

**CSC Strategy and Leadership Series**

**“Performance and Talent Management — Insights for Tomorrow’s Workplace”**

**by Francis Flynn**

**Associate Professor of Organisational Behaviour**

**Director for the Centre for Leadership Development and Research**

**Stanford University Graduate School of Business**

**26 August 2009**

Professor Francis Flynn was at the Civil Service College to share his insights on making sound decisions for performance and talent management.

In his preface to his lecture, he noted that the success of today’s organisations is related to their ability to attract and hire talent, who can then effectively implement the organisational strategy. The question is whether we are able to recognise talent. In particular, he focused on the judgement of talent in two contexts — selection and performance appraisal.

**The Power and Problems of Intuitive Decision Making**

Prof Flynn pointed out that while experts urge us to use effortful, explicit decision processes, most people rely on intuition, which he defined as “judgements made by appealing to feelings and instincts without looking for reasons” and are generally based on subconscious pattern detection. Intuitive decision-making can be a great source of power. As example, he related how an experienced firefighter in New York City relied on his intuition to save the lives of his team members. Although the firefighter was initially unable to identify how he got an ‘eerie feeling’ that prompted him to order his team out of a burning house only seconds before the floor collapsed, further probing indicated that he was relying on underlying clues and his past experiences to recognise that the fire was in the basement of the house.

While intuition serves as a powerful mental shortcut, Prof Flynn pointed out that it is not effective all the time. Take the evolutionary symbiotic relationship between the groupers and the cleaner wrasses. To survive, groupers rely on cleaner wrasses to unclog their gill openings and teeth. When groupers spot cleaner wrasses, they instinctively open their mouth for the little fishes to go inside and do their job. At times, however, groupers mistake blennies for wrasses given their similar appearances and behaviours, and automatically open their mouth, only to get bitten by the sharp-teethed blennies instead.

To make good decisions, we need good information. Prof Flynn cited a few examples of how people may draw spurious conclusions because they rely on information

that is gathered from a biased sample and is hence fundamentally flawed. For instance, some consulting companies draw conclusions of effective leadership based only on their sample of good leaders without considering information based on average or poor leaders. He also summarised research which indicates that when judging talent, people tend to focus on proxies of ability because it is difficult to know which characteristics matter for success. As a result, we tend to focus on more salient attributes, such as height and looks, which may be irrelevant for the job and do not provide good data for making decisions.

## **How to Make Sound Decisions in Judging Talent for Selection**

Prof Flynn offered some suggestions for gathering good data for making selection decisions.

### Use valid selection tools that assess qualities that are key to job success

Research and Prof Flynn's personal experience both show that the use of more valid selection tools, such as cognitive ability tests and work sample tests that focus on job-critical qualities, together with appropriate instructions that encourage people to demonstrate their natural behaviours, can help gather good data for making decisions on who to select for a job.

### Use structured interviews

Although job interviews are commonly used to assess applicants, they tend to have low validity, i.e., they are not helpful for predicting job performance. Instead, what they predict are interpersonal qualities, such as a person's likeability, affability, and ability to build rapport and get along with others. Thus, the unstructured job interview is most effective for jobs such as sales, where people skills are the best predictors of performance. For other jobs, interviews that follow a more structured format (e.g., interviewers pose the same set of questions to each candidate) have higher predictive power.

### Use structured decision-making process

Prof Flynn pointed out that multiple decision-makers can provide more accurate judgements, but only if their deliberations follow a structured process. In particular, the information, observations and opinions of each interviewer should be pooled in advance before the group discuss and reach a decision. This leads to greater accuracy, as it encourages all interviewers to give their input. It also leads to a faster discussion as the group can go straight to deliberating on the information instead of having to spend time sharing information. He further noted that when the process is structured, having the interviewers conduct the interviews in sequence could lead to more accurate evaluations than conducting the interviews as a panel.

Prof Flynn also remarked on how some organisations seek to evaluate the effectiveness of their interviews. For instance, Google correlates ratings given by an

interviewer with job performance ratings given by the line manager in order to identify the interviewers who are better judges of talent, and subsequently tap on them more to conduct job interviews.

## **Biases in Judging Talent**

### Anchoring and insufficient adjustment

Prof Flynn described how we tend to make snap judgements of people and stick to these first impressions. Thus, researchers found that students' evaluations of an unfamiliar teacher after watching a two-second clip with the sound turned off were closely correlated with evaluations made by students who had spent an entire semester studying under that teacher. There is a similar effect for job interviews — judgements made after 15 seconds were closely correlated with judgements made after 30 minutes. Prof Flynn also demonstrated that people have a memory bias where they generally find it easier to recall the first pieces of information (the primacy effect) and the last pieces of information (the recency effect). Thus, Prof Flynn noted that the two most important weeks in any job are the first two weeks because first impressions become lasting impressions.

### Self-fulfilling prophecy

Research shows that we treat people differently based on our initial impressions of them. When we form certain beliefs of people and communicate these expectations with various cues, people tend to respond to these cues by adjusting their behaviours to match them. As a result, the original expectation becomes fulfilled. In the work setting, a boss's attention and expectations can affect employee performance, and this is another reason that the two most important weeks in any job are the first two weeks.

### Situational factors

People's job performance is likely to vary with the favourability of the assignment or situation. However, by the fundamental attribution error, we are likely to attribute performance solely to stable qualities possessed by the individual. This means that we may give some people too much credit for the work they do not do, and give others too little credit for the work they do.

## **How to Make Sound Decisions in Judging Talent for Performance Appraisal**

Prof Flynn provided some pointers for reducing the biases and hence increasing the accuracy of performance evaluations. He noted that these are small steps that make a big difference, yet do not cost organisations a lot in terms of time or money:

- *Stop anchoring on archived records.* When organisations provide managers with previous performance records of their employees, the managers tend to use the previous ratings as anchors, which bias their evaluation. Prof Flynn recommended

that a manager should draft the appraisal before being shown the archived records, even when the manager is new.

- *Use automated diaries.* To circumvent biases in memory, managers could be prompted to note some comments about each employee on a monthly basis. This improves the accuracy of the appraisal, and leads to less stress for managers as they are more confident that their evaluations are fair and thorough.
- *Create multiple ratings.* By getting managers to evaluate the favourability of assignments undertaken by the employee and calibrating that against performance, the actual capabilities of the person can be assessed.
- *Share performance appraisal documents at point of hire (or in new roles).* Informing employees of the basis of their performance appraisal focuses their attention and directs their efforts such that they can choose to act in more productive ways.

In response to participants' questions, Prof Flynn shared how he encourages managers to devote more attention to performance appraisals. He asks managers to engage in perspective taking so that they realise how much a thorough, fair and accurate appraisal means to the appraisee. He also highlighted the illusion of transparency, which is that people tend to under-communicate as we tend to assume that what is obvious to us is clear to others as well. Thus, managers need to spend more time providing information and guidance to their employees with particular weaknesses. In addition, Prof Flynn shared that ambiguity in organisations has led to negative outcomes as it raises anxiety amongst the ranks. Thus, when performance bands are used, managers could reduce the ambiguity and anxiety of those in the average band by providing more information on their relative ranking within the band.

As current work arrangements often require individuals to work in different project groups and have multiple reporting relationships, Prof Flynn believes that organisations could rely on multiple people to provide more objective assessment on an individual (e.g., through 360-degree feedback). To minimise the likelihood of a potential conflict of interests when peers are rating a target individual, the organisation could decide to use the feedback only to shed light on performance gaps, while the manager still makes the call on the appraisal.

Recorded by: Khoo Ee Wan, Senior Consultant

With input from: Farah Idu Jion, Consultant  
Pek Sze Min, Consultant  
CSC Consultants