Demystifying Grounded Theory for Business Research

**Kelley O'Reilly[1], David Paper[2], and
Sherry Marx[3]**

Abstract

The grounded theory method (GT) remains elusive and misunderstood by many—even those who advocate its use. In practice, many research studies cite the use of GT but merely apply certain a la carte aspects or jargon of the method while not actually incorporating the fundamental principles of the methodology. Consequently, the purpose of this article is fourfold: (a) to demystify the key tenets of GT, (b) to discuss the problematic impacts of adopting an a la carte approach to GT, (c) to draw attention to GT as a rigorous method for business research, and (d) to advocate for the increased use of GT by more researchers where appropriate. Throughout the article, the authors use the example of a recently completed GT study by the lead author to highlight the multiple dimensions of GT and how they all work together.

Keywords

grounded theory, qualitative research, interpretive paradigms, business research methods, methodology

Introduction

> *Not everything that can be counted counts, and not everything that counts can be counted.*
> —*Albert Einstein*

"New discoveries are always the result of high-risk expeditions into unknown territory. Darwin, Columbus, and Freud, each in different ways, were conducting qualitative inquiries" (Suddaby, 2006, p. 633). One type of qualitative inquiry is the grounded theory method (GT), which involves the discovery of theory from data (Glaser & Strauss, 1967). The term *grounded theory* is typically used to label a specific mode of qualitative inquiry and the resultant product(s) of that inquiry. In GT studies, the discovery of theory from data is accomplished by systematically discovering,

---

[1] Haworth College of Business, Sales and Business Marketing Program, Western Michigan University, Kalamazoo, MI, USA
[2] Jon M. Huntsman School of Business, Management Information Systems, Utah State University, Logan, UT, USA
[3] Emma Eccles Jones College of Education and Human Services, Utah State University, Logan, UT, USA

Corresponding Author:
Kelley O'Reilly, Western Michigan University, Haworth College of Business, Sales and Business Marketing Program, 3141 Schneider Hall, Kalamazoo, MI 49008, USA
Email: kelley.oreilly@wmich.edu

developing, and provisionally verifying theory throughout the iterative process of data collection and analysis (Strauss & Corbin, 1990).

The strength of GT is its ability to develop theory through the use of prescribed, yet flexible, tools for analysis (Charmaz, 2005). The analytic guidelines that compose GT are its fundamental tenets and include: (a) the constant comparative method, (b) theoretical coding, (c) theoretical sampling, (d) theoretical saturation, and (e) theoretical sensitivity. From an epistemological perspective, it is the very nature of these tenets, and the interplay between them, that allows for the development of theory. These qualities make GT a unique research methodology.

As a means to properly situate GT, we first describe the history of GT and then explore its five fundamental tenets, highlighting how cycling between each contributes to theory building. Next, we describe the problems generated by the common a la carte approaches to GT in contemporary research. Throughout the article, we illustrate the strengths and rigor of GT for business and marketing research by sharing the example of a recently completed GT study by the lead author.

History and Splintering of GT

GT was developed by Barney Glaser and Anselm Strauss in the early 1960s in response to the positivist grand theoretical work that was gaining favor in their field of sociology. At the time, empirical research incorporating field-based participant-observation was in decline in favor of developing grand theory. Grand theory is predicated on "the notion that the purpose of social research is to uncover preexisting and universal explanations of social behavior" (Suddaby, 2006, p. 633). The creation of grand theory removed researchers from the field and instead allowed researchers to build upon axiomatic truths through logic to extrapolate these truths in new contexts. Glaser and Strauss were critical of this approach to research and viewed this grand theorizing as too removed from real people and the problems they attempt to solve in their everyday lives (Goulding, 2002). Consequently, they were driven to differentiate GT from theory that was "developed by thinking things through in a logical manner and sought to replace it with theory developed from rich observational data" (Locke, 2002, p. 19). Glaser and Strauss believed that the research climate of the time "had the unfortunate consequence of discrediting the generation of theory through flexible qualitative and quantitative research" (Glaser & Strauss, 1967, p. 223).

Influenced by the Chicago School of Sociology, which had a rich tradition of field research, Glaser and Strauss strongly favored direct participant-observation by researchers and interactions between participants and researchers. Glaser and Strauss were also influenced by the field of symbolic interactionism and its focus on how people interpret the meaning of objects in the world, the dynamic interplays of human behavior, the lived realities of individuals, and the social construction of social behavior (Charmaz, 2005; Gephart, 2004; Goulding, 2002; Locke 2001, 2002). With GT, they sought not to make truth statements about reality but, rather, to elicit fresh understandings about patterned relationships among social actors and to explore how these relationships and interactions dynamically construct reality for the actors (Glaser & Strauss, 1967).

GT as a research methodology provides "a set of systematic procedures extending and significantly supplementing the practices long associated with participant observations in order to achieve their purpose of developing grounded theories of action in context" (Locke, 2002, p. 19). While GT is comprised of various analytical tenets, it is the collective iterative cycling of these tenets that creates a holistic methodology for theory building. GT is *not* a loose collection of tools for handling and analyzing data or simply a means by which to code data. Nor is GT a synonymous descriptor for any emergent qualitative design. As Strauss and Corbin (1990) state, "The [GT] procedures are designed to systematically and carefully build theory. Taking shortcuts in the work will result in a poorly constructed and narrowly conceived theory" (p. 26).

Since Glaser and Strauss published *The Discovery of Grounded Theory,* a chasm formed between the two authors, with Glaser favoring creativity and openness and Strauss (and coauthor Juliet Corbin) favoring more structured design for analyzing data (Locke, 1996; Strauss & Corbin, 1990). In spite of this subsequent philosophical rift between Glaser and Strauss, the 1967 *Discovery* book remains the fundamental handbook on GT, with leading, contemporary qualitative researchers in the marketing and management disciplines regularly building their own grounded theory efforts on Glaser and Strauss's (1967) original ideas (e.g., Fournier, 1998; Gephart, 2004; Gummesson, 2005; Isabella, 1990; Klein & Myers, 1999; Orlikowski, 1993, 1996; Ringberg, Odekerken-Schröder, & Christensen, 2007; Suddaby, 2006).

However, while GT has been in existence for more than 40 years, its methodological execution varies greatly from one study to another, leaving the methodology elusive and misunderstood by many—even those who advocate its use. In practice, while many research studies cite the use of GT methodology, a substantial amount have merely applied particular pieces of the approach or adopted GT jargon, as noted by Gephart (2004), Glaser (2009), Johnston (2009), and Suddaby (2006). This fractional adaptation of GT can be problematic. As Urquhart, Lehmann, and Myers (2010) note: "Researchers who use grounded theory only as a way of coding data are neglecting the main purpose of the method—which is to build theory" (p. 359). Like these authors, we posit that the power of GT is only achieved when GT is considered from an epistemological viewpoint and employed as a holistic methodology, not simply as part of the process of data coding and analysis.

Fundamental Tenets of GT

The fundamental tenets of GT involve the following nonlinear steps conducted throughout data collection, analysis, and writing: (a) the constant comparative method, (b) theoretical coding, (c) theoretical sampling, (d) theoretical saturation, and (e) theoretical sensitivity. As means of example, throughout this article, we refer to a recently completed GT research project we call the *Silo Study* (O'Reilly, 2010). The Silo Study was designed to explore ways to develop lasting relationships between customers and companies and better understand the nature of customer-company interactions.

Although there is a vast cache of literature exploring the service interface from the customer perspective, studies exploring the retail employee as the main character are limited (for notable exceptions, see Beatty, Mayer, Coleman, Reynolds, & Lee, 1996; Goff, Boles, Bellenger, & Stojack, 1997; Gremler & Gwinner, 2008). As a result, what motivated the Silo Study was a quest to understand the views, perceptions, and beliefs of front-line employees (FLEs) and how these perspectives might help improve customer-company interactions.

Since existing literature and theory did not adequately explain the phenomenon at hand, the overarching goal of the study was to develop new theory, with hope that the project would open new areas of research inquiry. Because GT is a method designed to allow focus on context, process, intentions, and interpretations of key players, it seemed the most useful and appropriate methodology for the study. The study employed the five key tenets of GT in all aspects of its design. In the following section, we will address each of the five GT tenets in detail, using the Silo Study to exemplify how each tenet came into play in the study. It is our intention that this format will clarify and demystify the foundational components of the GT methodology for readers.

The constant comparative method. The constant comparative method involves the simultaneous coding and analysis of data (Glaser & Strauss, 1967). As explained by Locke (2001), "The constant comparative method is a procedure in which two activities, naming data fragments and comparing data incidents and names, occur in tandem" (p. 25). With constant comparison, all new data are compared to earlier data iteratively to enable adjustment of theoretical categories based on the

ongoing analysis surrounding participant issues, problems, and concerns (Glaser & Strauss, 1967). As data are collected, the goal is "comparing incident to incident and then incident to concept for the purpose of generating categories and saturating their properties" (Glaser, 2001, p. 185).

Central to the idea of constant comparison is the notion that simultaneous collection, coding, and analysis are crucial to the development of theory and that, as much as possible, these three operations must be done together. They should "blur and intertwine continually, from the beginning of an investigation to its end" (Glaser & Strauss, 1967, p. 43). Constant comparison is typically experienced as a continuous cycling back and forth from the first bits of data through the last; with insights about data comparisons best recorded by "quick coding 'jots' in the margins [to] keep the constant comparing moving" (Glaser, 1998, p. 147). Glaser and Strauss (1967) describe the four stages of the constant comparative method as follows:

(1)   comparing incidents applicable to each category,
(2)   integrating categories and their properties,
(3)   delimiting the theory, and
(4)   writing the theory.

Although this method of generating theory is a continuously growing process—each stage after a time is transformed into the next—earlier stages do remain in operation simultaneously throughout the analysis and each provides continuous development to its successive stage until the analysis is terminated (p. 193).

Through the continuous cycling back and forth of collecting, coding, and analyzing data, the theoretical underpinnings begin to form in the minds of the researchers.

Like many GT studies, the Silo Study began with a conceptual idea related to how firms might improve customer-company interactions. At the onset of this research journey, based on previous professional experience and an understanding of customer relationship management (CRM), it was expected that technology would surface as the root cause of, and solution to, improving customer-company interactions. From the first participant interview, the constant comparative method was used to explore how, if, and why the initial conceptual idea was a fit, as the following example will detail.

Through the simultaneous collection, coding, and analysis of participant data, the researcher's goal was to identify any new conceptual ideas that were both related and unrelated to the study's initial conceptual idea. After the first interview, a series of memos was generated to reflect what this first participant had shared, what needed more exploration, and what the primary categorical ideas or themes were from the interview. This process was repeated for each participant, with data from previous interviews simultaneously informing the questions for subsequent participant interviews. As a result, the process continually refined the data categories for fit and relevance.

To illustrate, after just a few participant interviews, it became clear that not all customer issues or inquiries could be handled equally well throughout the store, either due to physical service areas in store or the lack of knowledge on the part of certain FLEs. The researcher named this concept "variable service" because some, but not all, FLEs were able to fully serve customers. This insight directly challenged the initial conceptual idea of "I think technology is important—how are you using it?" and provoked the researcher to modify and broaden the central question to "What do you think is important to customers and why?" In this way, GT allowed the researcher to move away from investigating, say, the technology needed to be a customer-centric firm and into a deeper investigation of *how* a firm might actually remake itself into a more customer-centric firm as evidenced by a more consistent level of service by FLEs across an organization.

Using the constant comparative method, the researcher explored participants' insights into not only the subject of customer-company interactions but also into the appropriateness of the original conceptual idea. This exploration led to the identification of factors contributing to variable service by FLEs, such as training, motivation, and job position. Further comparison, coding, and analysis refined these factors into the primary subcategories of: (a) knowledge deficits, (b) authority, and (c) service barriers. Each of these subcategories helped to explain why service levels were inconsistent and variable across the organization, ultimately leading to the discovery of the core category "service silos." This concept will be explained later in the article.

Theoretical coding. Theoretical coding is a systematic process used to make sense of research data by categorizing and grouping similar examples from the data. The coding process in GT is used to identify the properties, dimensions, and boundaries of each initial and subsequent data category in an effort to expose the theoretical underpinnings of the phenomenon (Fendt & Sachs, 2008; Isabella, 1990). This is accomplished through an iterative process of naming and comparing events in the data and examining each for similarities and differences until the consistencies and constancies can be identified in the data (Goulding, 2002; Locke, 2002).

During the coding process, each relevant event in the data is coded into as many subcategories of analysis as possible, "as categories emerge or as data emerge to fit an existing category" (Glaser & Strauss, 1967, p. 105). As data collection progresses, each piece of data is "systematically and thoroughly examined for evidence of data fitting into categories" (Isabella, 1990, p. 13), thus subcategories are continuously challenged and restructured as necessary. Likewise, because subcategories may have more than one dimension (as illustrated in Figure 1), the researcher also compares new data to each dimension in the subcategory to test whether the dimension is inclusive and able to incorporate new incidents or if new subcategories and/or dimensions need to be created or revised. This rich and iterative comparison results in subcategories that are directly informed by the data.

The coding process in GT is vital for generating theoretical properties of the subcategories and ultimately enables discovery of the "core category," the term Glaser and Strauss (1967) use to designate the key indicator or explanation of behavior that occurs in a specific situation. The core category has supporting subcategories that include more specific or illustrative incidents of behavior. As Locke (2001) explains, "Ultimately the quality of grounded theory rests on the goodness of fit between the empirical observations and the conceptual categories they purport to indicate" (p. 24). This can be evidenced by dozens of instances in the data that relate directly to the core category (Urquhart et al., 2010).

In the Silo Study, after considerable comparing and coding, three primary subcategories emerged to the researcher: (a) knowledge deficits, (b) authority, and (c) service barriers. However, as the coding and data collection continued, the researcher was challenged to clearly differentiate these categories; none seemed to be mutually exclusive. For instance, virtually all FLEs described an event when they were unable to fully serve a customer. For some, this related to a lack of training; for others, the procedures in store were forcing the customer to a central customer service desk. Examples like this became increasingly difficult to code since they fit in any of three subcategories yet did not provide evidence of a new condition or category of behavior. As coding continued, it became clear that the theoretical framework was beginning to form around a single core category.

This core category related to the information, training, and/or authority FLEs were permitted to serve customers. For some FLEs, these factors were unlimited, which allowed them access to virtually any information needed as well as the authority to make decisions and solve problems for customers. However, other FLEs were not granted access to certain information, provided certain training, or given the authority to make decisions in certain instances, and customer-company interactions suffered as a result. As analysis continued, the researcher identified these in store "silos of information" and labeled this phenomenon *Service Silos*. In this context, service silos
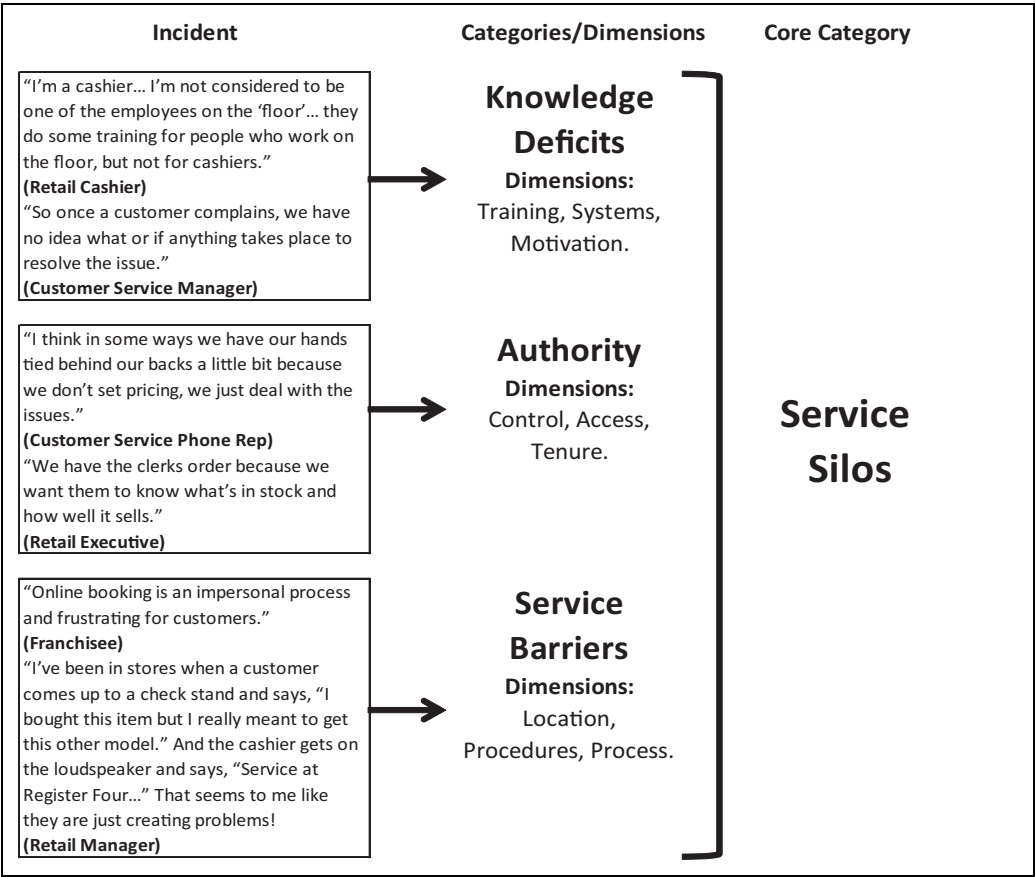
Figure 1. Silo study coding schema

refers to the sealed-off nature of information and the uneven distribution of or access to information by certain FLEs.

Traditional organizational silos are commonly understood as distinct business segments that lack effective communication and cooperation and are typified by the "right hand not knowing what the left hand is doing." Historically, silos were common within operations where organizations were structured around specific products or geographies. In these instances, silos were lauded for their effectiveness in allowing decision making to remain close to the target customer via decentralized organizational structures (Aaker, 2008). From a general management context, "silos refer not only to isolated data structures, but also to the sort of thinking that creates and maintains them" (Lager, 2005, p. 49). In the Silo Study, the core category of service silos explains the differences in service levels, service outcomes, and service attitudes of the participant companies and FLEs who work there. Therefore, by comparing the stories of each participant, the researcher gained a sense of organizational constraints and how these constraints impacted FLEs and the quality of customer-company interactions. In this way, theoretical coding provided a systematic and fluid process for analyzing new and existing data, which enabled the discovery and development of the core category.

Theoretical sampling. Theoretical sampling is a guiding process for all aspects concerning research sampling. Theoretical sampling is a means to gather data in a logical manner based on earlier data

and the researcher's analytical thinking. This ongoing process of data collection and analysis directs the researcher to obtain further samples (Goulding, 2002). Through theoretical sampling, a researcher will be guided to the next data based on the theory as it emerges. As Glaser (1998) explains,

> Theoretical sampling is the prime mover of coding, collecting, and analyzing data. It is both directed by the emerging theory and it directs its further emergence. It is the "where next" in collecting data, the "for what" according to the codes, and the "why" from the analysis in memos. (p. 157)

In these ways, the researcher, through theoretical sampling, finds that "this process of data collection is *controlled* by the emerging theory" (Glaser & Strauss, 1967, p. 45).

Theoretical sampling naturally leads the researcher from participant to participant as new conceptual ideas are captured and then compared and contrasted against the original idea to refine the conceptual idea and facilitate theory generation (Glaser & Strauss, 1967). Since the research question itself is modified by the relevant data incidents from the first and subsequent participants, the researcher gains confidence that the theory is developing and forming from the data through the iterative processes of the constant comparative method and theoretical coding and sampling. In the Silo Study, after initial fieldwork among the concentration site participants was completed, additional data were collected from participants within various businesses and business formats. The sample consisted of FLEs who interacted daily with customers in some type of retail setting, including managers and non-managers. In addition, a wide range of businesses such as home improvement retail stores, home cleaning businesses, hair salons and spas, book sellers, regional and national banks, tire retailers, pet supply stores, grocery stores, regional drug stores, and in-home service providers were studied.

Theoretical sampling was the catalyst for digging deeper into the notion of service being constrained by silos. For instance, were silos impacting customer-company interactions in other sales channels such as in home (e.g., home cleaning services), over the telephone, or via the Internet? Attempting to understand these questions, theoretical sampling prompted the observation of FLEs in each sales channel (e.g., in store, in home, telephone, and Internet) to determine if service silos were present in channels other than brick-and-mortar stores. From these observations and additional participant interviews, it was clear that service quality was indeed impacted across channels due to the influence of silos. These silos were the result of organizational change that regulated the distribution of or access to information by FLEs. From the constant comparative method, theoretical sampling, and GT theoretical coding efforts, the researcher gained confidence that the category of service silos was associated with organizational change.

The idea that organizational change was an antecedent affecting the relative access to information by FLEs directly supported the emergent core category of service silos and provided evidence of the core category's explanatory power across various sales channels. In other words, as organizational changes were imposed by management, the distribution of or access to information directly affected FLEs' ability to effectively serve customers. As the iterative discovery process guided theoretical sampling, face-to-face interactions between customers and FLEs were observed, and FLEs were subsequently interviewed about them. As this example demonstrates, the migration of data collection across various venues for the purpose of supporting a theoretical framework is the essence of theoretical sampling (Locke, 2001).

Theoretical saturation. Successful, robust theory generation relies on the completeness of data categories, or "category saturation" (Goulding, 2002). Category saturation occurs when "subsequent data incidents that are examined provide no new information, either in terms of refining the category

or of its properties, or of its relationship to other categories" (Locke, 2001, p. 53). Saturation is reliant on data collection, coding, and analysis reaching a state of completeness both within *and* across contexts (Goulding, 2002). Practically speaking, "*Saturation* means that no additional data are being found whereby the [researcher] can develop properties of the category" (Glaser & Strauss, 1967, p. 61). For instance, after coding several incidents into a single category, it increasingly becomes easier to identify whether subsequent incidents in the same category are illuminating new aspects of the category. If so, categories are not yet saturated and require further data collection, coding, and analysis. If not, the category has reached saturation.

Category saturation is vital to verification in grounded theory (Strauss & Corbin, 1998). As Goulding (2002) explains,

> Grounded theory has a built-in mandate to strive towards verification through the process of category saturation. This involves staying in the field until no further evidence emerges. Verification is done throughout the course of the research project, rather than assuming that verification is only possible through follow-up quantitative data. (p. 44)

In the Silo Study, after several months in the field, numerous in-depth interviews, and dozens and dozens of FLE observations, no new material aspects or dimensions of the core category of service silos were being discovered. Instead, the data from participants supported the developing theory that service quality was being constrained by silos of information. This suggested that the core category had reached a state of saturation and allowed the researcher to bring the data collection to a close.

Successful implementation of the GT process to the point of theoretical saturation meant that the researcher had coded data (in various forms), had created a series of theoretical memos based on meaningful reflection, and had formulated substantive theory that was intimately based on extensive comparing and contrasting of data and the saturated categories. To verify saturation of data in the Silo Study, the researcher evaluated whether the formulated substantive theory presented a reasonably accurate statement of the problem explored and what the practical and relevant implications for others studying this problem might be (Glaser & Strauss, 1967).

For example, a key take-away from the Silo Study is that contrary to how most customer service processes are designed, not all customer-company interactions are alike. Interaction types vary both in regard to the degree of knowledge needed by FLEs to fully serve customers as well as the routine or nonroutine nature of the interaction. To further verify, presentations of the newly developed theory were made to several of the participant companies to ensure that the substantive theory was relevant in the environment from which the data had been gathered and that the theory had useful application in practice. Feedback from managers and FLEs at participant companies provided evidence that the substantive theory had both relevance and fit for the problems they were attempting to solve in their everyday lives.

Theoretical sensitivity. *Theoretical sensitivity* is an abstract term that refers to a researcher's ability to give meaning to data and to recognize data that have pertinent meaning to the emerging theory versus data that do not. Glaser (1978) explains that:

> The first step in gaining theoretical sensitivity is to enter the research setting with as few predetermined ideas as possible—especially logically deducted a priori hypotheses. In this posture, the analyst is able to remain sensitive to the data by being able to record events and detect happenings without first having them filtered through and squared with pre-existing hypotheses and biases. His [Her] mandate is to remain open to what is actually happening. (p. 2)

While it is true that GT takes a cautious stance toward extant theory's influence on research investigations, theoretical sensitivity necessitates a theoretical understanding of the phenomenon under study to enable new theory development (Goulding, 2002). Without a theoretically orienting framework to guide the researcher through successive levels of data collection, coding, and analysis, how could the researcher expect to recognize essential from extraneous data incidents? In combination with a theoretical appreciation, researcher insight and experience are vital components to theoretical sensitivity (Glaser, 1978; Glaser & Strauss, 1967). As explained by Glaser and Strauss (1967), "The root sources of all significant theorizing is the sensitive insight of the observer himself [herself]" (p. 251).

Because we argue here that the power of the GT method is achieved only when employed holistically, it might be natural to assume that the deft use of GT tenets alone will yield theory. Fendt and Sachs (2008) argue effectively against this notion and highlight "acknowledgement and disclosure of the researcher's previous practical and theoretical experiences and knowledge. Such experience should be viewed as an asset and not a liability" (p. 450). In this way, theoretical sensitivity of the researcher is commonly demonstrated by a deep theoretical understanding of the field and through active professional experience. "From this perspective, knowledge and theory are used as if they were another informant" (Goulding, 2002, p. 42).

Over the course of the Silo Study, three patterns related to specific relationship moderators in customer-company interactions were identified: (a) control, (b) knowledge, and (c) motivation of FLEs. Further researcher analysis and abstraction yielded the nexus between categories, especially the relationship between individuals with control of information (as compared to those without control of information) and their subsequent knowledge and motivation to serve customers. It seemed, as a result of analysis and abstraction, that these organizations were imposing changes on the people, processes, and technology of the firm to address certain service issues. As a result, these imposed changes regulated FLEs' access to information, which in turn affected the customer-company interaction, sometimes negatively. Instead of considering the impacts of these changes and the resulting service outcomes from a singular perspective (e.g., what FLEs were unable or unwilling to do), the idea that these category dimensions were by-products of managerial process change emerged.

Interestingly, these imposed organizational changes were temporal. To clarify, FLEs believed that in the early years of operation, the customer was the primary focus of the company with all supporting activities such as the management of people, the development of company processes, and the implementation of new company technologies designed to best serve the customer. However, over time, FLEs believe this primary focus shifted to company, rather than customer, needs. One participant described it as follows:

> Large companies experience the same scenario as the one-man operator who is on the phone with customers, working on the van, in-home performing the service. . . . It [processes and procedures] works to a certain point and then something happens . . . like there is magic number of customers, or employees, or number of stores—a business gets to be a certain size and it all just falls apart.

Consequently, while management appeared motivated to implement changes for service improvement (e.g., establishing a special process for customers who need help with a nonroutine transaction), these changes often result in negative service outcomes due to silo-like conditions for FLEs and customers during the customer-company service interactions. Sensitivity on the part of the researcher identified these silos as unique from the traditional organizational silo. That is, these silos were recognized as being strategically and purposefully constructed structures within organizations that were created through organizational processes and procedures. As the researcher explains,

> At the moment of awareness, when a company exceeds the capability of its existing policies and procedures, management intentionally alters work flow structure through strategically constructed silos. These silos are constructed for the purpose of standardizing operating policies, procedures, and protocols. Strategically constructed silos force implementation through people and systems as a means to control, normalize, or standardize the service/product offering and resultant customer experience. (O'Reilly, 2010, p. 111)

By identifying strategically constructed silos as an intended structure of the company that often results in unintended consequences, this theory elaborates both the effect and the evolution of strategically constructed silos on employee knowledge and motivation, as well as service outcomes of customer-company interactions.

As illustrated in the Silo Study, the key tenets of GT guided the researcher through successive and iterative stages of data collection and analysis based on the emergent theory as it developed over the course of the research project. While the tenets provided a set of flexible tools, the overall methodology "gives the researcher a specific set of steps to follow, ones closely aligned with the canons of 'good science'" (Denzin & Lincoln, 2005, p. 382). Through the method's process, each tenet combines with the others to develop a framework for theory building, the primary goal of GT. However, the tenets are often applied in an a la carte, rather than holistic, manner, thus limiting the practical relevance and theory-building capabilities of the method. Because of this, in the following section, we highlight the problematic impacts of taking shortcuts with the method and discuss four common pitfalls that result from this fractional adaptation of the method.

A La Carte Approach to GT

It has been reported that GT is one of the most (if not the most) cited methods of the qualitative approaches (Denzin & Lincoln, 2005; Locke, 2002; Strauss & Corbin, 1990). It is particularly common to find GT mentioned as the process used for research data analysis and coding. However, it is uncommon to find studies showcasing the method as a holistic approach to research and theory building. This is an interesting conundrum, particularly since many of the researchers who have used GT in a select or a la carte manner offer their research results as theoretical outputs.

To understand how common the a la carte approach is, the lead author conducted a research query using Business Source Premier.[1] The goal of the query was to determine how often GT was used from the epistemological perspective (incorporating all key tenets of the method) rather than as a piecemeal approach to data analysis. The search used the words *grounded theory* in the article titles and included all peer-reviewed articles from the past 5 years within the business domain. From this search, 126 articles were identified, 46 of which were identified as studies that self-reported the use of the GT method. Perhaps not surprisingly, only 16 studies, or 35% of these, discussed the use of more than one of the GT tenets in the article text. However, most studies (83%) described the GT method as only a means by which to code and/or analyze data and failed to demonstrate their use of the other four tenets of the method. At the same time, most authors of these a la carte "coding studies" incorrectly presented their findings as "theory," suggesting a lack of understanding as to how the GT tenets collectively combine to create a conduit for theory development.

Regarding GT, Isabella (1990) remarks:

> Evolving theory directs attention to previously established important dimensions while the actual data simultaneously focus attention on the theory's suitability as a frame for the most recent data being collected. The results of this fluid movement between theory and data is a reconceptualization, often based on a creative leap, that should account for and encompass all nuances in the data. (p. 12)

This quote demonstrates the power of the method and its tenets as a guiding process for iterative abstraction, ultimately leading to the development of theory. To further illustrate the limitations of an a la carte approach to the GT method, the remainder of this article will focus on four common pitfalls in the use of the GT: (a) getting trapped by the concentration site; (b) failing to follow the story in the data; (c) coding for content, not theory; and (d) using GT where it is not well suited. Additionally, this section will illustrate how to recognize the a la carte approach in the work of others and why the a la carte approach should be avoided.

   Pitfall 1: Getting trapped by the concentration site. One of the most common pitfalls in GT studies results from a failure to employ theoretical sampling. Because qualitative work (and especially GT) is not governed by any minimum sample size requirements, there is no statistical driver motivating researchers to sample a predetermined number of participants or to move beyond the initial concentration site. Yet data collection must start somewhere, and for GT studies, "Data collection starts most often in a concentration site, this is a unit where the area of interest goes on in concentration" (Glaser, 2001, p. 179). When theoretical sampling is not fully utilized, researchers may collect data until they perceive saturation of findings (within the concentration site), but they may never move beyond the concentration site to test the outer limits of meaning (across variant participants) to stretch and to challenge the boundaries of the coding categories as well as to add depth to the corresponding dimensions of categories. Glaser (1998) warns that "Theories run thin when the same data is collected over and over," and he subsequently challenges researchers to be mindful that "theoretical sampling directs the researcher to new data sources which constantly generate the parsimony and scope of theory as it accounts for how a main concern is constantly resolved" (p. 158). Incorporating the GT tenets fully allows a deep focus on context and process that moves the researcher

   into the social world and setting far beyond one investigative story. Grounded theory contains tools to study how processes become institutionalized practices. Such attention to the processes that constitute structure can keep grounded theory from dissolving into fragmented small studies. (Charmaz, 2005, p. 529)

In the Silo Study, because the research purpose was to explore the perceptions of FLEs who are closely connected to customers, it was vital to find an initial concentration site where observations and interviews could take place within various sales channels. To accommodate the research needs, a large retailer was selected where in-home, in-store, phone, and Internet sales channels were used. While one-half of the in-depth interviewees in this study originated from the concentration site, theoretical sampling naturally led to additional venues as means to validate theoretical codes, categories, and dimensions of the subcategories.

   Without theoretical sampling, the research would have likely employed a case study approach focusing on a preselected group of employees working at the service desk within the stores of the concentration site. Interviews with participants would have concentrated on how technology might improve customer-company interactions. Because the first interviews of participants were based on technology as the initial viewpoint of customer relationship management, it is unlikely that data collection would have moved beyond the concentration site or beyond those FLEs working behind the service desk.

   Without theoretical sampling, a manageable number of participants might have been interviewed using a semi-structured interview instrument. This sampling would have strictly limited the outcome of the work to a focus on technology and how it might be improved to speed up decision making and problem resolution in service centers. While this may be of interest to those interested in technology or in certain concentration site–like stores, the findings would lack significant impact, relevance, and practical value in other service settings due to the study's limited scope. The use of theoretical

sampling, in contrast, guided the project beyond the initial concentration site by challenging the researcher to consider viewpoints beyond the specifics of the concentration site's FLEs, places, and events.

Pitfall 2: Failing to follow the story in the data. Another common pitfall results from failure to employ the constant comparative method, which can result in data analysis that is separate from coding and collection. In these instances, each subsequent point of data collection lacks the insight and learning gained from earlier points and limits the researchers' ability to follow the unfolding story in the data. This is often detectable by considering the relative distance between the research inquiry at project inception and the published report of findings. When the reported findings are very similar to the initial research inquiry, this is often a clue that data collection and coding were not well informed by data analysis—in essence, the researcher did not travel the path of the data's story and instead may have become locked onto data categories that formed too early and were never subsequently challenged.

A basic principle of GT is that no rules apply regarding what data sources are appropriate for study. While the Silo Study used two primary data sources, open-ended reciprocal interviews and observations, Glaser (1998) argues that:

> The briefest of comment to the lengthiest interview, written words in magazines, books and newspapers, documents, observations, biases of self and others, spurious variables, or whatever else may come the researcher's way in his [her] substantive area of research is data for grounded theory. (p. 8)

By valuing and analyzing each data source and type, without assessment or judgment regarding the value of one data type over another, the researcher will begin to see conceptual relationships crystallize, which is the crux of theoretical sampling and constant comparison of data. Therefore, "no matter what type of data is obtained, the data is the data even if the researcher does not particularly care for it" (Glaser, 1998, p. 9).

In the Silo Study, for example, after constant comparative efforts moved the research inquiry from "I think technology is important—how are you using it?" to "What do you think is important to customers and why?" participants were asked two open-ended questions:

1. What do customers like about shopping here?
2. What frustrates customers when they shop here?

These questions provided the core building blocks of the interview as well as key fodder for the constant comparison and theoretical sampling efforts and enabled the researcher to find the story in the data. For instance, FLEs described frequent customer-company incidents that illustrated how access to information affected customer-company relationships. Data analysis revealed that these issues of information access were explained by three subcategories: (a) FLE knowledge deficits, (b) FLE authority, and (c) service barriers. As coding continued, it became clear that the theoretical framework was beginning to form around the single core category of service silos and that these service silos were being constructed and imposed by management as a means to adapt to the impacts of organizational growth. Thus, the story in the data related to management-imposed controls on retail activity and not on the specific behaviors of FLEs.

While management may have initially created service silos as a means to improve customer-company interactions (e.g., shorten wait time in check-out lines), over time these changes became institutionalized practices of the firms' procedural and process outcomes, forever changing the service interface between FLEs and customers. This insight became a key component of the core category development and would have likely gone unrecognized without a commitment to the

fundamental tenets of the GT method. As Locke (2001) states, "researchers should be aware of what we might be leaving behind when we amend grounded theory's analytic procedures" (p. 104).

Pitfall 3: Coding for content, not theory. The third common pitfall is the selective use of grounded theory coding techniques independent of the other tenets of the method. This tactic can result in research findings with fragile connections to theory. This common pitfall occurs when a researcher mistakenly believes that GT is a technique for coding and data analysis only. In these studies, researchers often describe their efforts to code data as a process to identify and interpret emergent themes. However, only when all of the GT tenets work together harmoniously through the interplays of data collection, data coding, data analysis, and iterative discovery can theory emerge. Without this interplay, while new analytic ideas that emerge from coding may identify the need for new data collection protocols, this need may be overlooked due to preestablished rules or routines. In these cases, the generation of theory is suppressed and the coding procedures do not transcend beyond the data specifics to achieve a theoretical conceptualization of the phenomenon being studied. In these instances, the data and analysis are valuable, but not inherently so in regard to building theory.

The nexus between raw data and theory constitutes the primary core category of a GT study, which represents the underlying patterns within the data (Glaser, 1978). The core category gives the researcher scope and perspective that transcends specific incidents or disparate events in the data. Glaser (1978) explains that the core category will "weave the fractured story back together again" (p. 72). Yet the core category is unlikely to be identified if the researcher is not using the GT method to its full advantage. For instance, in the Silo Study, the substantive theory of strategically constructed silos was developed through the integration of the remaining data subcategories into the single core category of service silos; this occurred after iterative comparison, in-depth analysis, and abstraction. The researcher's focus remained on the "main story" the data were telling about the phenomenon of service quality being constrained by silos, with little focus paid to individual actions, words, or themes that emerged from each participant interaction. Instead, the researcher searched to find the consistencies and constancies across participants and venues as a means to conceptualize and theorize meaning. In this way, GT allowed the study to transcend the specifics of people, places, and events and to explain a phenomenon, in this case, strategically constructed silos.

Pitfall 4: Using GT where it is not well suited. The final pitfall is the use of the GT method in research projects where the key tenets and overall epistemology of GT are not well suited. Recognizing this constraint of GT, Sousa and Hendrics (2006) argue that exploratory qualitative methods such as GT are well suited for work when (a) there is insufficient theoretical guidance to support the research inquiry, (b) the researcher's experience and viewpoints are vital to the inquiry, and (c) the meanings and relationships of concepts are fragile. In the case of GT, most researchers begin with an area of interest to explore that has been overlooked in the existing literature. Because of its exploratory, open-ended nature and its goal of creating theory, GT is not suited for research inquiries that (a) are well covered in the literature, (b) are used to test previously established hypotheses, or (c) attempt to replicate other studies. Without suitability, the power of GT is constrained.

While there are many problematic impacts that can result from an a la carte adaptation of the method, we have focused our energies here on the most common examples we have encountered in our examination of the literature. While these pitfalls vary, the primary impact resulting from these suboptimal pitfalls is delimiting theory development.

Concluding Remarks

If the researcher desires to generate new theory, the research inquiry is not fully guided by existing theories, and/or the researcher wants to open new areas of inquiry in a particular field of study, GT is

often an appropriate method. Because of its holistic, flexible, and fluid processes, "Generating a theory from data means that most hypotheses and concepts not only come from the data, but are systematically worked out in relation to the data during the course of the research" (Glaser & Strauss, 1967, p. 6). Gummesson (2005) explains that

> Grounded theory concepts and guidelines are clearly underused in marketing. All are not necessarily unique but they have been coherently ordered and reached a high degree of completeness in combining theoretical sensitivity, memos, comparative analysis, theoretical sampling, saturation, open and selective coding, the identification of core variables, and the generation of specific and general theory. (p. 323)

Fendt and Sachs (2008) add that GT is

> a method that is genuinely engaged with the world and helps, especially with the constant comparison and theoretical sampling techniques, to come skin close to the lived experience and incidents of the management world and make sense of them. These procedures offer a useful systematic approach to handling and analyzing data that, if applied with courage and creativity, may lead to innovative perspectives. (p. 448)

Because GT is well suited to research in management and organizational studies where existing theories cannot further our understanding of specific phenomena (e.g., FLEs' perspective of customer-company interactions and how they might be improved), more researchers should utilize the GT method. When the GT method is employed, it should be done with an epistemological viewpoint that remains true to the key tenets of the method.

This work contributes to the field by (a) demystifying the key tenets of the GT method, (b) illustrating the tenets in use by example of a recently completed GT study by the lead author, (c) identifying the pitfalls of the GT method when employed on a piecemeal basis, and (d) explaining each tenet and its practical value to theory building in hopes of increasing the use of GT by more researchers where appropriate. By illustrating the tenets in use, we hope to add additional clarity and demystify some of the more obscure language of the methods' founders, Glaser and Strauss (1967). Finally, by calling out the overuse of the method in a la carte approaches where some, but not all, tenets are incorporated into the study, we hope to advocate the use of the method in robust and meaningful ways that improve research and make GT more understandable and accessible to a new generation of researchers. Pragmatically useful, creatively realized, and socially aware, the theoretical results of a holistic approach to GT are meaningful solutions applied to the everyday problems we attempt to solve.

Note

1. Business Source Premier is an index of business journals, magazines, and other sources, with coverage for more than 3,800 periodicals and full text for more than 3,000 of those titles. Business Source Premier contains full text from *Harvard Business Review*, *Journal of Marketing*, *Accounting Review*, *Journal of Finance*, *Quarterly Journal of Economics*, and so on. The database also includes full text from country economic reports, monographs, industry reports, and company profiles. Keywords: *company information*, *industry research*, *marketing*, *management*, *MIS*, *accounting*, *finance*, *econometrics*, *economics*, *international business*.

References

Aaker, D. A. (2008). Marketing in a silo world: The new CMO challenge. *California Management Review*, *51*(1), 144-156.

Beatty, S. E., Mayer, M., Coleman, J. E., Reynolds, K. E., & Lee, J. (1996). Customer-sales retail employee retail relationships. *Journal of Retailing*, *72*(3), 223-247.

Charmaz, K. (2005). Grounded theory in the 21st century. Applications for advancing social justice studies. In N. Denzin & Y. Lincoln (Eds.), *Handbook of qualitative research* (3rd ed., pp. 507-535). Thousand Oaks, CA: Sage.

Denzin, N. K., & Lincoln, Y. S. (2005). *The Sage handbook of qualitative research* (3rd ed.). Thousand Oaks, CA: Sage.

Fendt, J., & Sachs, W. (2008). Grounded theory method in management research: Users' perspectives. *Organizational Research Methods*, *11*(3), 430-455.

Fournier, S. (1998). Consumers and their brands: Developing relationship theory in consumer research. *Journal of Consumer Research*, *24*, 343-373.

Gephart, R. (2004). Qualitative research and the Academy of Management Journal. *Academy of Management Journal, 47*, 454-462.

Glaser, B. G. (1978). *Theoretical sensitivity. Advances in the methodology of grounded theory.* Mill Valley, CA: Sociology Press.

Glaser, B. G. (1998). *Doing grounded theory. Issues and discussions.* Mill Valley, CA: Sociology Press.

Glaser, B. G. (2001). *The grounded theory perspective. Conceptualization contrasted with description.* Mill Valley, CA: Sociology Press.

Glaser, B. G. (2009). The novice GT researcher. *The Grounded Theory Review*, *8*(2), 1-21.

Glaser, B. G., & Strauss, A. L. (1967). *The discovery of grounded theory.* Hawthorne, NY: Aldine De Gruyter.

Goff, B. G., Boles, J. S., Bellenger, D. N., & Stojack, C. (1997). The influence of salesperson selling behaviors on customer satisfaction with products. *Journal of Retailing*, *73*(2), 171-183.

Goulding, C. (2002). *Grounded theory. A practical guide for management, business and market researchers.* Thousand Oaks, CA: Sage.

Gremler, D. D., & Gwinner, K. P. (2008). Rapport-building behaviors used by retail employees. *Journal of Retailing*, *84*(3), 308-324.

Gummesson, E. (2005). Qualitative research in marketing. Road-map for a wilderness of complexity and unpredictability. *European Journal of Marketing*, *39*(3/4), 309-327.

Isabella, L. A. (1990). Evolving interpretations as a change unfolds: How managers construe key organizational events. *Academy of Management Journal*, *33*(1), 7-41.

Johnston, T. L. (2009). Marketing for acceptance. *The Grounded Theory Review*, *8*(3), 19-27.

Klein, H. Z., & Myers, M. D. (1999). A set of principles for conducting and evaluating interpretive field studies in information systems. *MIS Quarterly*, *23*(1), 67-94.

Lager, M. (2005). Breaking down the silos. *Customer Relationship Management*, *11*(July), 48-52.

Locke, K. (1996). Rewriting the discovery of grounded theory after 25 years? *Journal of Management Inquiry*, *5*, 239-245.

Locke, K. (2001). *Grounded theory in management research.* Thousand Oaks, CA: Sage.

Locke, K. (2002). The grounded theory approach to qualitative research. In F. Drasgow & N. Schmitt (Eds.), *Measuring and analyzing behavior in organizations* (1st ed., pp. 17-43). San Francisco, CA: Jossey-Bass.

O'Reilly, K. A. (2010). *Service undone: A grounded theory of strategically constructed silos and their impact on customer-company interactions from the perspective of retail employees.* (Doctoral dissertation, Utah State University). Retrieved from http://digitalcommons.usu.edu/etd/669

Orlikowski, W. J. (1993). CASE tools as organizational change: Investigating incremental and radical changes in systems development. *MIS Quarterly*, *17*, 309-340.

Orlikowski, W. J. (1996). Improvising organizational transformation over time: A situated change perspective. *Information Systems Research*, *7*(1), 63-92.

Ringberg, R., Odekerken-Schröder, G., & Christensen, G. L. (2007). A cultural models approach to service recovery. *Journal of Marketing*, *71*, 194-214.

Sousa, C. A. A., & Hendrics, P. H. J. (2006). The diving bell and the butterfly. The need for grounded theory in developing a knowledge-based view of organizations. *Organizational Research Methods*, *9*(3), 315-338.

Strauss, A., & Corbin, J. (1990). *Basics of qualitative research: Grounded theory procedures and techniques.* Thousand Oaks, CA: Sage.

Strauss, A., & Corbin, J. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory* (2nd ed.). Thousand Oaks, CA: Sage.

Suddaby, R. (2006). What grounded theory is not. *Academy of Management Journal*, *49*(4), 633-642.

Urquhart, C., Lehmann, H., & Myers, M. D. (2010). Putting the "theory" back into grounded theory: Guidelines for grounded theory studies in information systems. *Information Systems Journal*, *20*, 357-381.

Bios

Kelley O'Reilly is Assistant Professor of Sales and Business Marketing at Western Michigan University. She has more than twenty years of executive level experience in franchise retail and service businesses and her research interests are qualitative research methods, customer relationship management (CRM), sales, and service quality. Her work has been published in journals such as *Qualitative Market Research: An International Journal, Journal of Research in Marketing and Entrepreneurship, International Journal of Electronic Business Research,* and *Journal of Information Technology Case and Application Research.*

David Paper is Full Professor at Utah State University in the Management Information Systems department. His teaching and research interests include electronic customer relationship management, change management, process reengineering, e-commerce, object-oriented programming, and enterprise integration. He has over 60 publications in refereed journals such as *Organizational Research Methods, Communications of the ACM, Information & Management, Information Resource Management Journal, Communications of the AIS,* and *Long Range Planning,* and has served on several editorial boards in various capacities including associate editor.

Sherry Marx is Associate Professor of qualitative research, multicultural education, and English as a second language education in the School of Teacher Education and Leadership at Utah State University. Her research interests are qualitative research methods, critical multicultural education, ESL education, racism, and critical theories of whiteness. Her work has been published in journals such as *Education Administration Quarterly, Urban Education, Race Ethnicity and Education, Hispanic Journal of Behavioral Sciences, International Journal of Qualitative Studies in Education,* and *Equity & Excellence in Education.*