Evaluating Good Decision Making Starts with Making Good Decisions

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Session Abstract

This session will include multiple viewpoints on how best to predict and improve employee decision making. Panelists will discuss existing research on evaluating characteristics that define good judgment, cognitive style and horsepower, and implications for employee selection and development. Experiences with implementing programs featuring corresponding assessments will also be discussed.

Session Summary

Read organizational psychology literature from any decade since its advent, and you'll find the understanding and assessment of cognitive characteristics remains a primary interest—and for good reason. Organizations are continuously grappling with how to (1) define effective decision making in a realistic and measurable way, (2) identify valid ways to assess the associated characteristics, (3) integrate such methods into the organizational approach to talent management, (4) ensure consistency and appropriate application of interpretation and (5) derive meaning from results to improve accuracy of selection programs and/or drive sustainable development. Scientific research and practical literature have been examining employee cognitive characteristics for years, but deriving consistent definitions of the associated concepts and their various facets and stages, as well as a set of informed best-practice recommendations on how to select and develop individuals accordingly, remain goals unattained.

The speed of global business is getting faster, the relationships are growing more complex and the markets are becoming further integrated with each passing year. As companies worldwide continue to adapt and adjust, there is a corresponding need for employees at all levels to exhibit effective decision making capabilities. "When people have not learned what to do through trial and error, they need a suite of generally applicable decision-making skills. These include extracting relevant information, applying general values in specific settings, and integrating these pieces..." (Parker, 2005, p.2). Information reduces uncertainty; however even if the levels of cognitive abilities among two employees are "equal", these individuals can differ in their preference for and ability to process different types of information. Decision making effectiveness can be influenced accordingly.

Traditionally the academic literature and talent management field have focused on assessing decision making from varying approaches, including an individual's cognitive style (Parker, 2005), information processing speed and ability to shift thinking paradigms or adjust to changing landscapes, (Hunter & Schmidt, 2006) and how their personality or behaviors interfere with these aspects (Hogan, Hogan & Kaiser, 2010). But in an effort to maximize effective decision making, current approaches tend to focus on schema affecting pre-decision biases. Furthermore, best practices around leveraging the results derived from the relevant metrics and evaluation models for improvement on decision making performance are varied and often vague. A series of questions will be posed to panel members around two broad areas:

1. Determining where to focus

To ensure the information evaluated in regards to an individual's decision making characteristics is relevant and useful, an organization must first determine (1) what they mean by effective decision making, (2) the context under which it will be taking place and (3) the output that indicates success. While aligning on these points, the feasibility and availability of valid assessment or evaluation approaches should also be taken into account—lest risk an operational definition with little to no operational support. With practical implementation in mind, researchers and practitioners have approached the underlying qualities that influence decision making as it relates to success on the job from numerous perspectives. Three primary examples include:

- Hunter, Schmidt, and Le (2006) determine through reexamination of meta-analytic methods that general mental ability (g factor) predicts job performance. In addition, they also find the effectiveness of testing the g factor increases with the complexity of a profession. The job families were coded from 1 (most complex) to 5 (least complex) on the basis of their requirements for information processing. Data considered are those for the measure of general mental ability derived from the General Aptitude Test Battery in the prediction of job performance ratings. 425 studies were included.

- Mitchinson and Morris (2014) posit that one's learning agility, or the ability to give up skills, perspectives, and ideas that are no longer relevant, and learn new ones that are, becomes instrumental to effective problem solving. They have built on the findings of De Meuse, Dai, and Hollenbeck (2010) who conclude that the willingness and capability to learn from experience and subsequently to apply that learning to perform successfully under new or first-time conditions becomes one of the most critical success factors for managers and executives.

- Aronson, Wilson, and Akert (2012) suggest that people are sometimes bias in their interpretation of information. They suggest that we may (intentionally or unintentionally) distort information to fit preconceived notions or to better align with previous experiences. Since such biases can emerge as we intake information, they can be active before and/or after a decision is made, thus affecting not only how one perceives context of the decision, but also how they process the information attained once the decision is in play.

Clearly there are benefits to collecting data and insights from each of these perspectives. It is important to explore what is necessary for what context. Aligning an organization's approach to evaluation with the agreed upon definition and intentions for results is an equally important consideration. Questions and discussion points posed to the panel around determining which aspects of decision making to evaluate may include:

- If around half of our decisions end up being wrong, what is "good judgment" anyway?

    - Does it regard avoiding disastrous decisions?

    Companies such as Motorola, Lehman Brothers, Kmart, and Eastman Kodak each made single disastrous decisions that cost billions of dollars (McIntyre, 2012).

    - Does it regard making decisions that lead to positive results?

    Organizations like 3M, Apple, Intel and Johnson & Johnson each made game-changing decisions that transformed their brands and boosted bottom-line performance (Harnish, 2012).

    - What might we look for in a candidate who will need to find a way to create positive results no matter the success of decisions? (e.g. resilience? Agility? Ability to navigate ambiguity?)

- Comparison of usefulness of evaluating g factor vs. cognitive style in selection / development / performance evaluation.

- Are there particular contexts (e.g. job family / organizational level / application / cross cultural) that determine preference for approach or require a multi-pronged approach?

- What is the best practice for applying information we glean from g factor assessments?

    - Verbal/numerical problem solving

    - Non-verbal problem solving

- What is the best practice for applying information we glean from cognitive style Assessments?

    - Learning agility assessments

    - Personality assessments

    - Assessments that detect biases

- Are there concerns for using these types of metrics in external selection?

  - When is a criterion-referenced study necessary for use of said instruments in selection?

  - Should the adoption of a screen-in vs. screen-out candidate selection strategy be contingent on the chosen approach?

2. What to do with the information: strategies for developing better decision making

When it comes to improving performance related any construct, diagnostic information is imperative. But when it comes to coaching around decision making characteristics, things get a bit trickier, especially knowing that even with a concerted effort the most successful leaders find it difficult to improve their track record. Inconsistent circumstances, shifting landscapes and layered ambiguity are all commonplace challenges typical leaders face. Numerous strategies have emerged in recent years to guide practitioners toward best practices for addressing related executive development challenges. Three primary examples include:

- Hogan Assessment Systems (2014) demonstrate that awareness coaching can be an effective way to mitigate the ubiquitous cognitive biases that hinder decision making. Through a series of short coaching sessions aimed at heightening an individual's strategic self-awareness, a participant gains a better understanding of how others view his or her strengths, weaknesses and tendencies. The resulting reputational perspective leads to a greater understanding of one's own impact at work. The method was found to be more scalable than skills coaching. Study results showed that supervisors indicated higher levels of engagement around development and improved performance.

- Haran, Ritovy, and Mellers (2013) find that actively open-minded thinking (AOT) predicted the tendency to collect information, and information acquisition predicted performance. To the extent that available information is predictive of future outcomes, actively open-minded thinkers are more likely than others to make accurate forecasts. Such forecasts are synonymous with the prescience required in effective decision making.

- Milkman, Chugh, and Bazerman (2009) use Stanovich and West's (2000) distinction between "System 1" thinking (our intuitive system, which is typically fast, automatic, effortless, implicit, and emotional) and "System 2" thinking (reasoning that is slower, more conscious, effortful and explicit) as a framework for strategies to improve decision making. For example they assert one can overcome specific decision biases by replacing intuition with formal analytic processes, such as linear models, or by proactively considering the opposing decision outcomes.

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With new and varying approaches toward facilitating improvement in decision making emerging, practitioners can be tempted to put the "cart before the horse"; in other words, rush to a favorite approach for developing employees around the associated constructs before considering (1) if it is appropriate, (2) if it is even possible to develop in this particular area, or (3) the approach is conducive to the data provided. Questions posed to the panel around determining what strategies should be taken may include:

- Can we improve leaders' ratio of good/bad decisions?

    - What resources are most conducive to doing so?

    - Does it vary by individual? How can we tell?

- Is identification of the associated characteristics enough? Is the effort toward development ever not worth the payoff?

- What are the best practices for delivering constructive feedback and developing individuals around the various types of cognitive assessment data that might be provided?

    - What parts are coachable? (as it applies to common business scenarios, such as facing complex ambiguities and shifting landscapes)

    - Regarding cognitive style, does focusing on the pre- or post-decision biases lead to more sustainable change?

- What does one's reaction to feedback around decisions that didn't pan out indicate about his or her receptiveness to coaching?

    - What is the most appropriate way to assess these reactions?

    - What is the best practice for facilitating positive change in this regard?

The panelists in alphabetical order are:

Mattias Elg is the Managing Director at Assessio International, headquartered in Stockholm, Sweden. Assessio International publishes the Matrigma matrices, which is a cognitive ability instrument used to predict career success and job performance. As a subject matter expert in psychometric development and application, Mattias has worked extensively with multinational clients on design and implementation of several international leadership development programs tailored and connected to KPIs around decision making.

Rhonda Gutenberg's interest in decision making began years ago with her published dissertation "Moderating Effects of Decision Making/Information Processing Job Dimensions on Test Validities". She has an extensive international career, primarily working as a consultant in the areas of leadership assessment and development. Based in Shanghai since 2007, she currently is

Managing Consultant and Head of Office for YSC. She evaluates various aspects of executives' judgment and thinking and provides coaching on how they can become more effective. She has a Ph.D. in Industrial/Organizational psychology from the University of Houston.

Darin Nei is an Industrial/Organizational Psychologist and consultant for Hogan Assessment Systems' Global Alliances team where he oversees distribution networks of Hogan inventories in the UK, Middle East, and Africa, in addition to contributing to product development and training. He spearheaded the design of the training system used to certify practitioners in the use of Hogan's Judgment Inventory and report, a unique measure providing insight into how people process information and approach making decisions, and ultimately how they respond to criticism or poor decisions after they have been made. Darin is also the co-founder of Hogan's Independent Consultants Network where he specialized in personality assessment interpretation and feedback for senior leaders and executives. He has a Ph.D. from the University of Oklahoma.

Jan Rybeck is a Master Certified Coach and Principal Consultant with Korn Ferry International's US Government Solutions Division. She has been coaching leaders and teams from first line through C-suite since 1994. Her experience managing and owning businesses, leading teams, and building client engagements allows her to ground theory and research with the pragmatic reality of organizational life and business demands. Steeped in Korn Ferry's learning agility suite of assessments that track development through stages of ability to comprehend and respond to complexity, Ms. Rybeck coaches leaders on ways to expand their capacity to consider alternatives and hone their decision making skills as well as their resilience in recovering from decisions gone bad.

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