

Discussion Note for Agenda Item: Enhancing Theory Development in Service Research

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Increasing Contribution in Service Research by Bridging Theory and Practice

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Academic research should strive to establish comprehensive and abstract theories in which the complex reality can be made to “boil down” to its core. In this way complexity turns into simplification that opens up for actionable mid-range theory. (Gummesson 2014)

Day and Montgomery (1999) in the article “Charting New Directions for Marketing” note the disconnection between the process of theory formulation and theory testing and verification. Thus they list “rethink the role of theory” as one of the three most important challenges for academic research in marketing as the marketing discipline enters the 21st century if it to be relevant to marketing practice. Despite this call over a decade later little attention has been given to this issue in mainstream marketing or in research about service. For example Reibstein, Day and Wind (2009) in their guest editorial of the Journal of Marketing by titled “Is Marketing Academia Losing its Way?” state there is an alarming and growing gap between the interests, standards, and priorities of academic marketers and the needs of marketing executives.

The academic practice gap may not be as large in Service Research, but it is an important issue that requires attention when developing research agenda for academic research for the next five years. While much has been achieved in Service Research in the last three decades, we suggest further progress will be seriously hampered unless the issues raised by Day and Montgomery (1999) and Reibstein, Day and Wind (2009) are given more

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attention. The first issue is the academic *disconnection that is arising between the way theory is formulated and the way theory is tested*. Service Research is informed by a number of established general and broader theoretical structures such as the Service Dominant Logic. However the abstract nature of these theories means that they have not been investigated empirically in a comprehensive way. Our analysis shows that empirical investigations tend to be ad hoc with little attention given to informing broader general theoretical structures.

The second issue concerns *the disconnection between theoretical advances and managerial usefulness*. General theoretical structures by their nature are more removed from the empirical world. This inevitably leads to a greater level of abstraction in terms of the conceptualizations and disconnection with the concepts and language that are used by practicing managers. For example, the key terms of the Service Dominant logic include “service”, “value co-creation”, “resource integration”, “operant resources”, “operand resources” and “value networks” (Vargo and Lusch, 2008). Our investigations show these terms have little meaning or understanding with practicing managers.

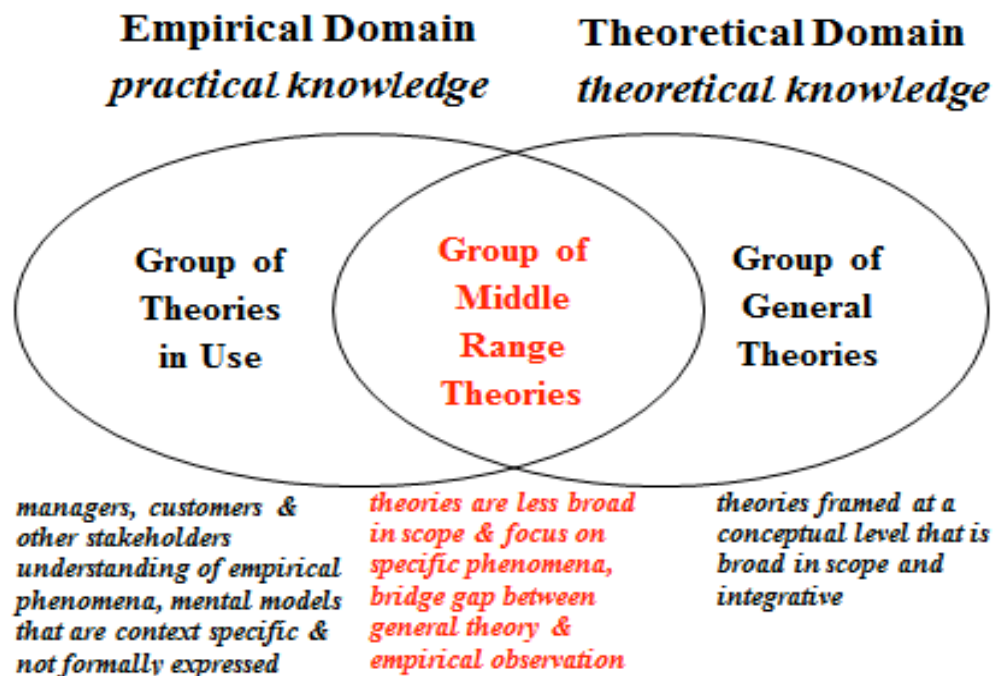
In order respond to these two issues we draw on the essay by Weick (1995) “What Theory is Not Theorizing Is”. In the essay he makes the important distinction between *theory as the outcome* and *theorizing as a process*. We also draw on the article by Corley and Gioia (2011) “Building Theory about Theory Building: What Constitutes a Theoretical Contribution?” In this article they distinguish between the originality of the scientific contribution, and the usefulness of the scientific contribution. The originality of the contribution relates to the extent that the work offers new theoretical linkages that have rich potential for the domain of study. These may range from incremental new insight to extensive new insight. When examining the usefulness of the contribution of a piece of research they distinguish between academic (scientific) contributions and contributions towards practical usefulness.

Before paying more attention to the nature of the process of theorizing and the role of strong theory we focus on what is theory? The most commonly definition used in the

marketing discipline is the one proposed by Hunt's (1990): "theories are systematically related sets of statements, including some law-like generalizations that are empirically testable." For the purpose of this paper we prefer the less restrictive definition: "theory is a statement of concepts and their interrelationships that shows how and /or why a phenomenon occurs (Gioia and Pitre 1990). While having law-like generalizations that are empirically testable may be desirable we consider it too restrictive and based on a particular ontological perspective.

We distinguish between practical knowledge with In Figure 1 outlines the two domains for theorizing where practical knowledge is the result of theorizing in the empirical domain.

Figure 1: Domains for theorizing (adapted from Brodie 2013)



Within the theoretical and empirical domains there are three groups of theory. In the theoretical domain there is the group of general theories. This type of theory encompasses conceptualizations framed at a conceptual level that is broad in scope and integrative and abstracted from the empirical world. General theories at the highest conceptual level

within a domain are sometimes referred to as grand theories. General theories may be informed by theories outside the discipline. For example SDL provides the foundations for a general theory because it is broad in scope and integrative and is expressed in five axioms and ten foundational premises and abstracted from the empirical world. Also the cross-disciplinary nature of SDL comes from drawing on theories outside the marketing discipline where it referred to a theory of markets (Lusch & Vargo, 2014).

Overlapping the theoretical and empirical domains is the group of middle (mid) range theories (MRT). These theories are less broad in scope and focus on specific phenomena and tend to be discipline specific. They may be expressed as a set of propositions or hypotheses that provide conceptual frameworks that explain empirical phenomena directly. Much of the theorizing at the mid-range is within disciplines and the theories are informed by other mid-range theories as well as general theory and empirical phenomena. In the marketing discipline little attention is given to how MRT is informed by general theory or how MRT informs general theory.

Finally there is the group of applied theories that we refer to as “theories in use” (Cornelissen 2002). We recognize that managers, customers, stakeholders and other actors utilize theory that relates to their understanding of empirical phenomena. Theories-in-use may consist of the actors’ mental models and they are usually context-specific and are rarely expressed formally. While Cornelissen (2002) focused on the theories in use of managers we suggest that customers, stakeholders and other actors also theorize and thus should be considered. In contrast to the general theory and MRT, academics have paid far less attention to the role of theories-in-use when theorizing.

When considering theorizing in Service Research that bridges theory and practice we suggest explicit attention needs to be given to the contexts of discovery and justification. Yadav (2010) distinguishes between the two contexts:

- The *context of discovery* is related to the conception of new ideas (e.g., new constructs) or to the creative synthesis of existing ideas (e.g., new relationships between well-accepted constructs)

- The *context of justification* is the realm in which data and analytical procedures are employed to establish the plausibility and acceptability of these ideas

Within these two contexts Middle Range Theories (MRT) provide the intermediary body of theory that interfaces between the empirical and theoretical domains. Brodie, Saren and Pels 2011 extend Yadav's (2010) conceptualization by suggesting dual circles of scientific enquiry. The first circle of enquiry is in the empirical domain, where MRT interfaces with applied theory, and includes empirical findings, contextual descriptions and theory applications. In the context of discovery, the propositions and hypotheses of MRT are used to formulate and interpret empirical findings, contextual descriptions, and can lead to theory applications. In the context of justification, applied theory (theory in use) is used to shape and verify the propositions and hypotheses of the MRT. The second circle of enquiry is in the theoretical domain, where MRT interfaces with general theories. Here MRT theories can be used to consolidate general theories by expanding their scope and making them more explicit. In addition, general theories can be drawn on to make MRT more concrete and hence more explicit.

While the MRT process can accommodate a positivist perspective we suggest it is not restricted to this perspective and it aligns with the multi-paradigm perspective (Gioia and Pitre 1990). Thus there can be considerable diversity in terms of the ontologies (nature of reality) and epistemologies (nature of knowledge generated). Competing paradigmatic positions can be a "cause for celebration" (Bryman 2008) because this offers the opportunity to examine the social world through different lenses. We suggest that the scientific realist contingents (Hunt 1990, 1992), including critical realism (Easton 2002), provide the broader philosophical foundations needed to guide the process. However, this does not exclude a constructivist perspective. The broader ontological and epistemological perspective of MRT encourages methodological pluralism integrating qualitative and quantitative into the theorizing process

It has been suggested that the logic of abductive reasoning plays a key role in this process by interfacing between theoretical knowledge and empirical understanding (Dubois and

Gadde, 2002; Levin-Rozalis, 2004). In abductive reasoning, in contrast to deductive reasoning, the premises do not guarantee the conclusion (Magnani, 2005). Instead, the proposed premises provide a reasonable leap to the most logical explanation, one which relies on causal relations that are sufficient, but may not, in fact, be necessary, to explain the observed phenomena. As stated by Dubois and Gibbert (2010 p. 131), when an abductive approach is used “theoretical frameworks evolve simultaneously and interactively with empirical observation”. As noted by Van Maanen, Sørensen and Mitchell (2007) abduction is a continuous process taking place in all phases of the research process in the interplay of discovery and verification and where “deduction and induction follow and complement abduction as logics more suitable for the always imperfect testing of implausible theories” (p. 1149).

In order to theorize *with* managers about management practices explicit attention needs to be given to the empirical domain, where MRT interfaces with applied theory and the interplay of discovery and verification. As outlined in Figure 1 within the empirical domain practical knowledge is based “theories in use” by practicing managers, customers and other stakeholders. Cornelissen (2002) highlights the important role of what he refers to as reflective managers in facilitating academics’ understanding of theories-in-use and in bridging empirical and theoretical domains. Our research suggests the theoretical reasoning processes of reflective managers are inherently abductive. This leads to the challenge of developing processes for academics to theorize with managers in order to develop theory about managerial practices. As discussed by Gummesson (2014) there is the need for reflective researchers and reflective customers as well as reflective practitioners.

This research note has explored the use of a MRT process in order facilitate

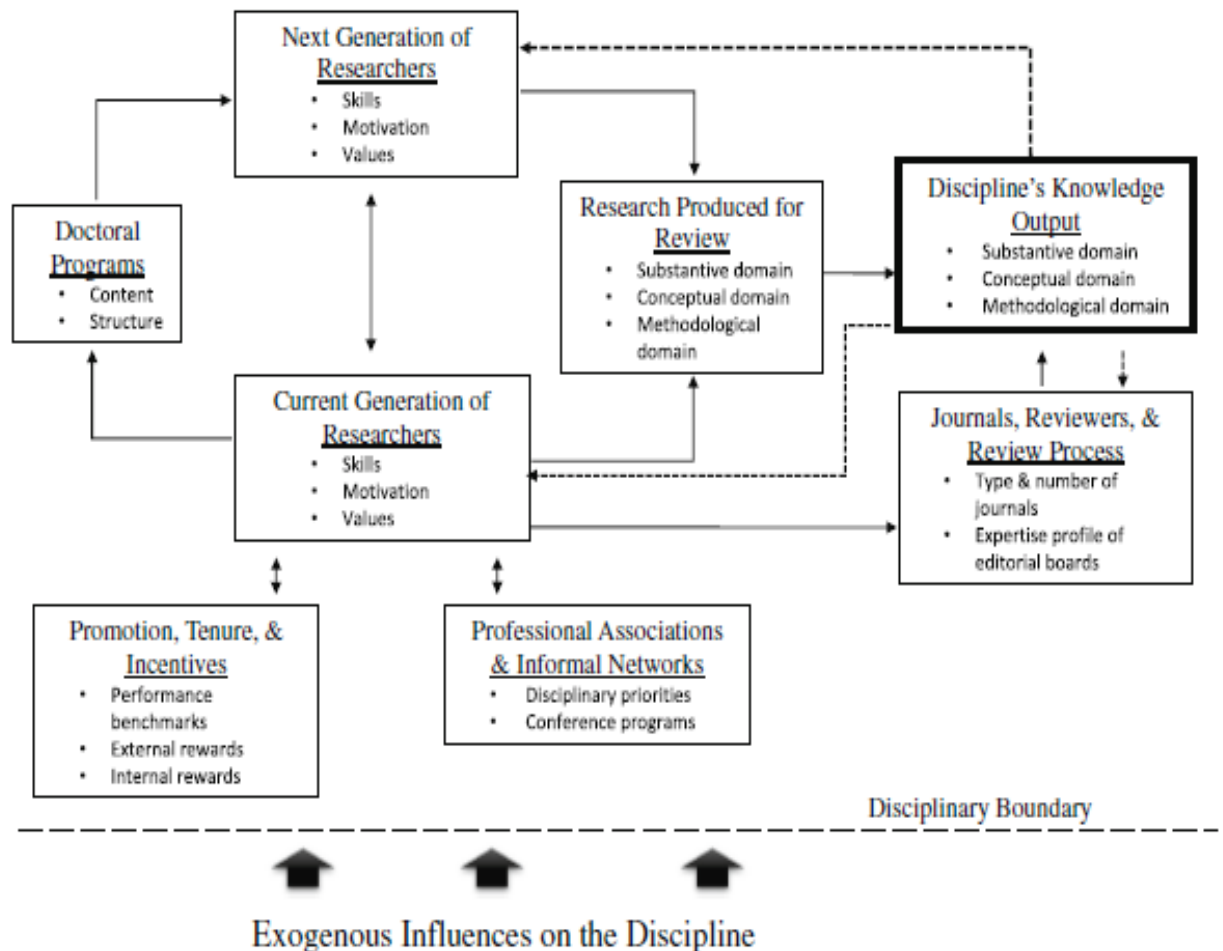
- Fuller empirical investigation of general theoretical structures,
- Explicit consideration of the critical issue of bridging theory and practice.

However, when developing a research agenda around enhancing theory development there are broader considerations. In particular there is the challenging issue of the interplay between theory and method. Attention to this issue in organization and

management studies has been given by Van Maanen, Sørensen and Mitchell (2007) and in industrial marketing by Dubois and Gibbert (2010) who edited special issues of the journals on the topic. We suggest the issues that are raised in these journals have relevance for developing the agenda for Enhancing Theory in Service Research.

Another important issue for developing a research agenda around enhancing theory development understanding the processes that exist in the discipline to determine the type of knowledge academics produces. Of particular interest are the incentives for research that has both theoretical and practical contribution. This issue is explored in a recent editorial by Yadav (2014, see Figure 1). He develops the following Figure to explore the process. While this was developed for the Marketing discipline it also is relevant for Service Research.

Figure 2 Determinants of Knowledge Development by a Discipline



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