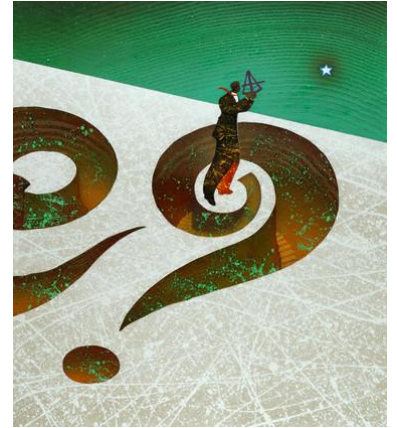


*'Organisation performance through a human capital lens'*

# Effective Organisation Leadership:



A case of adopting evidence-based  
Management (EbM)

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**Volume 2**

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# Effective Organisation Leadership:

## A case of utilising Evidence-based Management (EbM)

By Nicholas J Higgins

It is probably fair to say that the subject of leadership in an organisation context has produced more texts than any other subject. And though many provide insight and examples this article puts forward the argument that effective organisation leadership relies on two things: (i) that managers practice evidence based management (EbM) daily, and (ii) that EbM is practised collectively across all levels rather than uniquely at individual level at the top.

## Context

Much has been written about leadership in an organisational setting quite often focusing on the CEO or senior team. However, I would argue that organisational leadership is much bigger than that. Organisational leadership starts and, ultimately, ends at the front-line, everyday, day in and day out – with managers executing a myriad of decisions with the proviso for getting as many of them as ‘right’ as possible.

## When it comes to leadership forget the ‘vision thing’

Forget the ‘vision thing’ and ‘marching over mountains’. For many managers leadership of people is the biggest responsibility they’ll most likely have in their careers. So the question begs – ‘Why do we leave most management decision making ill-informed and lacking in any systematic synthesis of what works and what doesn’t from a learned approach? And who has responsibility for this?’

Management of people may still be judged to be short of a true profession by a sizeable number. But from where I’m standing looking at thousands and thousands of social science articles and texts related to human capital management I’d have to differ. And, anyway, so what?

If there are things to be learned about getting the best out of people on a consistent basis in a complex organisation setting why is the default not necessarily to learn? Exactly what expediency are we following here? Where do HR professionals position themselves in all of this?

If we accept the fact that organisations look to optimise the capabilities and performance of their managers and employees then, surely, organisations need to put in place some serious protocols around practising evidence-based management (EbM). If it’s good enough for medicine, law, marketing and finance – surely it’s good enough for people management? The costs of not doing so are high but they have been hidden through distributed allocation systems and too often treated as an inevitable transaction cost.

## EbM at different organisation levels

Evidence based management<sup>1</sup> in a people management context, put simply, is the ‘conscientious, explicit and judicious use of current best evidence’ whatever best evidence that may be. In people management terms, this is not always easy as there are competing theories and different schools of thought much backed up with empirical evidence that guide decision-making. But that shouldn’t mean that we don’t bother at all, as seems to be quite often the case.

For effective people management, organisations have to get three levels right – individual, team/unit and organisational (any other level is represented within these three for the sake of the argument).

Individuals do not operate in a vacuum. So just focusing at an individual level has its drawbacks given a team environment and the potential trade-offs and interactions at this level which can affect the individual both positively and negatively.

Then there’s the organisational level complexity as organisations grapple with the everyday challenges of meeting operational goals whilst at the same time handling the collective morass of resourcing, expectations of career development, communication issues and conflicts arising whenever more than one individual occupies a room and the constant decision-making required whether it is at macro or micro-policy level.

This view of organisational leadership may seem rather unsexy to some and difficult to write grandstanding texts which have that mythical quality due in part that ‘everybody likes a good story’.

From a people management perspective, a line management decision will involve understanding the underlying issue in terms of:

- causal factors
- context of situation
- previous related history
- existing or expectant policy

<sup>1</sup> For a number of leading related texts on EbM see ‘Hard facts, Dangerous Half-Truths & Total Nonsense’ Pfeffer J & Sutton R I, HBS Press 2006; ‘Evidence-based Policy: A Realist Perspective’, Pawson R, Sage Publications 2006; ‘Evidence-Based Practice Manual, Roberts A R & Yeager K R (Editors), OU Press 2004; ‘Evidence-based Management’, Stewart R, RM Press 2002.

- ethics
- available evidence of best practice which can be in different forms with different access rights
- knowledge of own bias
- knowledge of own limitations ('what I don't I don't know'),
- pay-off strategies
- risk related to reward or penalties
- options to act
- potential outcomes with knock-on effects that may lead to another cycle as described.

Many every-day incidental management decisions do not require much problem-solving – they can be described as routine. However, those involving people generally do require thought processes synthesising a good deal of data. We forget sometimes just how good our brains are at synthesising information/knowledge and we spend little time actually breaking down how we arrive at a decision.

I remember some twenty years ago carrying out management development evaluation post-programme with managers in situ focusing on decisions being made and particularly where training had played a part in what the manager believed had changed their thinking and thus their decision-making. Breaking down the decision into manageable sequencing of regressive questions was extremely enlightening and helped to explain what many described as 'gut instinct'.

### **'Gut instinct'**

'Gut instinct' is the brain's brilliant way of short-cutting previous synthesis from experience. Unfortunately it's not foolproof because it is normally based on limited previous experience and knowledge in various scenarios. Most people management decisions contain some form of nuance which is why a constant systematic learning process should be in place to guard against an over-reliance on 'gut instinct'.

This is not to advocate that all people managers spend all of the time systematically synthesising new information since they all have a 'day job' to do. However, it invariably involves people. The more people involved the greater the scale of complexity and the probability of sub-optimal

decisions (no one 'way' will be perfect).

I remember a comment made to me by a senior manager way back when as I was line managing a team. It's as vivid now as it was then. He said, 'Our business is simple - it's just the people that make it complicated'. I'll always remember it because my first internal thought was 'Well – yes that's the whole point of line managing'. His comment was made in all seriousness and it has stayed with me ever since to remind me of the disconnect that is made when it comes to managing people in an organisational context.

However, it is still widespread practice that many are placed in line management capacities without any proper pre-competency training or testing. No 'licence to manage'. Imagine a pilot announcing over the aircom that, 'he/she has not done this before but don't worry we'll muddle through somehow'. Even announcing that a coach is on hand to assist would generate little confidence and I would suspect a good deal of panic.

At the organisational level, many organisations get very little return on a number of processes and systems in place which are designed to assist. For example, performance management and particularly performance appraisals constantly draw fire on their poorness. Yet organisations have hurtled at full speed to introduce 360 degree assessment, normally because their nearest competitor has done it. This can also be caused by a new published text 'The secrets of 360 Appraisal' which has become 'all the rage'. Implementation follows normally with little critical evaluation as to the potential limitations or pitfalls, particularly in specific organisational context. The only due diligence seems to be around 'Can it be automated?' If you're unsure, visit the next people conference and listen in on the conversations.

Sure all organisations are under pressure to deliver to customers, citizens, patients, shareholders, stakeholders etc but just how willing are we to ignore best management evidence in the pursuit of achieving goals?

Intuitively one would say that it's counterproductive. And to a degree he/she would be right. But equally there's more to it than that. Somehow, collectively, whether through a lack of understanding or education or the prevalent operating culture, the

organisation is over-riding this intuition with something else. It seems as though organisations collectively accept sub-optimal decision-making with regard to people even though there is cost or inefficiency attached to it.

### **EbM as philosophy**

Evidence-based management is more akin to a managerial philosophy in that it guides managers and HR professionals to make optimal decisions that are people-related. The core idea is that managers will choose to base their decisions on the best evidence available, whatever that portfolio of evidence contains and where possible using fact or quantitative evidence as much as qualitative evidence.

For example, in people management for a manager to 'solve' a particular issue there may be more than one competing academic theory to be taken into account. There may be 'known' facts, interpretations, proxy insight, valid assumptions, previous experience of similar situation, other available expert advice or observation, previous relevant learning that may have been forgotten, available relevant evidence which is not accessed or unknown, mistaken or false evidence, hearsay, myth etc – a heady mixture indeed.

At organisation level when looking to solve people issues, EbM becomes even more critical given the scale and impact. The other crucial important note is that before jumping to 'solve' any issue which for many is a natural inclination, there is requirement to evaluate what the issue is or to what degree 'it is broken'. If there is anything that organisations can be accused of it is always jumping to implement a solution without necessarily understanding the nature of the problem or issues it is trying to solve - which very often leads to more problems arising (though organisational complexity and sub-optimal problem solving).

Thus, for any people manager or HR professional there are a number of competencies that need to be practised. These are:

- Thinking in an open manner
- Identifying root cause or causes to the issue at hand

- Weighing up the evidence logically particularly where there are competing theories or hypotheses
- Keeping biases in check and minimising bias confirmation
- Not 'trusting the gut instinct' but evaluating 'the gut instinct'
- Continual learning from various sources
- Undertaking critical appraisal of 'populist theories'
- Identifying and synthesising relevant information/knowledge
- Eventually making a decision which is still pragmatic
- Remembering that people decisions can quite often be the most complex to solve.

Some managers and HR professionals may balk at the length and breadth of this list deeming it unpractical for everyday circumstances. However, there are things to note.

As I have already stated many decisions made on a day-to-day basis at manager level can be categorised as routine and one postulates that they form the majority of an 80/20 split. It is the key 20% that have the potential larger messier impact where EbM is important.

Our brains are incredible pieces of machinery synthesising information at great speed and a certain level of EbM is done automatically thus reducing the processing time even where potential contradictory evidence is submitted. (However the brain is not infallible and can be limiting thus using the checklist above helps guard against this – refer to my earlier comments regarding 'gut instinct'.)

Organisational level analysis and implementation is where EbM is required to ensure people management system integration and optimisation occurs and thus also comes under the auspices of the HR function's collective resources.

Also of particular note, is that the volume of and access to requisite information and/or knowledge, which is people related, has never been greater even allowing for some organisations that don't necessarily share their knowledge openly. However the downside is the difficulty in accessing the 'right' information given the constant market

deluge. Critical appraisal is extremely important.

In the people management domain, from an organisational leadership perspective, much evidence whether gained empirically or experientially is situationally contextual and needs to be borne in mind when evaluating. Thus a key component is being able to recognise the similarities and differences when using the available evidence to a particular issue or circumstance.

Whatever the pros and cons, one would argue that at least attempting to follow EbM principles to whatever degree is better than not, and, ultimately, leads an organisation to improved performance when it comes to people management if practised collectively.

### **Final comment**

Of course practising managers and HR professionals can choose to ignore the whole premise of EbM and continue to practice as they see fit using populist 'how-to' books, stories and anecdotal mini-case presentations a means of gathering evidence.

Each of these is a common channel of disseminating 'evidence'. However, in most instances these are questionable either through:

- a. flawed empirical research,
- b. mythical embellishment or missing information, and/or
- c. erroneous insights or conclusions.

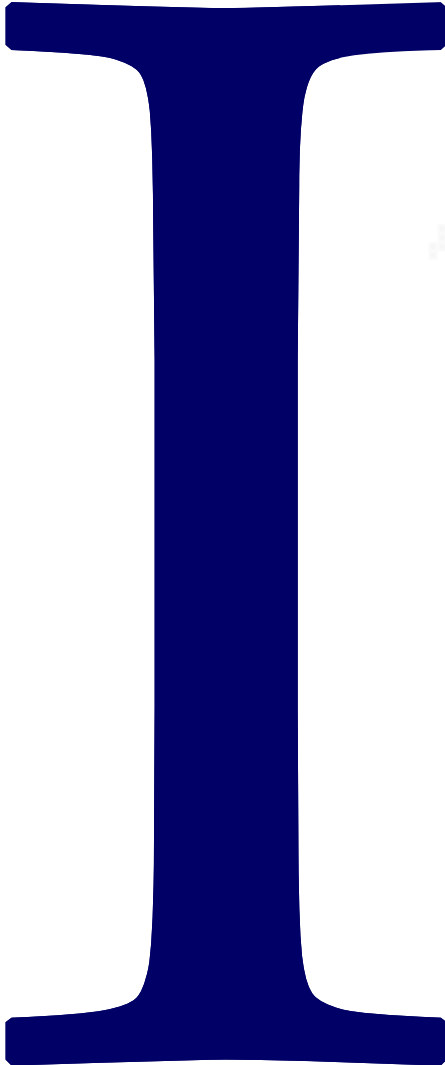
Leadership happens at all levels within an organisation either on an individual or collective basis and in many ways can be seen to be borne through the consequence of managerial decision-making.

This is why much leadership theory is postulated post-event (a posteriori) rather than pre-event (a priori). It is an often overlooked observation in the field of leadership because we have a natural tendency to view leadership as an individual 'thing' and one where we like to see demarcation between 'right' and 'wrong' or 'against the odds' or concluded in a 'neat' sequential manner to explain decisions. We also like to see leadership in an ideological manner because it more neatly fits with our own disposition.

None of these expectations represents the real world. In an organisational setting,

leadership is often done in a collective setting, contains uncertainties, potentially mundane yet important and quite often in 'messy' contexts. And to cope with that leadership has to make use of evidence-based management as best it can.

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