The Difference Between Good Leaders and Great Leaders

How to Assess for "Critical Thinkers"
in Hiring and Development

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Introduction

The characteristics of effective leadership have been widely described in popular literature, from Bennis' guiding vision to effective virtues. Yet the question remains: What are the most important qualities a company should consider when selecting an employee to lead a team, division, and corporation? Recently, personality and related concepts, such as emotional intelligence, have come to the forefront of this discussion. The requirements for success in business today, such as innovation or the ability to de al with ambiguity, appear to be driven by personality. However, personality is only part of the picture. Cognitive ability is still the most potent predictor of occupational attainment and job performance (Schmidt & Hunter, 2004). In his Harvard Business Review article, "Hiring for Smarts," Justin Menkes pinpointed critical thinking as the foundation of executive intelligence. Good critical thinkers possess a core set of cognitive thinking skills, as well as a disposition toward critical thinking. Coveted business competencies, such as strategic thinking, innovation, or dealing with ambiguity, are built on critical thinking skills and refined by disposition. Companies that do not include critical thinking as part of their management selection or succession battery are missing information that can help differentiate good leaders from great leaders.

Critical Thinking Defined

A business leader who thinks clearly, sorts through the clutter, and anticipates well is using his or her critical thinking skills. At a more formal level, critical thinking can be defined by six key skills (see box on page 3) that work in conjunction. Dispositional characteristics are also relevant, and include being inquisitive, judicious, truth-seeking, confident in reasoning, open-minded, analytical, and systematic (Facione, 1990).

In his article, Menkes dierentiates the critical thinking of executive intelligence from broader cognitive skills. Business differentiates can be bright and well-educated, but still not possess superior critical thinking skills. After reviewing the literature on essential components of leadership and analyzing star performers, Menkes identified the core components of critical thinking as the ability to distinguish primary goals from less relevant concerns, anticipate probable outcomes, and recognize peoples' underlying agendas. Companies that accurately assess these components are more likely to select leaders who will excel in the real-world business arena.

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The Six Core Critical Thinking Skills

Interpretation – comprehending the meaning and significance of a wide variety of situations, data or events. It is the ability to categorize, determine significance, and clarify meaning. In practice, it is the person who recognizes a problem or accurately reads someone's nonverbal cues to distill meaning.

Analysis – identifying the relationships from information or opinion. It is the ability to effectively examine ideas and arguments. In effectively, it is the executive who differentiates ideas that define a successful strategic plan from those that don't.

Evaluation – assessing the credibility of statements and the logical strength of the inferential relationships among statements. It is recognizing credibility or judging if an argument's conclusions follow from its premise; it is recognizing relevance. In practice, it is the leader who effectively weighs the alternatives that lead to deferential profitability.

Inference – identifying information needed to draw reasonable conclusions. It is gathering evidence, weighing alternatives, and drawing conclusions. In practice, it is the manager who effectively determines which of several potential conclusions is most strongly supported by the evidence at hand.
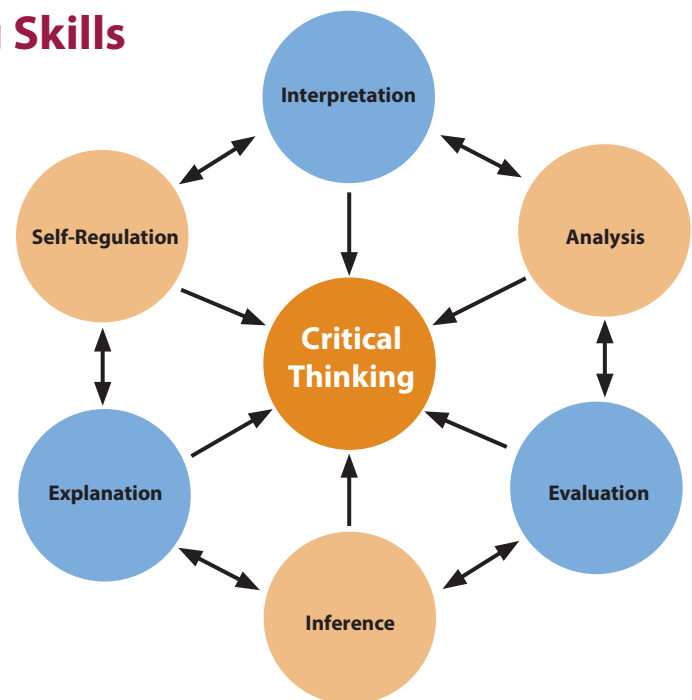
Explanation – stating one's position or justifying a position based on evidence, criteria, or contextual considerations. It is cogent arguments and the use of insightful criteria to support a judgment. In practice, it is the employee who develops a proposal backed by solid data and logic.

Self-regulation – monitoring one's cognitive activities by questioning, validating, or correcting one's reasoning. It is self-examination and self-correction. In practice, it is the professional who dissects personal biases and opinions from important information prior to making a decision.

Based on a consensus definition of critical thinking by a panel of international experts (Facione, 1990).

Assessment of Critical Thinking

It is easy to recognize good critical thinkers after they become successful. Jack Welch's transformation of G E is a classic example of how superior critical thinking skills can impact an organization. Warren Buffett's unconventional investment strategies, Rupert Murdoch's acquisition of new technology, BobIger's profit-boosting peacemaking-all demonstrate skills necessary for success. A more difficult task is early identification of good critical thinkers. An impressive resume or an MBA from a difficult school is no guarantee that a candidate will possess those key critical thinking skills that positively impact organizational strategy and decision making.

Human resource professionals assess critical thinking skills using a variety of methods, including psychometric tests, assessment center simulations, and structured interviews.

Psychometric tests are the most practical, timely, and cost-effective method of critical thinking assessment due to their ease of use and quick turnaround. *The Watson-Glaser Critical Thinking Appraisal* is one of the most widely used and respected psychometric tests in the market, offering insight into how effectively someone draws conclusions, recognizes assumptions, analyzes and interprets information, and evaluates arguments. A candidate's scores can easily be compared to norms across different occupations (e.g., production, sales, customer service, managers, executives) and industries, providing an objective benchmark of their critical thinking skills. Therefore, companies can evaluate candidates compared with their pe er group and industry.

Personnel Decisions International (PDI), one of the world's leading human resources consulting firms, has used the Watson-Glaser for decades to help in assessing the potential and readiness of candidates for hire and promotion into major corporations. "We have administered this assessment to thousands of leaders at all levels and have found this to be a very useful and robust measure of cognitive ability," says Dave Heine, Executive Vice President, PDI. "The results are easy to interpret for participants and our research has shown it to add value in predicting successful performance."

As noted previously, a disposition toward critical thinking (e.g., inquisitiveness, open-mindedness, systematic style) is relevant to understanding how critical thinking is expressed in the workplace. Personality tests are excellent tools for assessing dispositional behaviors, and are often used in conjunction with ability assessments like the Watson-Glaser.

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How Critical Thinking and Personality Tools Assess Leadership Effectiveness

A mid-sized manufacturing company was seeking a director for a business unit that needed to address the following challenges:

1. Improve global focus and the capacity to do business worldwide
2. Address declining profits for a key product line
3. Develop talent and build bench strength
4. Enhance customer relationship management and quality assurance processes

Strong critical thinking skills are essential for effectively handling each of these challenges. For example, increasing global focus involves evaluating readiness of existing staff to operate internationally, understanding how international laws and customs affect business practices, and anticipating competitor reactions. Figure 1 shows a portion of the competency model the company created for this position. The model ties the measurement of critical thinking directly to two key competencies required to address the business unit's challenges.

As shown, the assessments used to evaluate Decision Making included the Watson Glaser, three scales from the *Workplace Personality Inventory* (Adaptability/Flexibility, Stress Tolerance and Leadership Orientation), and a behavioral interview question focused on making decisions under conditions of uncertainty. The personality scales were used to assess "comfort with ambiguity" and the "willingness to take charge and take action."

Strategic Thinking was measured by combining scores on the Watson Glaser, two scales from the *Workplace Personality Inventory* (Innovation and Leadership Orientation), the *Raven's Advanced Progressive Matrices,* and a behavioral interview question focused on identifying strategic opportunities. The Raven's measures conceptual and abstract reasoning. The personality scales were used to assess "openness to new ideas and opportunities" and "willingness to take charge and take action."

Figure 1. Division Director Test Battery Example

Division Director Test Battery			
Competencies	**Critical Thinking**	**Relevant Personality Scales**	**Behavioral Interview**
Decision Making (Making sound decisions under conditions of ambiguity and time pressure)	**Watson-Glaser** (e.g., to evaluate skill in drawing conclusions based on the facts at hand)	**Adaptability/ Flexibility, Stress Tolerance, Leadership Orientation** (Workplace Personality Inventory)	**Interview question focused** on a time when the candidate had to make an important decision without having all of the information or facts that he or she would have liked
Strategic Thinking (Skill in seeing the "big picture" and planning accordingly)	**Watson-Glaser** (e.g., to evaluate skill in recognizing assumptions that must be met for plans to succeed) **Raven's** (conceptual and abstract reasoning)	**Innovation** **Leadership Orientation** (Workplace Personality Inventory)	**Interview question focused** on a time when the candidate identifed and acted on an opportunity to improve the business

As Figure 1 demonstrates, critical thinking and related factors for leadership success can be assessed objectively and effectively, providing an advantage for hiring managers to make strategic hires-and make the most of their current employee pools as well.

The Role of Critical Thinking in Talent Management

Many companies have incorporated critical thinking as an important talent differentiator in their employee selection, high potential, and succession planning programs. These applications are straightforward: companies use a tool, such as the Watson-Glaser, to give them an objective evaluation of an employee's critical thinking proficiency. When individual scores are tallied across a te am, division, or corporation, the human resource department has a scorecard of group strengths and training needs. The most common applications have been for the roles of manager, executive, and individual contributor.

Critical thinking as a differentiator should play a prominent role in both the selection and the development of supervisors, managers, executives, and individual contributors. Leaders who consistently make wise decisions or see opportunities that others miss are the leaders that every company needs. Critical thinking skills and associated dispositional qualities can be evaluated quickly and cost-effectively-and the small investment of time and money yields high dividends. The difference between critical thinkers and their counterparts is often a million-dollar difference.

Can You Develop Critical Thinkers?

A frequent customer question is whether we view critical thinking as "developable." In a 2003 report from the University of Tennessee, R.L. Williams reported that critical thinking skills can be developed.*The pivotal question is, when is it more advantageous to select versus develop critical thinkers? The answer depends on the company's time line. Critical thinking skills are the basic building blocks for higher level competencies, such as strategic thinking. Being able to proficiently exercise higher level competencies requires concerted effort and time. When a company needs to quickly strengthen critical thinking within a position or division, selection yields a higher probability of success. However, when a company sets a long term objective to enhance critical thinking skills (say over a three-year period), there is sufficient time to build skills. Because competencies like strategic planning are highly sought after and in short supply, a longer-term organic strategy is often necessary. The American Management Association (amanet.org) offers several seminars for companies interested in improving critical thinking skills for current employees.

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