

Notice also the box at the bottom of [Figure 3.2](#) that reflects various metrics. At every phase of the staffing process, one could evaluate the cost and time invested in staffing processes, against the price of the talent that flows from those processes, and the resulting average and variation in their quantity and quality. Cascio and Boudreau (2011b) described how this approach might be used to optimize staffing outcomes.

## Optimizing Staffing Outcomes

Consider some potential process improvements at each phase of the talent flows shown in [Figure 3.2](#). At the phase of enticing those in the labor pool to apply for openings, we might include the cost of enhanced recruitment so that an organization might become more attractive to the top candidates (is it a world-class destination for those who want to work with new technology, for example?), or employ more aggressive recruiting at the “top schools,” etc. Those enhancements might generate significant improvements in the average quality of those applying. However, an optimum system would also need to consider how to entice candidates to join, so it is necessary to consider the costs of various elements of each offer, such as salary, benefits, professional development, and work–life fit. It is necessary to consider the costs of these elements and their likely effect both on the mean and on the standard deviation of qualifications.

Depending on costs and effects on the average and variability of quality, it might be better for an organization to enhance its job offers so that it keeps more of the stars it already has recruited and selected. However, it might also discover that at a lower cost of more aggressive recruitment, it would be able to tap in to a much higher quality group of applicants who didn't know about the organization, and they are as likely as current applicants to accept offers. With more complete data, one can imagine a very specific mathematical algorithm that would calculate the change in the average and standard deviation of test scores for a given investment at each phase, or that would allow an organization to calculate break-even levels. For example, if investing a million dollars in better technology for these professionals to use at work would increase both the quality of applicants and their likelihood of accepting offers, that might be superior to investing in enhanced selection that must strive to find better candidates from a rather mediocre pool of applicants.

Note the strong similarity between systems thinking and supply-chain logic, and their implications for optimizing staffing outcomes. There is great potential for this approach and its application to more enlightened talent management. The next section presents a systems view of the broader employment process, beyond staffing per se.

## A Systems View of the Broader Employment Process

To appreciate more fully the relevance of applied psychology and talent management to organizational effectiveness, it is useful to view the employment process as a network or system of sequential, interdependent decisions (Cascio & Boudreau, 2011b; Cronbach & Gleser, 1965).

Each decision is an attempt to discover what should be done with one or more individuals, and these decisions typically form a long chain. Sometimes the decision is whom to hire and whom to reject, or whom to train and whom not to train, or for which job a new hire is best suited. While the decision to reject a job applicant is usually considered final, the decision to accept an individual is really a decision to investigate him or her further. The strategy is, therefore, sequential, since information gathered at one point in the overall procedure determines what, if any, information will be gathered next. This open-system, decision-theoretic model is shown graphically in [Figure 3.3](#).

Although we will describe each link in the model more fully in later sections, it is important to point out two general features: (1) Different recruitment, selection, and training strategies are used for different jobs; and (2) the various phases in the process are highly interdependent, as the feedback loops indicate. Consider one such feedback loop—from performance management to work analysis. Suppose both supervisors and job incumbents determine

that the task and personal requirements of a particular role have changed considerably from those originally determined in work analysis. Obviously, the original work analysis must be updated to reflect the newer requirements, but this may also affect the wage paid on that job. In addition, workforce planning strategies may have to be modified to ensure a continuous flow of qualified persons for the changed role, different recruiting strategies may be called for in order to attract new candidates for the role, new kinds of information may be needed in order to select or promote qualified individuals, and, finally, the content of training programs for the role may have to be altered. In short, changes in one part of the system have a "reverberating" effect on all other parts of the system. Now let's examine each link in the model in greater detail.

## Work Analysis

Work analysis is the fundamental building block on which all later decisions in the employment process must rest. Whether we are dealing with recruitment, selection, training, pay, or performance management, all require information about the task and personal requirements of a given job or role. The process of matching the individual and the job typically begins with a detailed specification by the organization of the work to be performed, the skills needed, and the training required by the individual jobholder in order to perform the job satisfactorily.<sup>2</sup> This is the purpose of work analysis.

<sup>2</sup> One question that has taken on added significance, especially with the increase in mechanization (the replacement of a human skill by a machine) and in automation (not only replacement of a human skill by a machine, but also automatic control and integration of a process), is whether, in fact, people should be in the system at all (Cascio & Montealegre, 2016).

Work analysis supports many organizational activities, but one of the most basic is job evaluation. To pay people fairly for the work they do, organizations must make value judgments on the relative importance or worth of each job to the organization as a whole—that is, in monetary terms. Divisional managers are paid higher salaries than secretaries. Why is this? We may begin to answer this question by enumerating and then comparing jobs on certain factors (so-called compensable factors) or aspects of jobs that