

HOGAN PERSPECTIVE:

JUDGMENT

Leadership theories commonly focus on individual characteristics like charisma, influence, and work ethic, but the key drivers of leadership performance are the leader's decisions. Indeed, since leaders are responsible for the welfare of groups and organizations, the decisions they make – good or bad – are consequential. Positive organizational outcomes are the consequence of good leadership decisions; negative organizational outcomes are the product of poor decisions.

Thus, understanding how leaders make decisions, and in particular, whether they are capable of displaying good judgment, is critical to understanding organizational effectiveness. To date, most efforts aimed at explaining or predicting judgment have focused on critical thinking, IQ, or other cognitive abilities. However, this paints an incomplete picture of an individual's thinking and decision-making style. Indeed, cognitive ability may play a major role when it comes to learning new things and solving logical problems, but most of the problems leaders encounter in organizations are ill-defined, and their critical decisions are often made under conditions of uncertainty. In fact, many of the key decisions leaders make are better explained in terms of personality than intelligence.

THE HOGAN JUDGMENT MODEL

The Hogan Judgment Model represents a new and comprehensive approach to assessing judgment and decision-making styles. Unlike previous approaches, our model includes a critical component most models miss: how a leader reacts to feedback about his or her failed decisions. This means the decision-making process does not finish once a decision has been made – it is only completed after the leader evaluates the outcome, especially when the goal was not achieved. The underlying rationale is that to improve one’s judgment, one needs to learn from experience and receive negative feedback about one’s performance. Our judgment model advances current thinking by including (a) two brief information-processing measures related to verbal and numerical reasoning, (b) three independent scales that assess non-cognitive attributes that influence how an individual approaches decisions, and (c) an assessment of post-decision reactions, including responses to negative feedback.

This information will help individuals make better decisions and more quickly recognize and correct judgment-related mistakes. By understanding how they process information, what natural tendencies they rely on before making decisions, and their likely reactions to feedback about failed decisions, leaders will be able to develop better judgment and decision-making skills.

INFORMATION PROCESSING

How people process information

Verbal Information
vs.
Numerical Information

DECISION-MAKING APPROACHES

How people approach decisions

Threat Avoidance
vs.
Reward Seeking

Tactical Thinking
vs.
Strategic Thinking

Data-Driven Decisions
vs.
Intuitive Decisions

REACTIONS TO FEEDBACK

How people to react to feedback about bad decisions

Defensive
vs.
Cool-headed

Denial
vs.
Acceptance

Superficial Engagement
vs.
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Information processing concerns an individual's preferences for acquiring and processing verbal and numerical information. Although leaders typically possess above average cognitive ability, they can differ in their preference for, and ability to, process different types of information.

The Hogan Judgment Model classifies individuals into one of four information-processing styles:

- *Deliberate*: These individuals take their time when 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.

Both organizations and leaders benefit from understanding information-processing styles. Organizations can diversify their leadership teams and ensure that individual leaders have the information they need to make decisions. Individual leaders can use this information to develop their judgment and play to their natural strengths, or complement their strengths by working with individuals who have a different information-processing style.

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Personality plays a role in how individuals approach and react to decisions. The Hogan Judgment Model includes three personality components that influence an individual's approach to making decisions: (a) threat avoidance vs. reward seeking, (b) tactical vs. strategic thinking, and (c) data-driven vs. intuitive decisions.

- *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 one of two perspectives: (a) an intuitive perspective, which allows for fast, automatic, and effortless decision-making; or (b) 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. In contrast, intuitive decisions are not only more effective, but sometimes necessary, when situations dictate that individuals make quick decisions and move on.

Success often requires a mix of decision-making strategies. Organizations need (a) decision-makers with tendencies to avoid threats or seek rewards based on factors such as industry sector or level of organizational maturity, (b) both strategic visionaries and tactical executors, and (c) careful data-driven decisions at some times and intuitive agility at others. Individuals can also use this information to play to their natural strengths and consider other approaches as needed.

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Willingness to accept negative feedback and learn from experience is critical for improving one's judgment. The Hogan Judgment Model uses composite measures of personality and values to describe three pairs of characteristics that influence an individual's response to feedback about failed decisions: (a) defensive vs. cool-headed, (b) denial vs. acceptance, and (c) superficial vs. genuine engagement.

- *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 their 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. In contrast, people who genuinely engage in negative feedback are more likely to learn from their mistakes.

By considering reactions to feedback across these scales, organizations can gauge the overall receptivity of their leaders to feedback and coaching and use this information to improve coaching interventions. Individual employees and leaders can use this information to increase awareness of tendencies that may limit their ability to improve their judgment by learning from their mistakes.

