HOGAN

THOUGHT LEADERSHIP YEARBOOK

2014

Drs. Joyce and Robert Hogan challenged decades of conventional wisdom and academic criticism to prove that personality predicts performance at work. Nearly 30 years later, Hogan Assessment Systems remains committed to that spirit of science, innovation, and thought leadership. We're pleased to present the following collection of whitepaper and ebook content from 2014.

5 THINGS KEEPING HR UP AT NIGHT

Between the recovering economy, budget cutbacks, the advancing age and impending retirement of upper management, and an influx of talented and eager, if somewhat self-involved young employees, HR managers have a lot on their plates. Following are five of the biggest challenges keeping HR up at night, and what they can do to get back to sleep.

1. Recruiting

In a SilkRoad survey of more than 850 HR professionals, 51% of respondents said finding people is one of their primary concerns. Fair enough, especially considering our research shows more than half of new employees fail – typically costing their employers more than 150% of their annual salaries. Why is that failure rate so high? Employers are looking for the wrong things in their candidates.

Success in any given job takes more than the right education, experience, or technical skills.

The U.S. Department of Labor conducted a survey examining what companies want from their employees. The report identified five critical workplace competencies:

- Locating and allocating resources

- Acquiring and interpreting information

- Understanding complex systems

- Technological literacy

- Interpersonal skills

When it comes to the first four requirements, young employees are the most advanced generation to ever enter the workforce. However, the fifth competency, interpersonal skills, is where many young employees fall short. And that's a big problem.

A study by Drs. Joyce Hogan and Kimberly Brinkmeyer showed that, of the total positions advertised over the course of a year, interpersonal skills were essential for 71% of jobs involving client contact, 78% of jobs requiring coworker interaction, 83% of the jobs involving subordinate interaction, and 84% of jobs requiring management interaction.

"Employability depends on three things: being able to do your job, being willing to work hard at your job, and being rewarding to deal with. Being rewarding to deal with is a reflection of your interpersonal skills – the more developed your interpersonal skills, the more rewarding it is to interact with you." - Dr. Robert Hogan, Founder of Hogan Assessments

2. Retaining Talent

"There is nothing more frustrating than investing in an employee who leaves the company," said Ryan Ross, VP of Global Alliances at Hogan.

Unfortunately, voluntary turnover is on the rise. A survey by Future Workplace showed that 91% of Millennials expected to stay at a job for fewer than three years, and, according to the Bureau of Labor Statistics, the average worker stays at his or her job for just 4.4 years. Job hopping isn't limited to Millennials, either – as the economy recovers and more positions become available, older workers are fleeing jobs at which they are unhappy.

"Engagement is absolutely the answer to employee retention, and the best way to engage your employees is to let them know you're invested in them," Ross said. "Tell them your plan for them within the organization and assign mentors and stretch roles; give them learning opportunities and engage a coach."

Take a look at your leadership. "Your employee engagement plan has to be more than perks," Ross said. "People don't quit jobs, they quit their bosses. More than anything, an employee's level of engagement is a reflection of how well he or she is being treated by his or her boss."

Good bosses foster a sense of loyalty among their employees. Ineffective leaders create disengagement. No matter how promising someone's career, he or she is unlikely to stick around if his or her boss is a jerk.

3. Millennials

According to psychologists Jean Twenge and W. Keith Campbell, a survey of more than 37,000 college students showed that narcissistic personality traits rose as fast as obesity rates from the 1980s to the present.

> Although some criticize the study as little more than kids-these-days moralizing, just the thought of an influx of arrogant, self-promoting Millennials to the workforce has HR up at night.

Well, you can rest a little easier – according to our research, a little narcissism may just be a good thing. Hogan researchers Dr. Jeff Foster and Dara Pickering examined the relationship between nearly 1,000 individuals' job performance and their scores on the Bold scale of the Hogan Development Survey, which measures narcissistic personality characteristics.

"Individuals who were less likely to display self-promoting behaviors were seen as dependable team players," Foster said. "Unfortunately, they are also unlikely to be considered for promotions. People who were more self-promoting were more likely to be seen as knowledgeable about their industry, excellent at taking initiative, managing their performance, and achieving results."

The key to dealing with narcissism in young employees is a healthy dose of self-awareness.

"If you provide employees with a realistic understanding of their strengths, weaknesses, and behavioral tendencies, they can harness the positive aspects of their narcissism and avoid taking it overboard," he said.

4. Succession Planning

So who has what it takes to lead your organization into the future? To understand what constitutes real potential, HR needs to redefine leadership.

According to SilkRoad's survey, only 38% of companies are prepared for the sudden retirement of a top executive. To avoid the rough transitions and rocky stock-market responses that played out in the headlines over the past few years, companies need to have a strong bench of employees ready to take over the corner office.

Unfortunately, identifying potential leaders is easier said than done. Organizations that rely on supervisor ratings end up with high-potential pools plagued by office politics. Even if supervisor ratings could be trusted, research shows that only 30% of current high performers could step into a leadership role, and most employees (more than 90%) would have trouble at the next level.

Successful leadership is the ability to build and maintain a team that can outperform the competition. And if leadership depends on the ability to build an effective team, then a good leader must be someone others are willing to follow. People look for four essential characteristics in leaders:

Integrity – People need to know that the person in charge won't take advantage of his or her position; that they won't lie, steal, play favorites, or betray subordinates.

Judgment – Most businesses fail as the result of bad decisions that are compounded by an unwillingness to evaluate the decisions and change direction.

Competence – Subordinates see leaders who lack business acumen as empty suits, and are unwilling to follow them.

Vision – Good leaders explain to their team the significance of their mission and how it fits into the larger scheme of things. This vision clarifies roles, goals, and the way forward, thereby facilitating team performance.

5. HR's Business Function

HR wants a seat at the table.

Fifty-three percent of the survey's respondents were most concerned about developing an HR organization that acts strategically rather than tactically.

"The quality of a company's people – from individual contributors to middle managers to executives – is the most important deciding factor in that company's success," Ross said. "And the key to getting quality people in all of those levels is to put a system in place

> The probem is that information often comes from divergent systems, and therefore lacks context or common language.

that stays relevant throughout the entire employee lifecycle."

"Unfortunately, what we see are HR systems developed ad-hoc; one set of tools for selection, another for middle managers, and another for high-level leadership development, and none of those systems communicate," he continued. "Last year, everyone was buzzing about big data. Companies found themselves sitting on hundreds of thousands of supervisor ratings, 360 feedback information, business results, anything you can imagine."

The problem, Ross said, is that this information often comes from divergent systems, and therefore lacks context or common language. If HR wants to act strategically, it needs to consolidate those systems so that data can be viewed in context.

"With the right context, you can get a better understanding of who makes a successful employee at your organization, where your organizational strengths and weaknesses are, and what you need to give your leaders in order for them to succeed," Ross said.

That information adds value to the organization and gets HR a seat at the table.

THE MILLENNIALS
ARE ALL RIGHT

Although we are well into recovery and the most recent job numbers are the most optimistic in years, it seems the economic crash of 2007 is still causing problems for HR. According to Boomers and Retirement, a new survey by TD Ameritrade, the average Baby Boomer is about a half-million dollars short on retirement savings, forcing many to stay in jobs well past the age 65. An Associated Press poll showed that 1 in 4 boomers still working say they would never retire.

The Problem

Boomers' delayed retirement means they are continuing to occupy many of the executive, senior-, and middle-management positions that would have transferred to Gen X, leaving Gen Xers stuck in the middle- and lower-level management positions into which companies would have likely moved the oldest set of high-potential Millennials. A PayScale survey showed that almost 20% of Gen X workers are managers, as are 21% of Boomers. However, only 12% of Gen Y held management roles in 2013, down from 15% in 2012.

There are more than 80 million Millennials in the U.S.; about one million more than there are Baby Boomers. Experts predict that individuals born between 1980 and the early 2000s will make up more than 40% of the labor force by 2020. That's a lot of high-potential Millennials stuck working as individual contributors, and that's a big problem.

The New Skills Gap

Although it temporarily alleviates the skills gap HR managers expected, Boomers' lagging retirement is creating a new kind of skills gap: a gap in soft skills.

Even though they have been widely criticized as lazy and entitled, Millennials are some of the most educated, ethnically and culturally diverse, and technologically advanced individuals ever to enter the workforce. However, success, especially as they move up the corporate ladder, requires more than the right education and experience.

"Success depends on three things: being able to do your job, being willing to work hard at your job, and being rewarding to deal with," said Dr. Robert Hogan, founder of Hogan Assessments. "Being rewarding to deal with is a reflection of your interpersonal skills – the more developed your interpersonal skills, the more rewarding it is to interact with you."

Unfortunately, interpersonal skills seem to be the area in which young employees lack most severely. A recent survey of top UK graduate recruiters revealed that there are not enough graduates with adequate interpersonal skills to fill the jobs available. In this challenge, however, lies an opportunity.

"Young people typically have less-developed interpersonal skills than their more mature, more experienced peers," said Dr. Tomas Chamorro-Premuzic, vice president of research and innovation at Hogan. "Fortunately, soft skills can be learned, but where organizations used to rely on experience – as team leaders, low-level managers, etc. – to improve high-potential employees' interpersonal skills, now they have to be innovative in their approach."

Fortunately, there are thousands of articles, research papers, books, and self-proclaimed experts offering organizations advice on how they can offer meaningful development opportunities to a growing number of young employees on a limited budget. Unfortunately, that makes it hard to cut through the noise.

> We combined Hogan's experience developing executives at more than half of the *Fortune 500* with research on Millennial learning styles to come up with five keys for developing your Millennial employees.

Start With Science

"The starting point in any coaching process is to achieve some level of self-awareness," said Trish Kellett, director of the Hogan Coaching Network. "Tools like valid personality assessments and 360-degree feedback from not just a supervisor, but a peer and subordinate level can give participants a realistic view of their strengths and hidden blind spots. Without a basis in objective, scientific assessment, any type of development program will experience very limited success."

Allow For Self-Guidance

Compared to Boomers, who are considered digital immigrants, Millennials are digital natives. They grew up with Google, Facebook, and Twitter – tools that provided instant access to an enormous breadth of information. In his Huffington Post article "Education in the Age of Information", Dr. Gino Yu wrote that Millennials have a distaste for traditional classroom learning. According to University of North Carolina survey, Gen Y switches their attention between media platforms like laptops, smartphones, tablets and television an average of 27 times an hour, so forget about in-person courses and workshops. Instead, development tools should provide mobile, anytime access to a broad, but targeted library of resources that participants can work into an action plan.

Provide Constant Feedback

For better or worse, Gen Y came of age in the era of social networks – ideal tools for receiving instant feedback. However, the workplace isn't designed the same. "A lot of managers are just doing one annual performance review, which works for Boomers," said Courtney Templin, co-author of Manager 3.0: A Millennial's Guide to Rewriting the Rules of Management. "Millennials want more than that." In the UNC survey, 80% of Millennials said they prefer frequent, on-the-spot feedback to a formal review. A well-designed development tool should provide real-time feedback as participants work through resources.

Allow Comparisons

In addition to instant feedback, tech entrepreneur Daniel Gulati points out in his Harvard Business Review post that social networks made Gen Y accustomed to posting their accomplishments and comparing themselves to their peers. Development platforms should allow users to compare their progress with their peers, superiors, and prominent individuals in their field.

It Should Be Scalable

"The people who get the most out of soft skills development and perform the best are those who are always striving to improve themselves," he said. "They draw on their strategic self-awareness and constantly reflect on the insights they gained."

Investment = Engagement

In addition to a skills gap, Boomers' delayed retirement is causing another problem for companies trying to grow their millennial talent – lack of opportunity. According to The Fiscal Times, more than 61% of Gen Y think workers should be promoted every two to three years if they aren't doing a good job. Given that 91% of Millennials expect to stay at a job or position for fewer than three years, that's a recipe for turnover.

However, in a survey by Bentley University's Center for Women & Business, 65% of Millennials reported personal development was the most influential factor in their current job.

"Engagement is absolutely the answer to employee retention, and the best way to engage your employees is to let them know you're invested in them," said Ryan Ross, vice president of Global Alliances at Hogan. "Tell them your plan for them within the organization, assign them mentors, and give them learning opportunities."

HUBRIS OR HUMILITY?

John Dame and Jeffery Gedmin recently wrote that "we live in an era of self-celebration. Fame is equated with success, and being self-referential has become the norm." Considering studies show that the rate of narcissistic tendencies has risen faster than obesity since the 1980s, it's hard to disagree. But is that necessarily a bad thing?

The Rise of the Narcissist

Narcissism stems from people's belief that they are exceptional, the origins of which can be traced to adult caretakers providing continuous positive feedback without the discipline necessary for learning limits. As adults, narcissists are self-centered, exaggerate their talents and abilities, and lack empathy for others. Unfortunately, these qualities make them uniquely suited to climb the corporate ladder.

They Are Amazing Impression Managers

Psychologists recorded 73 first-year college students individually introducing themselves to the other participants. Researchers asked participants to rate one another's likeability, and compared those ratings to an assessment of narcissistic personality characteristics. The study found narcissists excelled at managing initial impressions. They used more charming facial expressions, a more confident speaking tone, were funnier, wore more fashionable clothes and had trendier haircuts.

Narcissists great first impressions aren't limited to in-person impressions; that charisma translates online, too. A 2012 study showed that narcissists tend to have more followers and friends and higher Klout scores (a score measuring social media influence) on Twitter, Facebook, etc.

They Take Credit And Avoid Blame

Ben Dattner, author of The Blame Game, notes that narcissists "lead with the main purpose of receiving personal credit or glory. When things go wrong or they make mistakes, they deny or distort information and rewrite history in order to avoid getting blamed."

Jeff Foster, Hogan vice president of science, and Dara Pickering, Hogan research consultant, studied the relationship between nearly 1,000 participants' job performance and their narcissistic personality characteristics.

"Narcissists excel at self-promotion," Foster said. "Individuals who tend toward narcissism were more likely to be seen by their superiors as knowledgeable about their industry, excellent at taking initiative, managing their performance, and achieving results."

They Seem Like Leaders

Ohio State University psychologist Amy Brunell and her colleagues presented two studies that showed individuals with narcissistic personality characteristics were more likely than non-narcissistic participants to take control of leaderless groups.

"It's not surprising that narcissists become leaders," Brunell said. "They like power, they are egotistical, and they are usually charming and extraverted."

"Not only did narcissists rate themselves as leaders, which you would expect, but other group members also saw them as the people who really run the group. The problem is, they don't necessarily make better leaders."

From Narcissism to Hubris

Narcissism is useful – some would argue necessary – for climbing the corporate ladder. And, once at the top, a small degree of narcissism may be good for leadership. A recent study showed managers with moderate narcissism scores outperform managers with high and low rates of narcissism. However, the same characteristics that enable narcissists to rise to the top of the corporate or

political ladder are often responsible for their downfall.

Narcissistic People Are Likely To Be:

- *Aggressive and fearless* when facing difficult tasks, regardless of actual past performance

- *Impulsive, and resistant* to negative feedback

- *Unrealistic* in evaluating their abilities and competencies

- *Willing to make decisions* without seeking input from others

- *Feeling entitled* to leadership positions and special consideration

- *Intimidating* toward peers and subordinates, blaming them for performance issues

"What you see with narcissistic people is self-confidence in its extreme form," Foster said. "They overestimate their abilities, make decisions without consulting others, and scapegoat when they get it wrong."

The Power Of Humility

In the age of the rock star CEO (Jack Welch, Richard Branson, Steve Jobs, etc.), humility isn't a characteristic we often encounter in the upper echelons of corporate America.

However, according to Dr. Tomas Chamorro-Premuzic, vice president of research and innovation at Hogan, people with low self-confidence hold several advantages over their more confident counterparts.

"Many people get trapped in their optimistic biases, so they tend to listen to positive feedback and ignore negative feedback," Chamorro-Premuzic wrote in the Harvard Business Review.

> People with low self-confidence tend to be their own worst critic. However, when this quality is paired with ambition, it forces these individuals to evaluate their weaknesses and work tirelessly to improve.

Those qualities are likely to benefit humble CEOs' employers. Jim Collins, a leading authority on management and author of Good to Great, spent more than 30 years investigating why certain organizations are more successful than others. Collins found that companies led by modest managers consistently outperformed their competitors, and tended to be the dominant players in their sectors. He also found humble leaders tended to stay at their organizations longer than their arrogant counterparts, and that their companies continue to perform well even after they leave because humble leaders often ensure a succession plan before they depart.

"If you are serious about your goals, you will have more incentive to work hard when you lack confidence in your abilities," Chamorro-Premuzic said. "And, people with low self-confidence are more likely to admit to their mistakes instead of blaming others, and rarely take credit for others' accomplishments."

Faking It

Although Collins's ideal leader is someone who possesses "genuine personal humility," for many, modesty doesn't come easily. In that case, says Chamorro-Premuzic, the best course of action is to fake it until you make it.

"Here's my advice," Chamorro-Premuzic wrote in his book, Confidence. "When you are competent, fake modesty. When you are not, fake competence. And if you cannot fake competence, then try to fake confidence."

So How Does One Fake Modesty?

John Baldoni, chair of the leadership development practice at N2Growth, wrote in a blog entry for the Harvard Business Review that there are three keys to displaying humility at work:

Temper authority – Leaders should avoid pulling rank with their employees. People have a basic need to control their destiny, to have autonomy and access to resources. Allowing employees a measure of control over their work goes far.

Promote others – Baldoni wrote, "a characteristic of successful managers is their ability to promote others, sometimes to positions higher than their own."

Acknowledge what others do – Alabama coach Paul "Bear" Bryant put it perfectly: "If anything goes bad, I did it. If anything goes semi-good, we did it. If anything goes really good, then you did it. That's all it takes to get people to win football games for you."

The Bottom Line

Our society worships those who worship themselves, and individuals who are overly modest or unwilling to self-promote are unlikely to succeed. However, the negative consequences of hubris are well documented – more than 60% of employees dislike their jobs, most often because of a narcissistic boss. With some self-awareness, leaders can use their narcissistic tendencies to climb the corporate ladder to the top, and use humility to stay there.

SO YOUR BOSS IS A JERK

You aren't alone, according to a new Gallup poll, 82% of U.S. managers are wrong for the job. How do so many jerk bosses get to the top? What can you do if you work for one? And, what can you do if you are one?

Most Of Us Work For a Jerk

Research by Hogan's founders, psychologists Joyce and Robert Hogan, and psychologist Rob Kaiser shows that at least 50% (and as many as 75%) of managers will fail, and a Gallup study showed that number could be as high as 82%. In other words, the odds you will work for an incompetent manager at some point in your career are pretty high, and it's having a huge impact on engagement.

- Only 30% of U.S. employees are engaged

- Only 13% of employees are engaged worldwide

- One in 5 employees is actively disengaged

- Companies with engaged employees average 147% higher earnings per share

- Low engagement costs companies $300 billion each year

- 75% of people say their immediate supervisor is the most stressful part of their job

- Stressed workers perform 50% worse on cognitive tests

Bad managers aren't just bad for business; they can literally kill you. Swedish researchers published a 2008 study that found employees who had incompetent, inconsiderate, secretive, or uncommunicative managers were 60% more likely to suffer a heart attack or other cardiac condition.

So Why Are There So Many?

Most organizations fill their managerial positions one of two ways: (1) they promote current high performers or (2) they promote people who seem leader-like. That seems right, but research shows that only 30% of current high performers have leadership potential. And, the same bold, attention-grabbing behavior that makes someone seem leader-like to their manager tends to alienate peers and subordinates.

Researchers asked people to describe their worst bosses:

- **52%** described their worst boss as arrogant

- **50%** described their worst boss as manipulative

- **48%** described their worst boss as passive-aggressive

Fixing the Ladder

How can organizations keep their upper ranks from filling with individuals guaranteed to damage morale and lower productivity?

First, organizations should look at leadership as a resource for the group rather than a privilege for the individual. Rather than promoting someone to reward them for good work, organizations should promote individuals based on their ability to build and maintain a productive team.

Second, organizations should change the manner in which they identify leadership potential. Performance appraisals typically reflect how much supervisors like their subordinates. Consequently, the managers who move up are often more skilled at office politics than actual leadership. For a true assessment of leaders' abilities, companies should combine objective measures like personality assessments with peer- and subordinate-level 360 reviews.

Dealing With a Jerk

"The Jerk Store called, and they're running out of you."

- George Costanza (1997)

Seinfeld fans will recall George's ill-fated attempt to deliver the perfect comeback to a smart-ass coworker. Rather than trying to outdo them, the key to dealing with jerks, or any other kind of difficult manager, is to understand them.

"Bosses are just like any other human: unique but predictable," said Tomas Chamorro-Premuzic, vice

president of research and innovation at Hogan. "The best way to manage your manager is to figure out who he (or she) is, what he wants, and why he behaves the way he does. Then, adjust your behavior to fit his or her personality."

Is your boss impulsive? Impulsive bosses are driven by feeling rather than reason, so tune into their moods. Share your ideas when they are already feeling excited.

Is your boss creative? Creative bosses jump from one idea to the next, so avoid any discussion of admin details, bureaucratic processes, and rules. Admire their ideas and show interest in their eccentric suggestions.

Is your boss the quiet type? Respect their privacy, restrict communication to email exchanges and impersonal notes, and avoid disclosing any personal information about yourself – it will make them feel awkward.

Is your boss a hedonistic workaholic? If your boss wants to be friends with his or her employees, you'd better join the party. Most of your colleagues will, and if you never join they will regard you as boring, snobby or unfriendly.

Is your boss neurotic? Bosses who are stressed or worried all the time need employees to counsel and empathize with them. Soak up some of the pressure by doing work they hate and being a reliable resource.

Is your boss Machiavellian? If your boss is obsessed with office politics, be sure to play the game. Feed him (or her) gossip and stay close to his inner circle, but don't trust him.

Is your boss narcissistic? This type of boss is the easiest to recognize, and all you need to do is be a good audience and he or she will love and promote you.

What if *You're* the Jerk?

Research shows that as many as 75% of managers have trouble managing their behavior, which means if you have people working under you, odds are some of them think you're a jerk. What can you do?

Although our personalities are fairly stable over time, influenced by our early childhood experiences and even genetics, a well-designed coaching intervention can achieve behavioral improvements of 25% up to 50%, a noticeable improvement.

Start with self-awareness. Most people are generally unaware of how others see them – this is especially true for managers. Valid methods such as personality assessments or 360-degree feedback provide an objective view of your strengths and weaknesses.

Compensate with alternative behaviors. Use positive behaviors to rebuild a reputation marked by counterproductive behaviors. As positive behaviors are demonstrated multiple times, your reputation will begin to change.

"Identity – who you think you are – drives behavior, and how you behave creates your reputation," said Hogan founder Robert Hogan.

Support weakness with resources. If you have clear weaknesses, sometimes the most effective development strategy is to compensate by supporting them with additional resources.

Redesign your job or assignment. Most managers got where they were because they were a valuable individual contributor. Rather than letting them struggle as manager, companies sometimes alter their job requirements to remove roles in which they struggle.

The bad news is that there is no single solution to the bad boss problem. However, by working to understand your boss's personality, you can make having a jerk for a boss more tolerable. And by shifting their hiring and promotion practices to focus on identifying candidates and incumbents with actual leadership skill, rather than looking for people who simply seem leader-like, organizations can reduce the number of bad leaders in their ranks, increase staff morale, and become more effective, innovative, and profitable.

HIGH EQ CAN SAVE YOUR LIFE

Patient safety is a major concern for the medical industry. A study in the Journal of Patient Safety found between 210,000 and 440,000 patients each year suffer some type of preventable harm that contributes to their death, and a separate study found that nearly one third of medical injuries were due to error, costing patients and hospitals more than $1 billion each year.

Although hospitals and medical systems have put in place increasingly advanced systems to monitor and improve patient safety, these numbers have remained stagnant because these systems largely ignore one of the largest drivers of patient safety: emotional intelligence.

Emotional intelligence can improve patient outcomes by:

- Improving doctor-patient communication
- Improving handoffs and transitions
- Improving office staff and administrators

What Is EQ?

Emotional intelligence, or EQ, is the ability to identify and manage your own and others' emotions. Hogan measures EQ along six dimensions:

Awareness: The degree to which a person seems in touch with his or her own emotions

Detection: The degree to which a person seems aware of others' emotions and thoughts

Regulation: The degree to which a person seems able to maintain positive emotional states

Influence: The degree to which a person seems able to intentionally affect others' moods, thoughts, and behaviors

Expression: The degree to which a person seems able to effectively communicate desired emotional states to others

Empathy: The degree to which a person seems able to feel what others are feeling

Higher EQ = Better Communication (And Fewer Lawsuits)

Other than better bedside manner, what does EQ have to do with medical care?

According to the Journal of the American Medical Association, 40% of patients who unexpectedly returned after an initial primary care visit had been misdiagnosed, and almost 80% of the misdiagnoses were tied to problems in doctor-patient communication.

Considering the typical doctor's office visit involves 15 minutes or less with a physician, it isn't surprising that communication is a problem. Unfortunately, the U.S. faces a growing shortage of primary care physicians, so 15-minute interactions are likely to remain the norm. How can doctors improve patient communication within this limited interaction? By upping their EQ. A study published in *Academic Medicine* showed that as attention to feelings, empathetic concern, and perspective taking – all factors of EQ – increased, so did the quality of doctor-patient communication.

Increased communication can lead to better patient outcomes. In an article, Dr. Terry Stein, director of clinician patient communication at Kaiser Permanente's physician education and development department, said since communication training programs began, member

satisfaction scores have been rising steadily, while clinicians appreciate improving their communication skills as they deal with the complexity and constant changes they face in their practice.

In the same article, Dr. Milt Hammerly, former VP of medical affairs for Catholic Health Initiatives Institute for Research and Innovation, who studies emotional intelligence in physicians, said his findings show that higher physician emotional intelligence leads to greater patient satisfaction, better adherence to treatment regimens, fewer medical errors, and better clinical outcomes.

Better diagnosis and patient satisfaction lead to fewer malpractice lawsuits. According to Diederich Healthcare's 2014 Medical Malpractice Payout Analysis, total malpractice payouts totaled $3.73 billion in 2013:

- **33%** incorrect diagnosis
- **23%** surgery
- **18%** treatment

A study published in the American Journal of Medicine compared physicians' patient satisfaction survey scores with unsolicited complaints and risk management episodes. It found that, compared to doctors in the highest third of patient satisfaction, doctors in the middle third had 26% higher rates of malpractice lawsuits, and patients in the lowest third had 110% higher rates.

Higher EQ = Better Handoffs

Handoffs and transitions from one unit to the next are also problematic.

"With so many different provider touch points, it's harder to manage the patient throughout their continuum," said Dr. Christopher Zipp, osteopathic director of medical education for Atlantic Health System. With each transition is an opportunity to win over or lose confidence with patients and their families.

In the Agency for Healthcare Research and Quality's Hospital Survey on Patient Safety Culture 2010, handoffs and transitions across hospital units and during shift changes had the lowest average percent positive response, with only 44% of those surveyed agreeing that their organization did a good job in this area.

"This is all about communication," says Ryan Ross, vice president of Hogan's Global Alliances team. "After a long shift, do doctors have the empathy to explain to a patient and his or her family that a new physician is taking charge, and to reassure them? Does the oncoming physician have the presence of mind to introduce him or herself, build a rapport with the patient, and address any concerns he or she may have? And, are the nurses communicating with each other, with the physicians, and the patient?"

Higher EQ = Better Leaders

High EQ doesn't just matter for doctors and nurses. It also matters for medical administrators and office staff. In a survey of nearly 2,000 physicians across the U.S., researchers found that, compared to a control group of non-physicians:

- **46%** were burned out
- **38%** were emotionally exhausted
- **38%** showed signs of depression
- **29%** Experienced high levels of patient depersonalization
- **12%** had a low sense of personal accomplishment

A survey of nearly 8,000 surgeons by the American College of Surgeons showed that, as emotional exhaustion, depersonalization, low accomplishment, and depression increased, so did the likelihood that the surgeons surveyed had reported a major medical error in the past three months. Each one point increase in depersonalization (scale

range, 0-33) was associated with an 11% increase in the likelihood of reporting an error while each one point increase in emotional exhaustion (scale range, 0-54) was associated with a 5% increase.

But isn't stress simply part of a physician's job? Not necessarily. In his paper, "Organizational Climate, Stress, and Error in Primary Care," Dr. Mark Lizner, a physician who studies medical practitioner burnout, identified four factors associated with higher levels of burnout: time pressure, degree of control regarding work, work pace and level of chaos, and values alignment between the physician and administration. In other words, it isn't the work itself that is burning out most physicians, it's incompetent clinic management.

"No matter what the profession or organization, managers with low EQ produce dysfunctional offices," said Tomas Chamorro-Premuzic, Ph.D., vice president of research and innovation at Hogan. "In a medical office, that can mean a chaotic atmosphere, as well as poor communication between administration, nurses, and doctors."

Improving EQ

Fortunately, the health industry seems to be taking note. Beginning in 2015, the medical college admission test (MCAT) will include questions that focus on psychology and behavior.

And, EQ can be improved, although that change can be hard. Our personalities, how we relate to people, and our leadership styles are fairly stable over time, influenced by a combination

of genetics and early childhood experiences, and the odds of someone improving from zero to 100% are low. However, that doesn't mean that people can't improve; a well-designed coaching intervention can achieve improvements of 25% up to 50%, a noticeable difference.

EQ-coaching relies on accurate feedback. Most people are generally unaware of, or unconcerned with, how others see them – this is especially true for people in high-stress fields like healthcare. Any intervention focused on increasing EQ must begin by helping people understand what their real strengths and weaknesses are. Reliable, valid assessment methods such as personality tests or 360-degree feedback give managers an objective view of how others are likely to see them.

Coaches can use a number of techniques to improve EQ behavior:

Enhance individuals' psychological flexibility. People can be taught to accept and deal with unpleasant situations rather than avoid them.

Compensate with alternative behaviors. Use positive behaviors to rebuild a reputation marked by counterproductive behaviors. As positive behaviors are demonstrated multiple times, reputation will begin to change.

Support weakness with resources. When someone has a clear weakness, sometimes the most effective development strategy is to compensate by supporting the employee with additional resources.

For the healthcare industry, patient safety is the highest concern. Paying attention to nurse, physician,and administrator emotional intelligence is the key to better doctor-patient communication and internal staff communication, better working environments, less burnout, better diagnosis, and fewer mistakes.

STRESS IS KILLING YOU

A study by Everest College showed that more than 80% of Americans are stressed about their jobs, and 75% of people said the most stressful aspect of their job is their immediate boss.

Although most people accept bad bosses as an inevitable part of work, the chronic stress they cause costs companies 105 million lost working days and $300 billion annually. Why do bad bosses stress their employees out so badly, what is the human cost of that stress, and what can we do about it?

Under Pressure

Stress in the working world is at epidemic levels.

- **80%** of Americans are stressed about work

- **11%** of UK residents have considered visiting a doctor about stress

- **49%** of women say they suffer from stress

- **39%** of men say they suffer from stress

- **44%** of adults say their stress level has increased in the past five years

According to the American Psychological Association, money, health, relationships, poor nutrition, media overload, and sleep deprivation all contribute to our tight shoulders and upset stomachs. But nothing gets to us like a crappy boss. Why?

People have three overriding needs that govern their lives:

Getting along – people need acceptance and respect, and they dread criticism and rejection

Getting ahead – people need status and the control of resources

Finding meaning – people need structure and predictability in their lives, and find the lack of structure to be stressful.

Bad managers criticize and ostracize their employees, micromanage and strip them of autonomy and support, and behave erratically, keeping their employees in a constant state of stress. Along with causing low engagement, increasing turnover, and making their employees miserable, bad bosses, and the chronic stress they cause, might be killing us.

Psychological Effects

According to the American Psychological Association, 63% of people of people experience psychological symptoms of chronic stress.

Psychological effects of stress include confusion, inability to problem-solve, difficulty concentrating, frustration, apathy, decreased sex drive, forgetfulness, and decreased contact with family and friends.

- **25% of adults** suffer from a diagnosable mental disorder

- **50% of people** will at some point suffer from an emotional disorder, often due to chronic stress

- **14.8 Million** Americans suffer from depression

- **40 Million** Americans suffer from anxiety

- **6 Million** Americans experience panic attacks

Studies show that chronic stress can increase people's chances of experiencing these disorders. young employees with stressful jobs are twice as likely to develop anxiety or depression.

Physical Effects

Physically, the effects of stress can be devastating, and even fatal.

Physical effects of stress include skin conditions, diabetes, lower immune response, disrupted sleep patterns, arthritis, asthma, headaches, and higher blood pressure.

The American Psychological Association showed 66% of people experience physical symptoms of chronic stress, and that 3 of 4 doctor's visits are for stress-related ailments or complaints.

Chronic stress is also linked to increases in metabolic syndrome, a collection of signs and symptoms – obesity, high blood pressure, and a larger waist size – that increase the risk of heart disease. A Swedish study that analyzed 13 existing European studies covering nearly 200,000 people found job strain was linked to a 23% increased risk of heart attacks and deaths from coronary heart disease.

Taking Stress Home

Men and women with greater amounts of stress were more reactive to the normal ups and downs of relationships.

- **39% of adults** report overeating and eating unhealthy foods due to stress

- **30% of men** increase the amount of alcohol they consume to help them deal with stress

- **22% of women** increase the amount of alcohol they consume to help them deal with stress

- **69% of parents** believe their stress has no impact on their kids

- **14% of youth** said their parents' stress doesn't bother them

- **33% of children** report physical health symptoms associated with stress

Why Are We So Stressed?

Research by Hogan's founders, psychologists Joyce and Robert Hogan, and psychologist Rob Kaiser shows that 50-75% of managers will fail, and a Gallup study showed that number could be as high as 82%. Why are so many bad bosses making it to the top?

Most organizations fill their managerial positions one of two ways – They promote current high performers, or they promote people who seem leader-like.

Unfortunately, research shows that only 30% of current high performers have leadership potential. And, the same bold, attention-grabbing behavior that makes someone seem leader-like to his or her manager tends to alienate subordinates.

- **52%** described their worst boss as arrogant

- **50%** described their worst boss as manipulative

- **44%** described their worst boss as passive-aggressive

The Bottom Line

Some stress may be an inevitable part of life, but the chronic stress caused by a bad boss can cause people incredible physical and psychological harm.

By improving the quality of their managers, companies can reduce employees' stress, increase commitment at work, increase performance, reduce turnover, and improve customer satisfaction.

> In order to improve the quality of their leadership, companies should hire and promote managers who possess six essential characteristics people look for in leaders:
>
> Integrity
> Persistence
> Vision
> Humility
> Competence
> Judgment

6 WAYS TO KEEP YOUR MANAGERS HONEST

In business, the adage holds true that one bad apple can spoil the bunch. Just one dishonest manager can cost companies hundreds of thousands – if not millions – of dollars in low morale and lost productivity. Unfortunately, history shows that there is more than one bad apple in the business world, and dishonest work behaviors, such as staff abuse, rule bending, and theft cost the economy billions each year. How can organizations combat dishonesty in their management teams?

What's The Problem With Dishonest Managers?

In the working world, dishonesty is enormously costly. The Enron and WorldCom scandals cost the U.S. economy around

$40 billion, the Financial Crisis Inquiry Commission reported losses resulting from fraudulent mortgage loans total more than $112 billion, and the most recent estimate of the cost to the U.S. economy of the 2008 financial crisis is more than $22 trillion.

Beyond the headlines, daily organizational life includes regular episodes of staff abuse, rule breaking, and betrayal by people in positions of authority (Hogan and Kaiser, 2010). In a Hogan survey of more than 700 individuals, more than 80% of respondents reported they had been lied to, stolen from, cheated, or treated dishonestly by a supervisor or coworker. In a separate survey, 50% of respondents described their worst boss as manipulative.

Managerial competence directly impacts employee engagement, and according to Gallup's 2013 "State of the Global Workplace" survey, nationwide, only 30% of U.S. employees are engaged, with nearly one in five employees actively disengaged. According to the report, employee engagement impacted customer ratings, profitability, productivity, turnover, safety incidents, absenteeism, and theft, all of which add up to an estimated $300 billion in lost

revenue every year. Gallup also reported that poorly managed work groups are on average 50% less productive and 44% less profitable than well-managed groups.

Only 30% of U.S. employees are engaged, with nearly one in five employees actively disengaged.

How Do They Get To The Top?

How do so many dishonest people end up in management positions? It comes down to a fundamental flaw in how people get promoted in the corporate world. Many organizations rely on performance appraisals and supervisor nominations to identify and promote talented individuals. The problem is, supervisor ratings tend to reflect organizational politics rather than performance, and they tend to reward the kind of characteristics typical of dishonest individuals:

Charisma – Psychologists recorded 73 first-year college students individually introducing themselves to a group. The study found students with narcissistic tendencies excelled at making initial impressions. They used more charming facial expressions, a more confident speaking tone, were funnier, wore more fashionable clothes, and had trendier haircuts.

Self-absorption – The second characteristic is an unusual degree of self-absorption, or, more to the point, a relentless drive for self-advancement. These individuals possess a ruthless

dedication to self-advancement to the extent that other people lose their value as humans and become objects to be manipulated.

Self-deception – Ben Dattner, author of *The Blame Game*, notes that narcissists "lead with the main purpose of receiving personal credit or glory. When things go wrong or they make mistakes, they deny or distort information and rewrite history in order to avoid getting blamed."

Hollow core syndrome – The underlying dynamic that unifies these themes is a pattern of personality characteristics called the hollow core syndrome. The hollow core refers to people who are overtly self-confident, but who are privately self-doubting and unhappy.

Identifying Dishonesty

Of course, the best solution to the problem of dishonest managers is to ferret them out and fire them, or to avoid hiring them in the first place. That's easier said than done. Most people are terrible judges of character, especially in the compressed time frame of a job interview, and, as a recent review noted, there is "a logical problem with self-assessments of integrity. People who lack integrity specialize in manipulation and deceit, which makes their self-assessment a dubious source of information."

Unfortunately, the best way to identify dishonest individuals is by the wake of damage they leave in their paths. Peer evaluations, 360-degree feedbacks, careful reference checks, and reputation-based personality assessments are the best way to identify individuals prone to acting dishonestly.

Keeping Your Managers Honest

Short of systematically evaluating and wiping dubious individuals from your company's ranks, how can you keep your existing managers honest?

Engage them. Research shows that job satisfaction accounts for some of the effects of moral personality traits on counterproductive work behavior. Even less ethical individuals will be more likely to act morally if they are engaged at work. By the same token, alienating employees may enhance moral disengagement even in those with higher integrity. Give your managers meaningful tasks, make them feel valued, treat them like adults, and they will be more compelled to exercise organizational citizenship, no matter how principled they are (or aren't).

Lead by example. Research shows that leaders' morality levels determine the degree to which employees perceive the organization as ethical or unethical. For leaders, the implication is clear: if you want your managers to act morally, start by acting morally yourself. As meta-analytic studies show, when subordinates trust their supervisors they are happier and more productive at work, so everyone wins.

Pair them with ethical peers. Although we tend to think of peer pressure as a source of antisocial behavior, peers can also inspire ethical conduct. Teaming your less moral managers with colleagues who have strong integrity will motivate them to behave more ethically. Humans learn via observation and imitation, and much of this learning occurs without awareness. Accordingly, recent research suggests that peers play a critical role in determining the moral compass of our workplace.

Invest in moral training. Most people develop their moral predispositions before they reach adulthood. That said, organizations can influence managers' ethical choices via explicit educational programs. The Ethics Resource Center reports that businesses that implement formal programs to support ethical choices, such as whistleblowing, decrease counterproductive behaviors and misconduct rates while increasing employee satisfaction.

Reduce temptation. As Oscar Wilde once said, "anybody can be good in the countryside – there are no temptations there." Ethical behavior is a function of personality and situation. Everybody has a dark side, which is much more likely to surface in a toxic environment; it's hard to change someone's personality, but managers can do a great deal to affect the environment employees inhabit. Managers can help employees who are less capable of exercising self-control by surveilling them a bit more.

> Create an altruistic culture. Although organizational culture isn't created overnight, meta-analytic reviews have demonstrated that a caring culture prevents unethical work behaviors, whereas a culture of self-interest promotes them. Clearly, it is not sufficient to include integrity as a core organizational value. For most companies, it's just the stuff they write on their websites. What matters is persuading employees that the organization truly values generous, selfless behaviors.

The Bottom Line

Dishonesty among your managers can be enormously costly. However, using proper methods, companies can identify dishonest managers and either eliminate them or work to keep them on the straight and narrow. To learn more, visit us at www.hoganassessments.com.

DYSFUNCTIONAL TEAM?
IT'S YOUR FAULT.

Society idolizes the individual – from the star quarterback to the charismatic leaders of the modern business arena. But humanity's greatest achievements – the Egyptian pyramids and Great Wall of China, the invention of modern medicine, the exploration of the outer reaches of the universe – are the result of collective effort.

High-performing teams can provide an undeniable advantage over the competition. However, most managers will tell you that although it is easy to put together a team with great potential, they rarely perform at their maximum capacity. Why? Because you're doing it wrong.

A team is three or more people who have a common goal, whose ability to achieve that goal is dependent on each other, who share common leadership, and who share success or failure.

According to Dave Winsborough, managing director at New Zealand psychological consultancy Winsborough Ltd. and one of the developers of the Hogan Team Report, most managers misunderstand how teams work.

"There is significant literature devoted to creating high-functioning teams, most of which focuses on the proper mix of functional roles," he said. Functional roles are dictated by people's titles and reflect their hard skills – accountant, designer, engineer.

"That is sensible and shortsighted at the same time, because it ignores an individual's psychological role," he continued. "When individuals are formed into a team with a designated task, there is an awkward phase in which everyone is searching for how he or she fit in – his or her psychological role."

These psychological roles are dictated by the individual personalities of the team members, and there are five psychological roles toward which people naturally gravitate.

Results - Individuals who gravitate toward the results role take responsibility for managing the team. They are comfortable taking charge, and are needed to communicate ideas, work processes, individual contributions, progress, and problems to the team.

Relationships – Team members in the relationships role tend to be concerned with harmony and cooperation. They may also be the champion of the customer and stakeholders – someone who empathizes and understands how those outside the team will see things. Personally, they tend to be upbeat, gregarious, and outgoing.

Process – Individuals who naturally focus on process are concerned with implementation, the details of execution, and the use of systems to complete tasks. They are reliable, organized, and conscientious about following rules and protocol.

Innovation – Team members who gravitate toward the innovation role anticipate problems, and recognize when the team needs to adapt. They spot trends and patterns quickly, enjoy solving problems, and generate creative solutions.

Pragmatism – Team members who are drawn to the pragmatism role are practical, somewhat hard-headed challengers of ideas and theories. They promote realistic approaches and aren't easily swayed by the need to preserve harmony or innovation for its own sake.

A Balancing Act

Understanding these psychological roles reveals why otherwise talented teams can fall flat, and provides the keys to unlocking their potential.

"Say I want to put together a software development team," Winsborough said. "Using the conventional model, I would want to hire a group of programmers that were each the best at what they do – design, coding, etc. These people would all function extremely well within their individual silos, but because I didn't pay attention to the balance of psychological roles within the team, they would probably have a hard time communicating and working with each other, or with anyone else."

To perform at their maximum potential, teams need to maintain a balance of psychological roles. These roles must be balanced in two ways: complimentary fit and similarity fit.

"It is impossible for any one person to fill all the roles that a great team needs," Winsborough said. "When a team has complimentary fit, it means that it has enough diversity among its members to cover every psychological role."

Similarity fit, on the other hand, concerns having enough individuals to provide critical mass in each psychological role.

5 Ways Teams Fail

An unbalanced team can be an operational nightmare – projects stall, ideas dry up, and morale plummets. Fortunately, unbalanced teams manifest themselves in five predictable ways, each of which can be fixed by bringing in people to fill gaps, or reassigning people where too many individuals are trying to fill a role.

1. Nobody, or everybody, seems to be in charge

In order to drive performance, teams need one or two individuals who gravitate toward a results role. These individuals typically seem warm and approachable, and in a team setting they naturally assume a managerial role. Results-oriented team members are necessary to organize work, clarify roles, distribute tasks, and evaluate outcomes.

"Without someone to take charge and establish goals and timelines and hold individual members accountable to their commitments, teams tend to drift away from their goals over time," said Ryan Ross, vice president of Global Alliances at Hogan. "Too many results-oriented team members, however, can result in infighting and competition for leadership roles, which can be equally distracting."

2. Nobody gets along

No matter how strong the individual members of your team, if they won't work together, it does little good. Relationship-oriented team members are important for building cohesion within the group.

"In a group, relationship-oriented team members are important not only because they maintain harmony within the group, but also because they tend to champion customers and stakeholders," Ross said. "However, they can be overly focused on getting along rather than performance, so it's important to balance them with results-oriented members to keep the team moving forward."

3. They aren't producing big ideas

Large companies have trouble innovating – they tend to be risk averse, set in their ways, and hindered by bureaucracy and internal politics. Companies rely on small, nimble teams to drive promising ideas from conception to market, and teams rely on innovative individuals to produce those ideas.

Team members who gravitate toward the innovation role have a talent for spotting trends and patterns, identifying problems, and generating creative solutions.

"These are big-picture thinkers," Ross said. "They're great for anticipating problems and coming up with creative solutions. However, they also tend to have a problem with practicality."

4. Their ideas never get anywhere

A team's big ideas don't serve anyone if they never make it to market. To stay productive, organized, and on schedule, teams rely on people who naturally focus on process.

"Without enough people in the process role, teams lack sufficient self-discipline and good process," Ross said. "However, with too many people in the process role, teams can become rigid and lack the tactical agility they need to overcome obstacles as they encounter them."

5. Nobody plays the Devil's advocate

Every team needs a good pragmatist – a practical, somewhat hardheaded challenger of ideas and theories. They promote realistic approaches and aren't easily swayed by the need to preserve harmony or innovation for its own sake.

"Without enough of these individuals, teams tend to spend a lot of time pursuing ideas that seem great at first, but prove impossible to implement," Ross said. "The team becomes too critical and closed-minded to allow new ideas to develop."

The Bottom Line

Achieving the right mix of skills, experience, and personality is the key to creating a productive team and satisfied workforce. To learn about how to find the right balance of personalities for your team, check out our complimentary eBook, *The Truth About Teams.*

AVOIDING THE
FEEDBACK BUBBLE

There are countless stories of successful leaders who, upon achieving power, pushed away their trusted advisors in favor of a group of yes men. Each ends the same: the leader, buoyed by his or her success, takes a miscalculated risk, and, instead of correcting course when things go wrong, doubles down on his or her position, plunging him or herself and his or her followers into disaster.

Although not all of these stories make it into the headlines, they are all devastating to the people involved, and they happen with alarming frequency. Why? Because leaders get stuck in the feedback bubble.

Lonely at the Top

It turns out that executives are a lonely bunch. According RHR International's CEO Snapshot Survey, a survey of 83 U.S. CEOs, 50% of respondents reported experiencing loneliness in their role. That makes sense – the corporate world can be a nasty and competitive place, and it's easy to lose friends and make enemies on the way to the top. Although many executives consider loneliness a fair trade for the power, money, and prestige that comes with the corner office, it could end up damaging their careers.

Leader performance depends on self-awareness – knowing your strengths and weaknesses and how they impact your behavior. Without it, people tend to overestimate their strengths and ignore critical feedback, eventually derailing their careers, often at tremendous cost to their employers. Unfortunately, the higher up the ladder someone is, the harder it is for him or her to gain a realistic view of his or her strengths and weaknesses.

They Don't Ask

People in positions of power aren't particularly good at asking for feedback. In an analysis of more than 1,200 New Zealand business leaders, assessment and consulting firm Winsborough Limited found that the chief complaint against poorly performing managers was that they didn't seek or accept feedback.

"With every move up the ladder, you're more impressed with yourself as you impress other people," says Geoff Trickey, managing partner at Psychological Consultancy Limited. "When you are massively successful and you no longer feel that you need to make any concessions to anybody because you're now top of the heap. You're admired, successful, powerful, and wealthy, so why the hell should you bother with what anyone thinks?"

Nobody Tells Them

Few employees are willing to risk their careers to give their boss negative feedback. As North Jersey Community Bank CEO Frank Sorrentino III said in an article for Fortune, "When people look at you, they look at your title first. They're not coming in to talk to Frank, they're coming in to talk to the CEO. And when they're coming in to talk to the CEO, they're not going to tell you what they really think."

"You're on your own at the top," says Trickey. "Nobody is speaking truth to power. No one's telling you you're a fool or that's a stupid idea. Everyone's saying how great it was. You're beginning to feel indestructible, so at that point, the dark side is just lurking around the corner. It's been creeping up on you as you've moved up the building."

They Can't Handle the Truth

Finally, when bosses do get honest feedback, they don't always handle it well.

"When most people are confronted with the fact that they have made the wrong decision, they are unwilling to admit it," says Tomas Chamorro-Premuzic, vice president of research and innovation at Hogan. "In order to save face and avoid feeling stupid, they engage in a range of unconscious tactics that help them distort reality in their favor."

3 Ways to Derail

Without the feedback needed to keep their dark sides in check, people tend to overuse their strengths and downplay their weaknesses, leading them to behave in ways that can damage their careers in one of three predictable ways:

Moving Away

Some people manage insecurities by intimidating and avoiding others. Individuals in this category are often criticized for being AWOL in high-pressure situations, or of managing up – catering to senior management and often throwing their employees under the bus in the process. Eventually, this aloof management produces a shortage of allies and causes leaders to lose a handle on day-to-day operations.

Moving Against

In sharp contrast to the reclusive executives in the moving away group, individuals in this category manage self-doubt by charming and manipulating others. This combination makes for a magnetic personality at first, but these people tend to step on fingers on their way up the ladder, leaving them alone and surrounded by enemies at the top.

Moving Toward

This group is made up of individuals who manage insecurities by micromanaging

and building alliances. The problem is, human beings thrive on autonomy, and micromanaging robs employees of their sense of responsibility and independence. The result is often a blow to engagement and morale that could lead to an exodus of talented high-potential employees.

Fixing the Feedback Loop

How can executives avoid getting stuck in a feedback bubble?

Start With Data

Although high-power executives are unlikely to seek out or receive honest feedback, personality assessments provide objective, scientifically valid data about leaders' strengths and weaknesses and how others view their behavior.

"When performance feedback comes directly from another individual, we tend to react badly," says Chamorro-Premuzic. "Showing people objective data from personality assessment can give them unbiased information about their strengths and weaknesses around which you can build feedback and coaching."

Make Feedback Easier

"In order to change, we need to start by building self-awareness, which is best achieved by obtaining and believing honest and critical feedback from others," says Chamorro-Premuzic.

Sorrentino said in Fortune that he "holds focus groups with representatives from every level in the company, where people can air their grievances." Regular anonymous 360-degree feedback is another way to get reliable feedback.

Use a Coach

"High-quality personality assessments provide powerful information about participants' strengths, weaknesses, and reputations," says Trish Kellett, director of the Hogan Coaching

Network. "However, without an effective developmental framework, it's difficult to translate that information into measurable improvement."

Organizational coaches can provide the feedback and suggestions necessary for leaders to create such a framework.

The Bottom Line

Self-awareness doesn't immunize leaders against making mistakes. At some point in his or her career, everyone makes a bad call or has an emotional outburst. However, gaining an objective, data-backed view of their strengths and weaknesses can help executives cope with the stress, pressure, and isolation of an executive position, and help ensure that even when the dark side shows, it won't derail their careers.

WHY SMART PEOPLE MAKE BAD DECISIONS

It's clear that some people have better judgment than others. According to various sources, 25% of people on social media have posted something they later regretted, the divorce rate in the U.S. is 50%, and over the past decade the tattoo removal industry has grown 440%. Although these are relatively benign examples, there are, unfortunately, countless examples of bad decisions that killed individuals' careers, collapsed companies, or cost people their lives.

More Than IQ

If you look at the correlation between IQ and anything significant, all the predictability is at the low end.

- Dr. Robert Hogan
Founder and President, Hogan

In other words, IQ does not predict the ability to make good decisions. We've all known smart people who habitually make bad decisions, which suggests that something else is at play. Consider the following:

A ball and a bat together cost $1.10. The bat costs $1 more than the ball. How much does the ball cost?

Most people will intuitively answer, incorrectly, that the ball costs 10 cents. In fact, in a study of 248 university students, only 21% of participants came up with the correct answer, five cents.

The same group was then asked another question:

A magazine and a banana together cost $2.90. The magazine costs $2. How much does the banana cost?

In this instance, 98% of participants answered correctly. The findings support decades of research that shows when we are faced with problems that are difficult or have an ambiguous solution, our brains purposefully substitute an easier question in order to come up with an answer, even if it's not the right one. Why? Our brains are overloaded.

The Hogan Judgment Model

INFORMATION PROCESSING	DECISION-MAKING APPROACHES	REACTIONS TO FEEDBACK
How people process information	**How people approach decisions**	**How people react to feedback about bad decisions**
Verbal Information vs. Numerical Information	Threat Avoidance vs. Reward Seeking	Defensive vs. Cool-headed
	Tactical Thinking vs. Strategic Thinking	Denial vs. Acceptance
	Data-Driven Decisions vs. Intuitive Decisions	Superficial Engagement vs. Genuine Engagement

- **225** - Number of decisions we make per day solely related to food

- **34** - Gigabytes of data per day consumed by the average American

- **57** - Percentage of people engaging with two or more screens at once

Logic and data-based judgments take up a lot of bandwidth, so our brains create subconscious shortcuts and biases that help us navigate the countless decisions we make every day with less cognitive effort. The answer we come up with may not be optimal, but for most situations – choosing, for instance, what we eat for breakfast – it will be good enough. After all, the consequences of choosing a bowl Frosted Flakes® over Fiber One® are relatively small.

Information Processing

The larger problem develops in the workplace, where we're required to rapidly respond to difficult, ambiguous situations every day. The cumulative result of how we handle these decision-making processes determines the fate of our careers, and, in the case of leaders, our companies. By better understanding how and why we make the kinds of decisions we make, we can improve our judgment.

When it comes to judgment, intelligence is preferable, but not predictive. How people process information, however, matters. People typically fall into one of four information-processing styles, each of which is better suited to certain professions or situations.

Deliberate. These individuals take their time processing both numerical and verbal information. They are interested in making accurate decisions based on an understanding of all available information. They tend to do well in occupations requiring meticulously researched and unhurried decisions.

Qualitative. These individuals process verbal information more efficiently than numerical information. They

prefer to use words rather than data to interpret events. They tend to do well in story-telling occupations such as communications, literature, philosophy, journalism, and advertising.

Quantitative. These individuals process numerical information more efficiently than verbal information. Because they enjoy identifying patterns and predicting outcomes based on data, they tend to excel in fields such as finance, accounting, engineering, and IT.

Versatile. These individuals efficiently process both numerical and verbal information. They can quickly and efficiently solve problems regardless of required information and tend to do well in occupations requiring quick decisions with limited information across diverse topics.

Decision-Making

Who we are is how we decide. Our personalities determine our pre-decision biases and the manner in which we approach problems. Decision-making style can be divided into three binary components.

Threat Avoidance vs. Reward Seeking. All decisions include potential threats and rewards. Some individuals focus primarily on the negative side of the risk-reward equation, preferring to remain cautious to avoid threats. Others focus on the positive side of the risk-reward equation, preferring to seek rewards despite potential consequences. Threat avoiders may be more appropriate for decisions that involve potentially disastrous consequences, and reward seekers are often necessary for building and growing organizations.

Tactical Thinking vs. Strategic Thinking. In approaching decisions, some people focus on tactical issues such as immediate needs and relevant details, whereas others prefer to focus on strategic long-term challenges and opportunities. Tactical thinkers tend to focus on details like cost,

implementation, and staffing issues, but may neglect larger issues. Strategic thinkers tend to use a future-oriented, big picture perspective, but may neglect important practical details.

Data-Driven Decisions vs. Intuitive Decisions. Research shows that people approach decisions from either an intuitive perspective, which allows for fast, automatic, and effortless decision-making, or a data-driven perspective, which is slow, deliberate, controlled, and effortful. Data driven decisions are often more effective when there is both information available and time to review it. Intuitive decisions are not only more effective, but also sometimes necessary, when situations dictate that individuals make quick decisions and move on.

Reactions to Feedback

Everyone makes mistakes. In fact, some studies suggest the base rate for bad decision-making is as much as 50%. Unfortunately, when most people receive negative feedback about a decision, they are unwilling to admit they made a mistake. Instead, we argue, rationalize, and engage in a range of tactics to save face. People tend to react to negative feedback in three ways.

Defensive vs. Cool-Headed. Some individuals respond to negative feedback with emotional displays. They often project blame on other people, circumstances, timing, and other factors beyond their control. Others respond more calmly, often reflecting on their mistakes and how they contributed to the bad decision. Individuals who remain cool-headed are more likely to recognize mistakes and take action to correct them.

Denial vs. Acceptance. Some people react to negative feedback with denial and deflection. They may refuse to recognize facts, ignore feedback, spin failure as success, or want to move on. Others are more likely to consider the facts, address their mistakes, and use the negative feedback to improve future decisions. Those who can accept negative feedback are better equipped to correct mistakes and improve future decision-making.

Superficial Engagement vs. Genuine Engagement. Some people appear willing to admit failure and listen to feedback, but are actually putting on an act to maintain positive social impressions. People who genuinely engage in negative feedback are more likely to learn from their mistakes.

> In a perfect world, every decision would be rational and deliberate, and every problem would have a clear solution.

The Bottom Line

In a perfect world, every decision would be rational and deliberate, and every problem would have a clear solution.

In the real world, however, there is rarely enough time or information to make a reasoned decision, and even if there were, the problems we face rarely have an objective determined solution. For that reason, good judgment has to be about more than making the right decision most of the time. By knowing how you process information and how you make decisions, you can play to your strengths and account for your natural biases. By understanding how you react to getting it wrong, you can monitor your behavior to make sure you don't double down on a bad decision, and turn mistakes into opportunities.