

EDITORIAL

Developing substantive theories into formal theories via disruption

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Abstract

Purpose – The purpose of this paper is to encourage service researchers to engage in “theoretical disruption” by purposefully adding variance to existing substantive theories, and conceptual frameworks, to construct formal theories of buyer–seller marketplace behaviors. The authors put forth an original four-stage process that illustrates the way substantive theories may be developed into formal theories.

Design/methodology/approach – The authors provide their opinions regarding theoretical creation and their interpretations of Grounded Theory methodological techniques that support the development of general theories within the social sciences.

Findings – In general, the services marketing discipline is based on a foundation of substantive theories, and proposed conceptual frameworks, which emerged from samples, contexts and conditions that ensue within industrialized, upper-income locales. Rather than seek to expand substantive theories by generating new categories and relationships between categories, most researchers limit their verification studies within the scope of original theoretical frameworks. Resultantly, the services marketing domain has not developed a set of formal theories.

Research limitations/implications – The editors encourage researchers to reconsider the discipline’s substantive theories and to transform them into formal theories. Substantive theories expand into formal theories when researchers question original theoretical frameworks and show situations in which they require modification. Theoretical verification does not transform substantive theories into formal theories; rather, the discovery of negative cases suggests the need for theoretical modification.

Originality/value – This work suggests that researchers may be over-emphasizing the generalizability of their proposed theories in papers because of a lack of sample variance in empirical studies.

Keywords Qualitative research, Base of the pyramid, Quantitative research, Conceptual, Substantive theory, Formal theory

Paper type Editorial

Introduction

Many academic journals, including the *Journal of Services Marketing*, urge authors of submissions that are classified as “research papers” to delineate theoretical contributions. Indeed, the hallmark of research papers is their ability to clarify real-world problems by putting forth, and verifying, hypothesized relationships between two or more conceptual categories and their related properties. The purpose of this editorial is not to question the way research papers are developed, but rather to bring to light that our methodological practice of emphasizing, if not overemphasizing, the formalizability of research papers as universal truisms has yielded a plethora of substantive theories and a dearth of formal theories of marketing.

We believe that the problem with our current research approach is that theoretical development is incremental, rather

than disruptive, because we tend to strategically minimize the amount of variance introduced in research studies and in extensions. Consequently, theoretical development in the marketing discipline progresses slower than is possible. Innovation is a necessary component of success, both for scholars in their individual careers and for the social and economic impact of the research on the world. Thus, we propose that service researchers consider engaging in a theoretically disruptive approach by strategically adding variance to our foundational theories and conceptual models.

Our contention is based on the seminal work of grounded theory (Glaser and Strauss, 1967). These authors suggest that verification studies that rely on one sample contexts (e.g. a group of customers in organization XYZ), or on a limited number of samples within the same context (e.g. five service industries within country or city XYZ.), regardless of sample size, advances the development of substantive theory, rather than the development of formal theory. That is, until authors replicate substantive theories by drawing upon new samples, which purposefully add variance to test the structural generalizability of a substantive theory, the discipline will be

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limited in its ability to put forth formal theories of marketing. Indeed, until service researchers engage in theoretical disruption by demonstrating when, where, why, with whom and in what contexts theories work, and fail to work, our discipline will lack a set of formal theories that explain marketplace behaviors.

In this editorial we first define and provide examples for substantive theories and formal theories. We also propose that theoretical disruptions are necessary and well-warranted to move the service marketing discipline forward. Next, we put forth a process that highlights a way that researchers may engage in theoretical disruptions, and resultantly, develop formal theories. We conclude this article by identifying several substantive topics in services research that are ready for disruption, which will lead to the creation of formal theories in the services marketing domain.

Substantive and formal theories

Glaser and Strauss (1967) conceptualize a substantive theory as being one that emerges from an area of investigatory inquiry, that is, often limited to a single empirical investigation. For example, the SERVQUAL (Parasuraman *et al.*, 1988) study emerged from two different samples, each with 1,000 participants, who were all present in two US shopping malls. Despite the apparent large sample size, one may speculate as to the variance introduced in the sample when both samples were taken from similar contexts. Interestingly, a literature search on SERVQUAL reveals major theoretical limitations in applying the theory beyond the context of the USA. Indeed, service researchers, especially those in developing and less-developed nations, conclude that the dimensions of service quality, as assessed by the SERVQUAL model, change in priority depending on a setting's socio-cultural characteristics, economic situation or even consumers' demographics such as ethnicity or gender (Malhotra *et al.*, 2005; Otolara *et al.*, 2018).

Although a plethora of articles offering alternative insights into SERVQUAL exist, no researcher to date has organized this disparate set of findings to create a formal theory of perceived service quality. That is, a formal theory (Glaser and Strauss, 1967) is built upon several substantive areas and thus, addresses a larger area of research compared to a single substantive theory. As stated now, SERVQUAL (1988) represents a substantive theory of service quality, which explains consumer behavior among middle-higher income consumers in the USA and other higher-income national contexts. In contrast, a formal theory of service quality, which explains behavior among a vast array of consumers, at various income levels, does not yet exist, despite a plethora of investigatory findings that support its existence.

We suggest that most substantive theories that are present within the services marketing domain typify consumers, employees, families, households and so forth that exist in industrialized, higher-income locales. As researchers, we have tended to overlook expanding on our substantive theories by adding perspectives from consumers who are often under-represented in research investigations, such as consumers with disabilities, non-traditional households, recent immigrants or the elderly (Fisk *et al.*, 2018).

Limitations of substantive theories

The limitations of substantive theories emerged in a special issue of the *Journal of Services Marketing* (Volume 31, Nos 4/5), which was dedicated to understanding the marketplace behaviors and consumption needs of vulnerable consumers. In nearly every article in this issue, researchers brought to the forefront that foundational theories of marketing do not necessarily apply to consumers who enter marketplace exchanges with vulnerabilities, that is, “non-average” consumers. For example, both Abney *et al.* (2017) and Beudaert *et al.* (2017) discuss how the servicescape framework must be altered for consumers with auditory disorders, who often opt to avoid entering physical environments because they cannot communicate with service providers, or who choose e-commerce sites, because of their experiencing sensory overload in physical domains. Tomazelli *et al.* (2017) reveal how relationship marketing needs differ from older consumers and the extent to which their requests in grocery stores often result in their personal embarrassment. Minton *et al.*'s (2017) research reveals the extent to which gay and lesbian consumers may judge service quality not on service provider reliability, but rather, on the extent to which a service organization extends them empathy and a willingness to work with them as equals.

Essentially, the services marketing discipline is locked in a quagmire of generating substantive theories; yet, our ability to move these substantive theories to more abstract conceptualizations is essentially non-existent. Researchers must not only put forth substantive theories but also work to constantly add variance to established models that identify the existence of new conceptual categories, their related properties and relationships between the concepts and contexts.

Theoretical disruption

We are not advocating that the development of formal theories requires the fullest possible coverage across all consumers at a global level – clearly, this feat would be impossible. Yet, we are advocating that to advance substantive theories to formal theories, which truly have formalizability to a significant number of contexts, authors need to consider purposefully adding variance to substantive theories to uncover situations when theories require the addition of conceptual categories or at least an understanding of limited, as opposed to global, formalizability. The theoretical contribution is a “theoretical disruption.” That is, the movement from a substantive theory to a formal theory will illustrate situations, contexts, conditions and so forth, when a substantive theory is not verified, but rather, further developed with the addition of novel categories and their related properties.

Principles of disruptive innovation

We have summarized four principles that characterize disruptive innovation drawn from the work of Christensen *et al.* (2015). These principles can assist services marketing scholars in understanding how to be disruptive rather than incremental in theory development.

Principle 1. Disruptive innovation commences from one of two foundations; the first is low-end footholds (markets that are often overlooked) and the second is new market footholds (markets that have not previously existed)

(Christensen *et al.*, 2015). When applying this to formal theories, the two foundations would be to identify customer contexts that are often overlooked, e.g. low-income consumers with a disability, ethnic minorities or customer groups that have not previously exhibited the construct but under different circumstances might adopt the behavior (Fisk *et al.*, 2018).

Principle 2. Disruptive innovation is not adopted by the mainstream until quality catches up with their standards (Christensen *et al.*, 2015). When applying this to formal theories, the mainstream services marketing research community would not be willing to accept a formal theory until the rigor of the substantive theories that underpin the formal theory are deemed of adequate quality. However, authors may consider the extent to which they may apply quantitative grounded theory (Glaser, 2008) to construct theory from extant empirical studies.

Principle 3. Disruption is a process rather than a moment in time (Christensen *et al.*, 2015). A single substantive theory introduced into services marketing is not disruptive. Theoretical disruption requires researchers to purposefully seek out samples, contexts, conditions and so forth that mandate theoretical expansion as opposed to verification.

Principle 4. Disruptive innovation does not require success; failures are not “evidence of the deficiencies of disruption theory, they are simply boundary markers for the theory’s application” (Christensen *et al.*, 2015, p. 8). This principle poses a challenge for researchers and journals alike as unsupported hypotheses are typically not published as authors mistakenly strive for theoretical verification in contrast to applauding theoretical disruption. Formal theories of services marketing will be built on foundations of both success (i.e. verification) and failure (e.g. lack of replication) of substantive theories to understand when substantive theories must be reconsidered because of the existence of novel categories, contexts, conditions and so forth.

Four stages of developing formal theories

We put forth substantive theories may transform into formal theories by undergoing four stages. Researchers may follow a theory from Stages 1 to 4, or opt to work a theory at a specific stage. The points are:

- 1 *Stage 1:* Develop novel conceptual frameworks that propose relationships that may be empirically tested (theoretical creation).
- 2 *Stage 2:* Engage in empirical investigation (s) to verify a proposed theoretical framework (theoretical verification yields a substantive theory).
- 3 *Stage 3:* Purposefully select causes, contexts, contingencies, consequences, covariances and conditions (Glaser, 1976) that expand upon an existing substantive theory (theoretical disruption yields additional substantive theories).
- 4 *Stage 4:* Organize a disparate set of substantive theories regarding a phenomenon into a higher level of abstraction (generate formal theory, Glaser, 2008).

We encourage researchers to engage in theoretical disruptions by investigating how substantive theories lack replicability in specific contexts, during specific conditions, among social groups and so

forth, which suggest the expansion of these theories with modifications. We cannot move the discipline to formal theories of marketing until the limitations of substantive theories are exposed and new categories, and related hypotheses, are put into place. Until then, the marketing domain will thrive on a plethora of substantive theories, which, despite our best validation efforts, remain substantive because of their emergence in singular contexts and validation in contexts which fail to add variance.

Given that nearly all major substantive theories emerge in industrialized nations, and within these contexts, samples that represent the “average,” researchers and practitioners who wrongly apply these substantive theories as formal theories will quickly realize the folly of doing so. Rather, researchers and practitioners who operate in context and situations in which variance from the original work is obvious (e.g. income, ethnic, religious, personal condition) should consider theoretical expansion rather than replication. By broadening the scope of substantive theories, we can advance the marketing discipline by creating universal formal theories regarding marketplace phenomena.

Opportunities for developing formal theories of services

Given the maturity of the service research field with more than 40 years of published history, we have identified several substantive topics that are ripe for the development of formal theories. These topics include:

- servicescape;
- complaint behavior (e.g. service failures and recovery);
- relationship marketing;
- service quality;
- customer satisfaction/loyalty;
- customer perceptions of value;
- employee and customer roles in service settings; and
- zones of tolerance (i.e. service expectations).

Conclusion

We end this editorial with a call to services marketing scholars to ponder over how we may contribute to the development of formal theories in our field. This is not an easy task and indeed, it will require a theoretical disruption. Perhaps the curation of a body of knowledge on a topic area through online platforms would encourage authors to engage in theoretical disruption. Researchers may also be encouraged to publish research papers that demonstrate the limitations of substantive theories, and hence the need for their modification and expansion onwards to formal theories. Our field is awash with substantive theories, with harbingers of their limitations. The time is upon us to bring together our knowledge, to engage in theoretical disruption, to move from substantive to formal and to finally put forth axioms that explain buyer–seller marketplace behaviors.

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