political, ecological, and even physiological systems. And systems thinking is a sensibility for the subtle interconnectedness that gives living systems their unique character. (pp. 68–69)[1]

[1] Senge, P. M. (1990). *The fifth discipline: The art and practice of the learning organization*. New York City, NY: Doubleday.

The hierarchy of systems should be emphasized as well. A system comprises subsystems of a lower order and is also part of a supersystem. However, what constitutes a system or a subsystem is purely relative and depends largely on the level of abstraction or complexity on which one is focusing the analysis. As members of organizations, people are organized into groups, groups are organized into departments, departments are organized into divisions, divisions are organized into companies, and companies are part of an industry and an economy. There seems to be a need for this inclusive, almost concentric mode of organizing subsystems into larger systems and supersystems in order to coordinate activities and processes. It provides the macro-view from which to visualize events or actions in one system and their effects on other related systems or on the organization as a whole (Katz & Kahn, 1978).

In summary, systems theory has taken us to the edge of a new awareness—that everything is one big system with infinite, interconnected, interdependent subsystems. What we are now discovering is that managers need to *understand* systems theory, but they should resist the rational mind's instinctive desire to use it to predict and control organizational events. Organizational reality will not conform to any logical, systemic thought pattern (Daft, 2016; Senge, 1990). Having said that, it is important to emphasize the implications that systems thinking has for organizational practice—specifically, the importance of the following:

- The ability to scan and sense changes in the outside environment
- The ability to bridge and manage critical boundaries and areas of interdependence
- The ability to develop appropriate strategic responses

Much of the widespread interest in corporate strategy is a product of the realization that organizations must be sensitive to what is occurring in the world beyond (Daft, 2016). The next section shows how systems thinking might be applied to a much narrower issue, the staffing process.

A Systems View of the Staffing Process

Staffing is a key element of talent management. Traditionally, activities like sourcing, recruitment, initial screening, selection, offers, onboarding of new hires, performance management, and retention tended to be viewed as independent activities, each separate from the others. Such a micro-level, or "silo," orientation has dominated the area of staffing almost from its inception, and within it, the objective has been to maximize payoffs for each element of the overall process. Systems theory offers an opportunity to develop and apply an integrative framework whose objective is to *optimize* investments across the various elements of the staffing process, not simply to maximize payoffs within each element. Supply-chain logic illustrates this kind of thinking quite clearly (Cascio & Boudreau, 2011b).

Optimizing Staffing Investments

Supply-chain analysis seeks to optimize costs against price and time, to achieve levels of expected quality or quantity and risks associated with variations in quality or quantity. If the quality or quantity of acquired resources falls below standard or exhibits excessive variation, the organization can evaluate where investments in the

process will make the biggest difference. Figure 3.2 illustrates the external staffing process from the perspective of a supply chain.

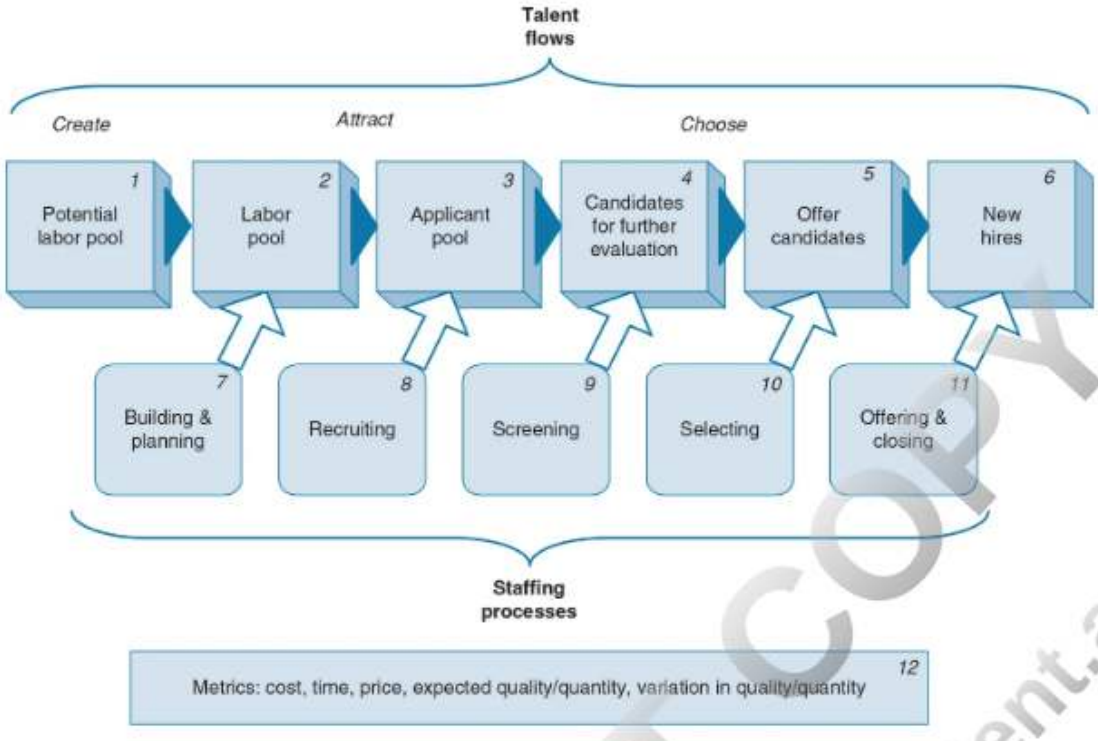

Figure 3.2 External Staffing Supply Chain

Source: Cascio, W. F., & Boudreau, J. W. (2011). Utility of selection systems: Supply-chain analysis applied to staffing decisions. In S. Zedeck (Ed.), *APA handbook of industrial and organizational psychology* (Vol. 2, p. 426). Washington, DC: American Psychological Association.

Groups of individuals (talent pools) flow through the various phases of the staffing process, with each phase serving as a filter that eliminates a subset of the original talent pool. The top row shows the results of the filtering process, beginning with a potential labor pool (individuals who might become qualified candidates) (Box 1), which is developed into an available labor pool (all qualified candidates) (Box 2). Organizations then winnow the labor pool through recruitment and selection (Boxes 8, 9, and 10) to a group that receives offers (Box 5). This group is then winnowed further as some accept offers (Box 11) and remain with the organization (Box 6).

The "staffing processes" in the lower row show the activities that accomplish the filtering sequence, beginning in Box 7 with building and planning (forecasting trends in external and internal labor markets, inducing potential applicants to develop qualifications to satisfy future talent demands), leading in Box 8 to recruiting (attracting applicants who wish to be considered), then in Box 9 to screening (identifying the clearly qualified and/or rejecting the clearly unqualified), moving in Box 10 to selecting (rating those who remain), and ending in Box 11 with offering and closing (creating and presenting offers, and getting candidates to accept).