



BIG-PICTURE THINKING

HR challenges rarely exist in isolation. Employing systems thinking helps HR leaders spot patterns, connect functions and design solutions that last.

BY PHOEBE ARMSTRONG

When something goes wrong in an organisation, HR is often expected to respond quickly. Engagement scores are falling? Launch a wellbeing program. Turnover is spiking? Revise the EVP. Traditional management training reinforces that linear logic: diagnose the problem, analyse the data, implement the solution.

But people systems rarely operate neatly. Every policy and decision sits in a web of feedback loops, cultural norms and unintended consequences. Solving one issue often stirs up another. A wellbeing program exposes workload pressure, a pay review inflames equity concerns, or a leadership development program highlights gaps in succession planning.

This is where systems thinking comes in – a mindset that looks beyond isolated problems to understand how different parts of an organisation influence one another over time. It requires us to zoom out, listen widely and look for patterns, rather than rushing to fix visible symptoms.

Timi Bansal, Professor of Sustainability and Strategy at Ivey Business School in Ontario, Canada, says early pioneers of systems thinking came from the biology, cybernetics and physics professions.

"They showed that complex problems required an understanding of the relationships among the various parts of a system. When these ideas entered management, organisations came to be seen as dynamic systems shaped by constant interaction and feedback."

It remains a common approach in government and not-for-profit sectors, where leaders are more accustomed to designing strategies around broad social outcomes and acknowledging that success rarely depends on a single factor.

But in many private sector organisations, systems thinking has become sidelined in favour of short-term efficiency and profit.

"Its disappearance was partly because it has become so intractable and hard for business leaders to understand," says Bansal. "But now, decades later, they're recognising again that they work in a systemic world. But [many leaders] don't yet know how to process it."

Awareness of the ecosystem in and around a business is becoming a defining leadership capability, says Bansal. Her research shows that organisations able to see these interdependencies are better equipped to adapt and innovate.

"You don't have to know the whole system to start improving it," she says.

Because HR teams operate at the crossroads of social, operational and strategic systems, HR leaders are especially well positioned to recognise the hidden links between policies, behaviours and results – and to help business leaders see those connections.

"We are at a point in time where we need to reconceive systems thinking and make it more palatable to corporations and executives," she says.

As business complexity deepens, how can HR help executives see beyond quick fixes and start thinking systemically?

Fixing the barrel

Translating systems thinking from an abstract theory to an everyday practice starts with being attuned to the underlying patterns and interdependencies that underpin work, says Carol T. Kulik, Bradley Distinguished Professor at the University of South Australia Business School.

"For example, one of the areas I do research on is sexual harassment," she says. "Suppose that an organisation says, 'Our harassment complaints are increasing. We need to do something about it.' The first focus is probably on the perpetrators – they need to be trained, warned or punished. But that's a short-term view."

In contrast, a systems approach would

explore how the wider environment enabled those behaviours. Were hiring processes screening for interpersonal skills and respect? Did workloads or power dynamics make it hard for people to speak up? Were grievance procedures accessible and trusted?

"Instead of focusing on the bad apples, you're focusing on the barrel," says Kulik.

Rather than asking 'What's broken?', systems thinkers ask 'What's connected?' For HR leaders, that question represents the shift from managing people processes to designing people systems – and from reactive firefighting to long-term organisational health.

Theory to habit

Kulik says systems thinking requires a mindset that balances curiosity, patience and collaboration – qualities that don't always align with the pressure to deliver quick results.

"Managers are under so much pressure to show results [each] quarter," she says. "It's very hard for an HR professional to go to the CEO and say, 'Let's slow it all down.' But systems thinking often demands that."

She suggests HR teams adopt small, repeatable habits to help them identify patterns as they form. That might mean bringing diverse voices into the room – not just HR peers, but people from finance, operations or IT who can reveal knock-on effects a policy might have elsewhere.

It could also look like testing changes on a small scale and gathering data on ripple effects before rolling them out widely.

"Because you're looking at systems that have so many interconnected threads, »

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CAROL T. KULIK, BRADLEY DISTINGUISHED PROFESSOR, UNIVERSITY OF SOUTH AUSTRALIA BUSINESS SCHOOL.

what you want to do is find a way to just pull one and then see what the ripple effects are," says Kulik.

Just as importantly, HR practitioners can strengthen their systems awareness by broadening their own knowledge base. Kulik calls this developing "adjacent knowledge": understanding how work flows from one HR function to the next – from recruitment to onboarding, training, and retention – and how each stage shapes the next.

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Over time, these habits turn systems thinking from a problem-solving method into a reflex – one that helps HR leaders anticipate challenges, prevent unintended consequences and design people strategies that endure.

Joining the dots

Data is a crucial ingredient in systems thinking. The ability to track and connect information across the employee lifecycle allows HR to see patterns that aren't visible from instinct alone.

Although organisations now have more data at their fingertips than ever before, many are still falling short when it comes to joining the dots, says Kulik.

"Over time, HR has become much more focused on data analytics. But a lot of times the data is also very isolated."

She points to the recent spotlight on gender pay equity and the Workplace Gender Equality Agency's release of company-level pay gap data as a timely example.

"People in recruiting are looking carefully at whether there's gender balance in the shortlist, and thinking about whether they should be changing their mix of recruiting sources to get more women."

"Meanwhile, there are people in compensation and benefits asking, 'How can we offer the most competitive package?' But you've got to put those two pieces of data together to address gender pay gaps. The information sits in two different parts of the computer system and the specialists might sit in very different

parts of the organisation, but solving the problem requires those people getting together," says Kulik.

When HR connects these data silos, it can uncover countless feedback loops that were previously invisible, such as how onboarding experiences affect performance ratings, or how reward systems influence turnover.

Kulik suggests looking beyond the obvious success measures too.

"Pull up some metrics that it shouldn't affect," she says. "Are you seeing that connection?"

For example, analysing exit interviews could reveal that turnover spikes not in departments with the heaviest workload, but where mid-level leaders have had little developmental support – suggesting leadership capability, not pressure, is what drives attrition in your business.

This kind of cross-functional analysis allows HR leaders to test whether their initiatives are improving the system as a

whole, not just optimising one piece of it. It also helps to make the case to executives that workforce decisions can't be made in isolation.

North star, near star

For systems thinking to take root, senior leaders across the business need to be coached to see their own decisions as part of an interconnected system.

The best time to do this is before the issue becomes urgent, says Kulik.

"Work on systems thinking when you can see something coming down the pike."

By applying a systems lens to emerging issues – such as early signs of burnout or skill shortages that could grow over time – HR can demonstrate the value of this approach in a relatively low-pressure environment. That way, when a larger challenge inevitably arises, the organisation already has the mindset and relationships to respond strategically rather than reactively.

Helping executives adopt systems thinking doesn't mean asking them to map every causal loop or study complex diagrams. According to Bansal, a big part of HR's role is to make the idea digestible.

"Systems thinking seems hard and complicated, but it doesn't have to be. A good systems thinker knows how to strip away the rubbish, zoom out and see the bigger picture," says Bansal.

"We don't need everyone to become systems scientists. It's about developing the mindset – learning to sit with the problem a little longer, ask better questions, listen deeply, and talk to people you wouldn't normally include."

Sometimes advocates of systems thinking tend to overwhelm leaders with dense "spaghetti diagrams" and causal loop maps that attempt to capture every moving part of a system in one place, she says. That tends to result in paralysis rather than progress.

"What we need is systems thinking 2.0," she says. "We have to distill complexity down to its essential structure."

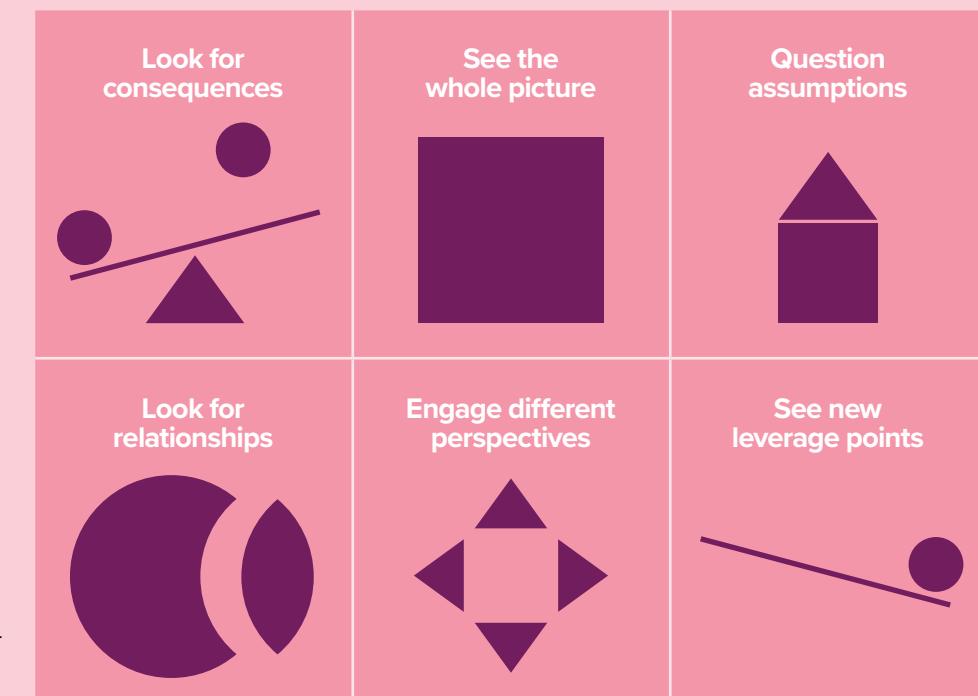
Instead of exhaustive mapping, she advocates for purpose-driven navigation: anchoring decisions to a "North Star" – a clear, aspirational goal that guides an organisation's direction – and pairing it with a "near star", or a more immediate project-level objective.

"The North Star should be specific enough to be meaningful to the organisation, but vague enough to allow innovation," says Bansal. "The near star tells you the distance between where you are now and where you want to be."

This approach helps organisations act without waiting for perfect clarity, and encourages the testing of ideas that move the system forward rather than freezing under complexity.

For instance, a company might set a North Star of creating a thriving, high-trust culture. Its near stars could involve redesigning workload models to reduce burnout, or strengthening leadership capability to support psychological safety. Each near star acts as a small experiment that moves the organisation closer to its ultimate goal, while still allowing for iteration and learning.

SYSTEMS THINKING MINDSET



Inspired by Leyla Acaroglu's Disruptive Design program via boxesandarrows.com

This way, instead of chasing a single 'fix', leaders learn how the system behaves and adapt as new information emerges.

Expanding the lens

Once leaders become comfortable spotting patterns and experimenting within their own organisation, the next step is to widen the frame. Systems thinking isn't just about solving internal problems – it's also about understanding how a business interacts with the wider world.

"We shouldn't think about it only as something to fix systems," says Kulik. "It's a way of acting." By tracing connections beyond the organisation's boundaries, HR can anticipate the ripple effects of its decisions on employees, communities and even entire markets.

Take remote work. At first glance, it seems like an internal policy issue – a question of flexibility, engagement or productivity. But the effects cascade far wider. It changes commuting patterns, reshapes city centres, alters family routines and influences local economies.

"The work-home boundary has become

much more permeable," says Kulik.

"We want organisations to be good citizens, not just in how they treat employees, but in how they interact with their neighbourhoods and society."

Systems thinkers don't just react to what's broken. They look for what's connected, and design workplaces that stay healthy long after fires are put out.

"When you start talking to people you wouldn't normally talk to, you begin to see the system differently," says Bansal. "That's where you gain real insights."

"One of the [best] things about systems thinking is that it shifts our attention from analysing the past to imagining where we want to be in the future." •••

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