interdisciplinary and using mixed methodologies as researchers seek deeper understandings and thereby more critically 'real' solutions to research problems. This article provides a detailed discussion and demonstration of how analytical tools more commonly associated with quantitative research can be successfully applied to qualitative data (collected by either quantitative or qualitative methods). The demonstration herein is based on data collected by two focus groups conducted as part of a broader study into determining the value of land for the purposes of taxation. It is argued that the techniques used herein, including data coding focused not only on themes, but on points of agreement and disagreement, and considered weighting of data can allow qualitative researchers to strengthen the (constructed internal) validity and reliability of their findings without compromising the richness of the understandings gained.

## **1. INTRODUCTION**

Taxation is an area of research populated by scholars from diverse disciplines including law, accounting, economics, psychology, sociology and political science. Over time this diversity has both enlarged and enriched the approaches evident in tax research. Historically, tax researchers tended to discretely employ methods reflective of either the quantitative, qualitative or legal research paradigms, by and large reflective of their underlying disciplinary backgrounds. However, there is evidence that contemporary tax researchers are seeking to use more flexible and innovative approaches in their research and the use of mixed methodologies and mixed methods is no longer uncommon and indeed, is regarded by some as an imperative.

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By and large this cross-fertilisation of research paradigms is driven by tax researchers seeking deeper understandings of their research problems and more critically 'real' solutions. Knowing how many people in a particular location agree with a certain view or behave in a certain way (i.e. the 'where' and 'what' more questions traditionally associated with quantitative research underpinning positivism) is often insufficient in articulating the rationale for a phenomenon; particularly for researchers seeking to drive change hence needing more complete answers including to the 'why' and 'how' questions more traditionally associated with qualitative (i.e. non-positivist) research.<sup>3</sup> However, whilst there may be an increasingly willingness to consider the appropriateness of methodologies from the qualitative paradigm and associated methods (including depth interview and focus group) to a given research problem, there usually remains some scepticism towards the findings generated. The perceived major weaknesses in qualitative research have been discussed at length in the literature<sup>4</sup> and centre on the validity or robustness of the findings generated (in that they are subjective to some extent) and their reliability, or the ability to replicate such studies. These perceived weaknesses have been attributed to the difficulty of data analysis in qualitative research generally, but in particular, with focus group method.<sup>5</sup> Researchers using a method from the qualitative paradigm will often note that they have relied on thematic analysis of the data collected (for example, from in depth interviews<sup>6</sup>) and developed a systematic coding technique to improve the robustness of their research<sup>7</sup> but the steps taken are rarely, if ever, explained in any detail.

This leads to the underlying purpose of the article. That is, to present a detailed example of the techniques used to analyse data collected using focus group method in the context of tax research. The intention is to demonstrate that greater validity and reliability can be achieved in the use of the focus group in tax research, if so desired, though it does require some willingness to adopt a more positivist approach. It is felt that the techniques presented herein are innovative and could be of interest to other tax researchers.

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aligned with the qualitative paradigm). Again, the intention of the article is not to focus on the findings of the research per se, but on the analytical techniques employed on data collected using the focus group method. The article is presented in 4 parts. Following on from this Introduction, the theoretical underpinning of the focus group method is discussed in part 2, along with the design and conduct of the focus group method used in this study. In part 3 there is detailed discussion on the techniques used in data analysis, followed by concluding comments in part 4.

## 2. THEORETICAL UNDERPINNINGS OF THE FOCUS GROUP METHOD

An extensive body of literature exists on research methodology from both the basic and applied perspectives and different paradigms or schools of thought exist depending on the way in which the researcher believes knowledge is created. Researchers who believe knowledge is created inductively and that it is subjective, create theories regarding observed phenomena and adopt methods and practices that are in accordance with the expectations of the qualitative paradigm. Researchers who believe knowledge is created deductively and that it is objective, develop hypotheses that can be tested using empirical methods and practices in accordance with the expectations of the quantitative paradigm. There is undoubtedly blurring around the edges, but researchers usually have an underlying position or set of beliefs that guide them and their choices, and these choices may include a mixed methodological approach such as was adopted in this context.

A mixed methodology approach draws on both the quantitative and qualitative paradigms and their methods, thereby using multiple methods, either concurrently or sequentially.<sup>10</sup> The rationale for using multiple methods is that it can strengthen the overall research design by allowing for the findings of one method to inform another (and thereby allow for greater exploration) or to triangulate findings. Further, the considered use of multiple methods can allow the researcher to draw on the strengths of one method or paradigm and, at the same time, minimise the inherent weaknesses of another. Again, this reflects the desire on the part of the researcher to draw meaningful and more holistic conclusions.

It is important to consider the issues of validity and reliability as their importance is regarded quite differently by quantitative and qualitative researchers. Validity, as a test of the quality of the research, is typically regarded as being able to be established in three ways namely construct validity, internal validity and external validity.<sup>11</sup> Construct validity requires that appropriate measures have been used for the concepts being studied. Internal validity requires that the method used (and any related instruments or protocols) provide the data appropriate to the research (whether it is descriptive, explanatory and/or exploratory) so that conclusions drawn are authentic. External validity refers to the extent to which the findings can be generalised to







and analytical literature on this issue. This is partially attributed to the fact that in the past they have been used mainly as a market research tool for gathering "opinions", though they are now being used more widely in the social sciences including by tax researchers.<sup>30</sup>

Focus groups can be homogeneous or heterogeneous and can vary in size from 6- and optimally run for 90 to 120 minutes.<sup>31</sup> In this study it was decided to conduct two focus groups to enable comparative analysis, and that the focus groups would be formed on the basis of multi-professional disciplines (i.e. valuers, property solicitors, educators and tax administrators). Participants were recruited via the Australian Property Institute as the intermediary and an independent facilitator was engaged to moderate the focus groups. The researcher gave a brief introductory presentation of the research objectives and results of the three previous methods (simulation experiment, survey and in-

**Table 1: Focus group participants**

<b>Focus Group 1</b>		<b>Focus Group 2</b>	
Property Solicitor	PS	Barrister / Valuer	BV
Property / Construction Solicitor	CS	Solicitor / Valuer	SV







FG	Pg	Commentary – Economics	Rating
2	4	<p>V5: I tend to disagree, and it's been done away with in parts of England, where I suppose you say commercial industrial land is rated by way of an assessment, a rental assessment; based on this rental assessment, I suppose you could say that's related to land.</p>	3
2	4	<p>V5: Victoria. And otherwise, the residential is just done on a block basis. Block, you know, okay there's a ... there's Harrington Gardens. Harrington Gardens, every property in Harrington Gardens attracts – I'm just using something as an example – attracts 'X' amount of dollars in land tax. The land tax question, V3, is land tax. It's land tax. It's here; well you can call it what you can call it. You can call it another brand of GST, if you like! But it's land tax. And currently, in my view, the way its raised in NSW is, I'd like to use a stronger term. But it's up to no good whatsoever; it's a ridiculous exercise.</p>	
2	6	<p>BV: Can I just go back? I think one of the critical things that you said, that the concept of land tax is to force people to develop their land, or encourage them to develop their properties, to the highest and best use. Now, highest and best use is a term that's bandied around; but a lot of people don't understand what highest and best use is. And there's a recent decision of the Court of Appeal of Victoria in ISPT and the Valuer-General, which does really set out in quite definite terms what highest and best use is; and that's, you know ... and I think that's critical. But that's a good theory, to do that; but it doesn't transpose into reality. Because the vast majority of properties developed; people just can't say, 'All right; well I've got my land tax bill; I've got to do something about this. I've got substantial improvements on my property. But they don't represent highest and best use; but I can't economically afford to pull those buildings down and redevelop the property to its highest and best use.' So you know, that's a fallacy that has been complicated over a long period of time. Might have been all right in the early days, when there was a lot of vacant land; said, 'All right, we've got a block of vacant land; it's going to be taxed,' so you'll develop it to its highest and best use to get</p>	

FG	Pg	Commentary – Education	Rating
1	34	VE2: I can tell you now that the valuers who are taking the contracts actually have to attend a statistics course. And XYX takes it. And he runs them all through it; I think it runs for a couple of days on how they're arriving, not the actual valuation process, but what's going to happen to their numbers when they update, and what process they use. I think he used the term "normalization" of the valuation results, yeah.	1
1	35	VE2: And exactly as he said, at the base level you'd have it, you've got a subject of statutory evaluation. Most courses, they would have to reflect the new methods that are ... not new methods, but how the process is. Then you just have to keep exactly, as you said, all your valuers up to date that are contracting. And it may be a condition of their contract.	1
2	27	V4: Yeah, including improvements. And that I guess is going to come down to making sure that obviously those valuers that are doing it for the Government are doing it correctly, and in private companies as well. Because obviously on the other side of this, when these things do go to court, it's obviously private companies that are often representing the landowner. And their valuers obviously have to be aware of these things and the rules and procedures. And that's, I guess, got to form part of their training within the company. Before that, within uni obviously, or wherever they're trained. But I think there are well known methods of valuation that are out there.	1
1	35	PS: The textbooks seem to be full of law. So I would have thought it's already embedded in what they're learning. I mean, there's not a valuer involved in court work that doesn't know the key cases, that there are certain textbooks that everybody refers to, and the Judges refer to. So I think it's probably already there. And I don't know whether these changes would create a greater need for it; may in fact create, lessen the need for it. Of course, where you're adopting a whole different set of the valuation methodologies, or there are [sic] an armoury of them available to you; you've got to be across all of them, and across the law that applies to them.	1
2	30	V5: When I was a young valuer, we used to ... one of the things we used to have were court decisions. And every case in the "Valuer" magazine, there were four or five important court decisions which were recorded. And even today, courts quote the valuer decisions, the valuer ...	1
2	30	V5: Well let me say this, under this mass valuation exercise, A..., I can answer your question. When you've got pressure on you to get out something like 22,000 valuations for which you have tendered \$3 a time, do you think that anyone is going to bother sending out the forms required under Section 15, or is available under section 15. They spend their time looking at Walt Disney – I won't say that's not Walt Disney – spend their time looking at IT monitors. Never get out there with a map under their arm, right.	
		<b>Weighted Average Score</b>	<b>1</b>







