Challenging the Opportunities of the Delphi Method in Third Sector Research: The Case of Philanthropic Foundations

Hanna Schneider, Reinhard Millner

Vienna University of Economics and Business, Vienna, Austria

Philanthropic foundations are seen as actors of civil society, whose main function is to distribute on a voluntary basis, private resources for public benefit (Anheier and Daly 2007). While there is a longer tradition of foundation research in the United States, especially in the context of philanthropy, research on foundations in Europe has only been further developed as recently as in the last two decades, following a major boom of newly established foundations in the last ten to fifteen years (Anheier 2005). This still rather underinvestigated research stream in Europe is accompanied by a lack of empirical data available describing the economic scope of the foundation sector and a great uncertainty how the sector will further develop, especially in times of crises. While there are still numerous difficulties concerning data access in most parts of the third sector, an improving recognition and further development of nonprofit research in general has been leading to an improved data basis and data collection in the third sector over the last three decades. This development can be observed on a national level (e.g. The Johns Hopkins Comparative Nonprofit Sector Project, Salamon and Anheier 1995) but also on a field level (e.g. education, health care, social services) and on the level of different organizational forms (e.g. various registers on associations). As far as the Austrian private foundation sector is concerned, one cannot resort to registers or accounts in order to get complete information such as the assets held by private foundations or their regular contributions for public purposes, as there is no obligation to make annual accounts or reports publicly available (Kalss 2007). Having little information about the present economic significance of the sector makes it even more difficult to make projections about the future developments or trends in the sector. To make it clear, one first needs to know more about the current economic status of the sector as a reference point in order to make projections of the future development of the sector. Especially the current economic crisis and ongoing discussions about regulatory issues such as stricter taxation or transparency requirements for private foundations result in a great uncertainty concerning the future engagement of private foundations in public purpose activities.

While research methodologies focusing on future developments have long been frowned upon, they are gradually becoming more accepted and their relevance is greatly acknowledged by researchers and practitioners alike (Armstrong 2001). The variety of analysis methodologies in forecasting research is large, ranging from quantitative methods such as trend extrapolation and simulation models to qualitative approaches such as the Delphi method. For our research we apply the Delphi method to the Austrian private foundation sector, in order get a better understanding of the current economic scope and future trends of this sector. While many refer to the Delphi method as a forecasting procedure because of its frequent application in this area, there is a surprising variety of other application fields, such as the gathering of current figures, which are not otherwise available (Linstone and Turoff 2002). The method is especially useful “in judgment and forecasting situations in which pure model-based statistical methods are not practical or possible because of appropriate historical/economic/technical data” (Rowe and Wright 1999). Developed by the Rand Corporation in the late forties of the last century, the basic idea of the Delphi technique is to focus on informed and collective judgment. A Delphi “typically involves a number of rounds (iterations), feedback of responses to participants between rounds, opportunity for participants to modify their responses, and anonymity of responses” (Mullen 2003). Ideally, during the process the range of answers decreases and the experts will converge towards the correct answer. We rely on the Delphi Method in our research, due to the lack of empirical data and respective databases, which do not allow us to use appropriate statistical procedures. Furthermore, we control for anonymity of responses, as other group interaction procedures in which the experts can directly interact include a number of psychological difficulties, which would greatly influence the judgments of the participants.
Against this backdrop, we raise two questions:

1. How can the Delphi method be applied to gather quantitative data on funds, assets and payouts of private foundations?

2. How can the Delphi method be applied in order to get a better understanding of the future developments in the private foundation sector?

We have conducted personal interviews with twenty experts in the fields of legal services, auditing, consulting, academia and the public sector, having a broad overview of the whole sector. As the composition of the expert group has a significant impact on the Delphi results (Rowe and Wright 2001), we included different experts, who cover the full scope of the problem domain by having insights in at least 50 foundations each. We used this selection criterion as an indicator for their expert status. The reliability of the expert status of the participants will be further examined through the inclusion of control questions. These control questions reflect facts and figures about the foundation sector, which we have already investigated in a previous analysis (Millner; Meyer et al 2008) focusing on different fields of public purpose activities private foundations are involved in.

As far as the process is concerned, in a first, explorative round, data has been gathered which serves as a basis for a written questionnaire in the second round. The data of the second round is then summarized and once again presented in an aggregated form to these experts. Following this research design the collective group judgment shall bring forth a consolidated picture of the current economic scope and future trends in the Austrian foundation sector and an evaluation of the scientific appropriateness in using the Delphi method in this context.

References


