

HAKLUYT

# Making complex judgements about people

Gathering insights from  
'off stage' as well as 'on stage'

*June 2024*



## **Hakluyt partner Matthew Pettigrew talks to psychology professor Adrian Furnham about how to make the right – and wrong – decisions about people.**

Over the past decade, Hakluyt has helped many of the world's largest companies and investors make critical hiring and talent succession decisions, using our network-based methodology to assess hundreds of candidates for senior executive and non-executive roles.



### **Adrian Furnham**

*Adrian Furnham is Professor of Psychology at the Norwegian Business School, and was Professor of Psychology at University College London between 1992 and 2018. He has written 95 books and 1,300 articles on psychological issues, including those connected with business and leadership.*



### **Matthew Pettigrew**

*Matthew Pettigrew is a partner in Hakluyt's London office, and leads the firm's work on senior hires. Before joining Hakluyt, he spent a decade at McKinsey & Co in London, having previously worked for the UK Foreign & Commonwealth Office, where he served in Beijing.*

**Matthew: In our last conversation, Adrian, we explored why businesses get hiring and succession decisions wrong, and what they can do to avoid costly mistakes. Today, we're going to talk about the basis on which we make judgements about people. This complex subject is often reduced to a simple dichotomy: to what extent can we rely on our intuition rather than an evidence-based approach? Of course, it's more complicated than that – as we'll see. But let's start with intuition. What part does it have to play, and what are its limitations?**

Adrian: We all have a tendency to use intuition or 'gut feel' in decision-making, but we're likely to make serious mistakes if we rely on this alone. As I see it, there are three main risks. The first is that, however confident we feel about our abilities in this area, we have little real understanding of how good we are at it. Some people may be blessed with a capacity for deep psychological insight, but most of us aren't; and business leaders tend to be successful for reasons other than their intuitiveness about people.

The second problem is that intuition is often informed by specific experiences that do not generalise: in short, it can often be wrong. We may hold all sorts of beliefs about other people – based on the firmness of their handshake, their eye-contact patterns, or even their dress sense – which feed into our instinctive responses and can distort decision-making. Margaret Thatcher, for example, is reputed to have disliked men with beards! And the third issue is that the debate has in any case moved on: while intuition may still influence our decisions about people, any major business decision these days should be supported by a robust evidence base.

**MP: I suppose that one way to reduce the risks associated with intuition is to involve a number of people in decisions about talent. Making this a team activity rather than giving it to any single person – no matter how wise and experienced – limits the risk of bias creeping in. Do you agree with this approach?**

AF: Well, yes and no. I used to set students an exam question, asking them to consider two contradictory truisms: 'Two heads are better than one' versus 'Too many cooks spoil the broth'. Again, I would make three points. On the positive side, a team-based approach brings different views and experiencers to bear, making it more likely that the impact of individual bias will be at least limited, if not eliminated entirely.

But teams can also be problematic. As we discussed last time, interviewing is a task that requires considerable skill, and we often over-estimate our ability to do it well. Giving just a few people proper training in this area, and keeping the assessment process within this smaller group, could produce better results. And then there is the problem of drawing together different perspectives, particularly when they're contradictory. This is nuanced but critically important, and is likely to be done best by people with real expertise.

**MP: OK, so there can be issues with collective decision-making – but, if managed well and with the right skill sets, it can still mitigate some of the risks associated with individual bias. Let's turn now to the issue of evidence, though. As you've already said, no-one is going to disagree, particularly in today's business world, that evidence will increase the quality of judgements we make about people. But how should we approach the gathering of evidence in this context?**

AF: The first thing you need to do is be clear about what you need to know, and why. Some characteristics are fundamental to all leadership positions, such as high levels of personal integrity and intelligence, the ability to inspire others, the willingness to listen, and so on. But other traits or experience may also be necessary to succeed in a particular role. And as we discussed last time, it's also wise to identify those characteristics you don't want: to select out, as well as select in.

The second thing to consider is what insights to look for. Insight comes in different forms: what people say about themselves, including in interviews or questionnaires; what others have

observed; and various facts about what people have achieved, including the roles they've had, but also qualifications and awards. Each type of insight, or data point, has value but also limitations, so it's best to combine them. A particular concern is what psychologists call impression management – that is, people's natural tendency to sell themselves, even when it means bending the truth in their favour. That's why the source of the insight is also important, and why there's value in speaking to third parties.

**MP: So ideally, you want access to a range of people with different vantage points, who can provide insights into how someone has behaved and what they've achieved at different points in their career: how they've responded to operating in different geographies or working cultures; or how they've conducted themselves socially or in the public domain. Looking for behaviour patterns that transcend different contexts can tell you a lot about what someone is really like.**

AF: That's right. Another way into this is to consider how someone behaves when they're in different modes: people can be 'on stage' or 'off stage'. If someone is 'on stage', they may be play-acting, especially when they feel under scrutiny, for example in front of their boss. If so, the observable behaviours probably won't be typical or reflective of what they're really like. There may still be some value in observations of people's on-stage behaviour, but what you really need is to observe them when they're behaving more naturally. This is why we want to gather as much data as possible: this allows us to generate a more rounded and reliable picture of an individual, rather than one distorted by impression management.

Doing this properly is quite an undertaking, and even well-resourced boards or HR departments can't do it on their own. But the cost of getting it wrong easily outweighs the investment required to get it right. People are complex – there will always be seemingly inexplicable exceptions to their normal behaviour patterns, as all biographers and profilers know. That's why it's essential to be thorough.

**MP: Let's now turn to where to get the evidence from.**

AF: Of course, there's a significant amount of data on the web about many people, particularly those with a high profile. But is it reliable? Who put it there, and what was their motive? Curated sources of information, such as social media, can be misleading.

I think there are four main groups of people from whom you should seek insights. First, bosses and teachers: people a candidate has worked for or studied under. They often know their strengths and weaknesses well – their abilities and their impact. Second, colleagues who have collaborated and competed with the individual. Third, more junior staff who have worked with them over a period of time, and seen them in different situations and moods. And fourth, clients and customers: people who the candidate has interacted with in a very different capacity.

**MP: So it's important to think about hierarchy, and to gather views from those who've been in positions of authority relative to the individual, peers and subordinates. Insights from all three vantage points should be sought for different parts of someone's professional and even personal life. Individuals in a position of authority might include someone's current or former boss, members of the board at the company they work for, investors who can decide to move their capital elsewhere, or customers, regulators, or even government officials – people a candidate will have needed to influence without the advantage of having authority over them.**

**Peers also come in many forms: colleagues at a similar level at work, competitors, or even social acquaintances. Finally, and to complete the 360-degree view, it's critical to talk to those who have worked for an individual, either now or in the past, to understand how they behave when the power is theirs.**



AF: The more people you can speak to, the better – because they will all have different perspectives. As well as knowing the candidate in different contexts, some will be more observant and more likely to share their honest perceptions, while others may have an axe to grind. Either way, it helps to know the person you're getting the insights from: you'll have a better understanding of any potential biases, and they're more likely to speak openly.

**MP: In our last discussion, we touched on the fact that a candidate is never neutral – they always want to influence the outcome. It's therefore vital to get insights that go beyond those the individual would choose to share. Psychometrics and even interviews, if conducted carefully, can help with this, but it's still the candidate sharing the information, and seeking to present themselves in a certain way. So it's crucial to gather insights from others.**

AF: Yes. This is why charming psychopaths favour interviews. With experience, we get better at conducting interviews, but also better at being interviewed. So while interviews can provide useful data, we always need other sources of insight. Some people are deeply sceptical, indeed cynical, about psychometric tests. There is no doubt that some are better than others – but psychologists are aware of their limitations, and getting cleverer at finding the truth.

Liars or impression-managers are not difficult to catch. These days many people are taught to use the Multitrait-Multimethod approach – using different means to assess different traits. Interviews can contribute, as can psychometrics, but we also want to gather views from those with direct experience of the individual being assessed. When it comes to gathering insights into an individual from someone else, the questions are: who has the data we want, and how can we best use it to develop a nuanced and accurate analysis or profile of the individual?

**MP: OK, so we're agreed that intuition isn't going to get us there. A group approach can be beneficial, if carefully managed. But we need to gather as much real data about people as we reasonably can – and, while that may include psychometrics, it should certainly include speaking to people who know the individual well, and have observed them 'off stage' as well as 'on stage'. A multi-faceted, evidence-based approach is most likely to be successful. Until next time, Adrian, thank you very much.**