

# **Towards dynamic decision-making in service organizations: Insights from systems thinking**

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**Purpose** – Service organizations operate in an increasing complex and uncertain context that brings forth new requirements for strategizing and organizational decision making. While some contributions have already started to pave the way toward a more systemic understandings of decision-making (e.g., Badinelli et al., 2012), the large-scale adoption of such an approach in both theory and practice is missing. The aim of this paper is to further this shift of understanding of organizational decision-making through a more dynamic and holistic approach in service research.

**Approach** – This conceptual paper follows the process of theory adaptation from Jaakkola (2020) and uses systems thinking (e.g., Meadows, 2008; Mele et al., 2010; Barile et al., 2012) as a method theory to inform and revise the current understanding of decision-making in service organizations. Systems thinking is chosen as the method theory as it provides the lexicon and conceptual tools for theorizing about decision-making under the conditions of uncertainty and complexity, and in doing so, helps to tackle three reductionistic assumptions that are particularly problematic and limiting in the current literature.

**Findings** – We problematize the current literature on organizational decision-making in service research in dialogue with insights from systems thinking and identify three reductionistic assumptions. We then develop three alternative, system thinking-grounded assumptions that provide the foundation for the more dynamic decision-making practice in service organizations. These dynamic decision-making assumptions are: 1) Decision making is an interconnected activity, 2) Decision making deals with a continually changing context, and 3) Decision making is inter-subjective and heuristic.

**Research implications** – We contribute by developing a research agenda to guide further research in this area. We also offer tools and practical guidelines that help service organizations to embrace more dynamic decision-making practices in their everyday operations.

**Originality/value** – This paper complements previous studies that draw from systems thinking to inform organizational decision-making in service organizations by identifying problematic assumptions in current theorizing and providing them dynamic alternatives. In doing so, the paper offers the essential ground work that can revitalize the field of service management and equip it for facing the challenges that service organizations are encountering in the 21st century.

**Key words** – Decision making, systems thinking, service research, service management

**Paper type** – Conceptual paper