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Reflections on Context in Service Research

Abstract

Purpose: To examine the nature of context and its implications for theory and research in service.

Approach: This is a conceptual paper based on exploring existing research and theory related to context in service research.

Findings: The characteristics of service make context both important and challenging, there is great contextual diversity in service research as reflected for example in ecosystems made up of multiple contextual variables. There is a need to identify the context specific nature of middle range theory and the contextual logic of general theory. We explore the challenges of context for service theory and how we might learn from theory in a particular context and test or adapt it in other contexts.

Value: The findings of this paper are of value to researchers seeking to develop and justify theory in service research, (general, middle range or theory in use).

Context

Our research and consequent theory development and testing typically takes place based on data and observations in a particular context. The purpose of this paper is to examine the nature of context and its implications for theory and research in service. For example how dependent a theory is on a particular context determines whether theories can be seen as general, middle range or as theories in use. The latter are context specific, whilst middle range and general theories are by implication less context specific, but the degree of context specificity or generality is not clear. The concept of context is widely used in research literature, particularly in the area of contingency theory in management research. Context can be defined as the setting within which the phenomenon of interest of the research occurs. Context can be seen as one or more high inertia variables; that is, the opportunity to control or manipulate these variables is, at best, limited or indirect. Although in some cases the organization or manager is able to change these variables, it is only possible in the long-term and with substantial effort (Sousa and Voss, 2008). Typically context variables are situational characteristics usually

exogenous to the focal organization or manager such as firm size, industry, competition, availability of alternative offerings or time and place.

Context and Service

The characteristics of service make context both important and challenging. First, it is recognized that there is great diversity in services. Study of service is often within specific industry contexts such as healthcare, hospitality, retailing, professional service or manufacturing firms. There is also study of specific service types such as experience-intensive service, front office/back office, e-service etc. In each of these areas there is an implicit assumption that each is a distinctive context and there are theoretical and managerial implications that are specific to the individual context. The development of the theoretical concept service quality (Parasuraman et al., 1988) and its measurement through SERVQUAL was conducted in traditional (face to face) service settings. However, for e-services Zeithaml et al. (2002) conclude that while some dimensions are similar between service and e-service quality, some dimensions of e-service quality are entirely new or consist of new sets of attributes. In this case, the context makes us develop new middle range theories specific for this context.

Over the years there have been many efforts at analyzing this diversity, for example through the development of service typologies (for an overview see Cook et al., 1999). Lovelock (1983) provides an important contribution suggesting that we should use specific categories of services that transcend traditional industry boundaries. Building on this, as we see services positioned within an ecosystem, it becomes increasingly important to define clearly the context variables of that ecosystem, how they might be different from other ecosystems, but also how they might be similar. Moreover, within an eco-system consumers are increasingly empowered and reconfigure and adapt services in use to their own specific individual contexts. For example, from earlier shifts towards customization and personalization, where consumers take control of their own service experience within their own contexts, we now observe user-led innovation and design in services (Perks et al., 2012). These trends stem from both the desire and ability to achieve the ideal alignment with context in the service domain. Context variables can be considered as the environment or the characteristics of the ecosystem within which a service operates. Because of the complexity of ecosystems, defining individual context variables can be a challenging task for organizations and researchers alike.

Challenges for Service Theory

As theories progress from general theory through middle range to theories in use, the theory tends to become more context specific. An important task is to understand the context relationships in middle range and theories in use and how it may vary with context. Through understanding this can we progress to more general theory. In addition, even general theory can have contextual assumptions. Ketokivi and Choi (2014) suggest that there is a need to examine this and that there is a need to elaborate on the contextualized logic of a general theory. They argue that successful theory elaboration hinges on the researcher's ability to investigate the general theory and the context simultaneously, in a balanced manner. Theories with specific contextual logics can be challenged; an example is the long tail theory (Anderson, 2006) which implies that the long tail drives customers "from hits to niches". However, Elberse (2008) argued in the sub-context of music downloads there was a long tail, but it drove customers more to hits. Questions have been raised as to whether exploiting the long tail increases demand or just shifts it. Despite these questions, the theory is widely accepted. This is an interesting example of how the context of the theory has evolved. It has a narrow core context, web enabled shopping and consumption where there is near marginal cost of distribution. Initially it was explained in the context of the media and entertainment industry, but soon expanded to cover areas where some of the context assumptions could be relaxed, such as where there was physical distribution, for example Amazon. Over time, further thought has gone into what is the context required for the long tail. For example to exploit it, companies need significant variety and a wide range between hits and misses.

The evolution of the Technology Acceptance Model (TAM) (Davis, 1989) illustrates the necessity for a theory to be adaptive to different contexts. The TAM was originally developed to forecast employee usage of new IT and software systems in their workplace based on two predictors: perceived usefulness and perceived ease of use. Over time researchers have applied the TAM to different contexts such as industries settings, technology products and technology-intensive services (see Lee et al., 2003) by adding new constructs to the model. These adaptations of the TAM have not been based on solid and commonly accepted foundations. Researchers criticize that instead of developing the general theory further to fit to emerging contexts of IS adoption, TAM studies have reached a "state of theoretical confusion and chaos" (Benbasat and Barki, 2007). Thus, new theories arose such as the Unified Theory of Acceptance and Use of Technology (Venkatesh et al., 2003) that include a framework of relevant context

variables in IT-adoption at the expense of a parsimonious model. Thus a theory could be poor due to the fact that it has been developed in one context but it may be the only one there is (or is known). In due course this theory may be replaced by a more suitable one.

Thus, despite our original definition of contexts as high inertia variables, they can change over time, though not necessarily in the short term. An interesting opportunity for research is to develop our understanding of how service theory needs modifying over time as contexts might evolve. This is in itself a strong test for context specificity, as if the theory does not need modifying, then it can be viewed as robust and not context specific.

More generally we see a number of challenges for service theory. Is the theory applicable across different contexts and ecosystems? Could there be more parsimonious, yet powerful, classifications of service ecosystems more strongly grounded in service theory? If it is parsimonious and not shallow, and also stands the test of time, we see this as robust theory. If it is not robust, does it differ with context, and in particular what elements of the theory differ with different contexts? This we label complex theory. Finally, if the theory does not stand up to examination in different contexts, it may be unsupportable theory

Learning across Contexts

As we develop and justify theory in a particular context, we have the opportunity to learn from that theory and to test it or adapt it for other contexts. Learning from different contexts can take different forms; for example; control for context, learn from one context to another, or study a context with specific characteristics. This leads to a number of challenges for research and for theory. First, to what degree does the theory that we develop apply to all the diverse service contexts. Much of our theory, middle range and general, is put forward as universal, but we do need to explore in what contexts it is not applicable or needs adapting. For example there are (Western) cultural assumptions about service contact, co-creation behavior and involvement, service quality and service innovation. Do these break down in other cultures? Asian and Middle Eastern countries may have very different cultural contexts; developing countries may have very different economic contexts; both may have distinctive ecosystems. On the other hand, where theory is developed in a specific context, is it confined to that context or could it be more widely applicable?

There are great opportunities for learning from one context and applying to another. For example, learning from the long tail theory discussed earlier has been applied or used in wider

contexts such as crowd sourcing and micro-finance. Whilst the dominant paradigm is transferring learning from the West to other countries, micro-financing arose from the particular context of developing countries and its principles are becoming important in the West. The social, business and economic context of south East Asia and Africa has a long tail of very small entrepreneurs looking for credit in financing. This has led to financing approaches suitable for a long tail, commonly known as micro-financing or micro-credit. In addition, in less developed African countries a particular context is the lack of a widely available and established fixed line telecommunications system. As cell phones are the dominant mode of communication, small business entrepreneurs sophisticatedly use their cell phones for payment and for business in general. In both cases there is scope for learning by other continents. These examples illustrate both the impact of different contexts, and that context cannot be seen in narrow terms but is best described as a particular ecosystem. They also indicate how challenges arising in a particular context lead to service innovation, which in turn can be adapted to other contexts.

In addition, we can learn from studying contexts that are special cases or include specific characteristics to further develop theories or to infuse a research area with new knowledge. One example is to learn from studies in healthcare to better understand customers' roles and co-creation behavior. Berry and Bendapudi (2007) describe healthcare service as a "whole person service" and healthcare customers as often being sick, reluctant, in need of privacy while they are at risk. Studies of customers in healthcare have provided new ideas about co-creation practice styles (McColl-Kennedy et al., 2010) and the role of positivity for customer participation (Gallan et al., 2013). Studies of a context where the customer role is extra challenging provide us with a new understanding of how and what roles a customer is willing to adopt. This knowledge might enrich general theories such as role theory. By studying theories in use, we can build middle range theories and potentially infuse the development of general theories.

We see many further opportunities for utilizing the diversity of contexts to further develop service research. These include gaining better understanding of robustness and universality of theory in services. Alongside this we need to clarify the boundaries within which a theory may be applicable. Increasingly this type of study needs to recognize patterns and groups of contexts - ecosystems. There is the need and opportunity to examine existing theories in novel contexts such as social innovation and e-innovation. This may challenge existing theories of diffusion and innovation. Another related research opportunity would be to re-visit existing service typologies in the light of the recent theoretical developments in service research (e.g. unified services

theory, service dominant logic, etc.); for example, typologies based on product relatedness (Matthieu, 2001), or level of technology infusion (Schumann et al., 2012).

Finally, we feel that contingency theory has led to an underestimation of the complexity of the relationship between context and theory in service research. In this process, we may borrow from established theoretical perspectives to understand the role of context in service research, such as institutional theory, strategic choice or resource based theory. In doing this, we should recognize the complexity of the relationship between context and theory in service research. First, in services there are multiple potential context variables; second the service ecosystem is made up of multiple context variables. Thus the context of justification in the theorizing process can be more complex than maybe we assume. It has been argued that in applying general theory in narrower contexts, we should seek to elaborate and identify the context specific nature at the middle range and theory in use levels. It may be that a broader approach is needed to theory elaboration, where rather than testing theory in many contexts, we should focus on the contextualized logic of general theory (Ketokivi and Choi, 2014).

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