

Judgement at Work: Making Better Choices

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Diligent

Judgment The governance perspective

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IN IRELAND - SECTION 228 (1), COMPANIES ACT

A director of a company shall

-(e) not agree to restrict the director's power to exercise an independent judgment unless—
 - (i) this is expressly permitted by the company's constitution;
 - (ii) the case concerned falls within *subsection (2)*; or
 - (iii) the director's agreeing to such has been approved by a resolution of the company in general meeting;

IN THE UK - SECTION 173, COMPANIES ACT

Directors have a.....

“duty to exercise independent judgement”

CHOICES - AT WORK. AT HOME. IN BOTH.

How do we best use social media

Should I have a second drink?

Should I tell him what I think?

Where should we go on holiday? How risky is this?

Should we market in the US?

Should I wear this today?

Should I go into the office?

Can we do without a car?

Should we give them more time to pay?

Should I send this e-mail?

Should I see the doctor for that pain?

Should we upgrade the IT?

Can I trust him?

Should we buy from this new supplier?

Is it feasible?

How to organise the wedding?

How much time to get to the airport?

Should I ask for advice?

Which school is best for the children?

MOST JUDGMENT IS STRAIGHTFORWARD....



BUT IT IS CENTRAL TO OUR BIG CHOICES

Key hires

Strategy

Major projects



AND LESS OBVIOUS

Personal priorities

Culture



JUDGMENT MATTERS BECAUSE



It improves your decision quality, especially for important ones

It's less painful than learning by making mistakes

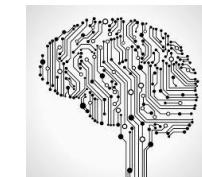
You need it in colleagues

It turns specialists into experts

It is the basis of professions



It's one of the things you have and AI doesn't



IT IS AT THE HEART OF GOVERNANCE

Central to interpretation of rules and laws

Required for issues involving ethics, behaviours and accountability

Important in all aspects of practice, such reporting, controlling, risk management

As well as all aspects of meetings

Key in relationships

THE STAKES ARE HIGH - WHAT PHRASE LINKS THEM?



DEVELOPING THE IDEAS



Leadership	→	2020 Harvard Business Review
Covid	→	2020/1 Articles and webinars
Board	→	2021 UK Chartered Governance Institute
Professional	→	2022 UK Financial Reporting Council
Audit	→	2024 ICAEW online training course
AI	→	2024 Forbes
Family Firms	→	2024/5 US Family Firm Institute
Strategy	→	2025 Management Today
Management	→	2025 Book
Management	→	2025 LBS online course

JUDGMENT – THE HEADLINES

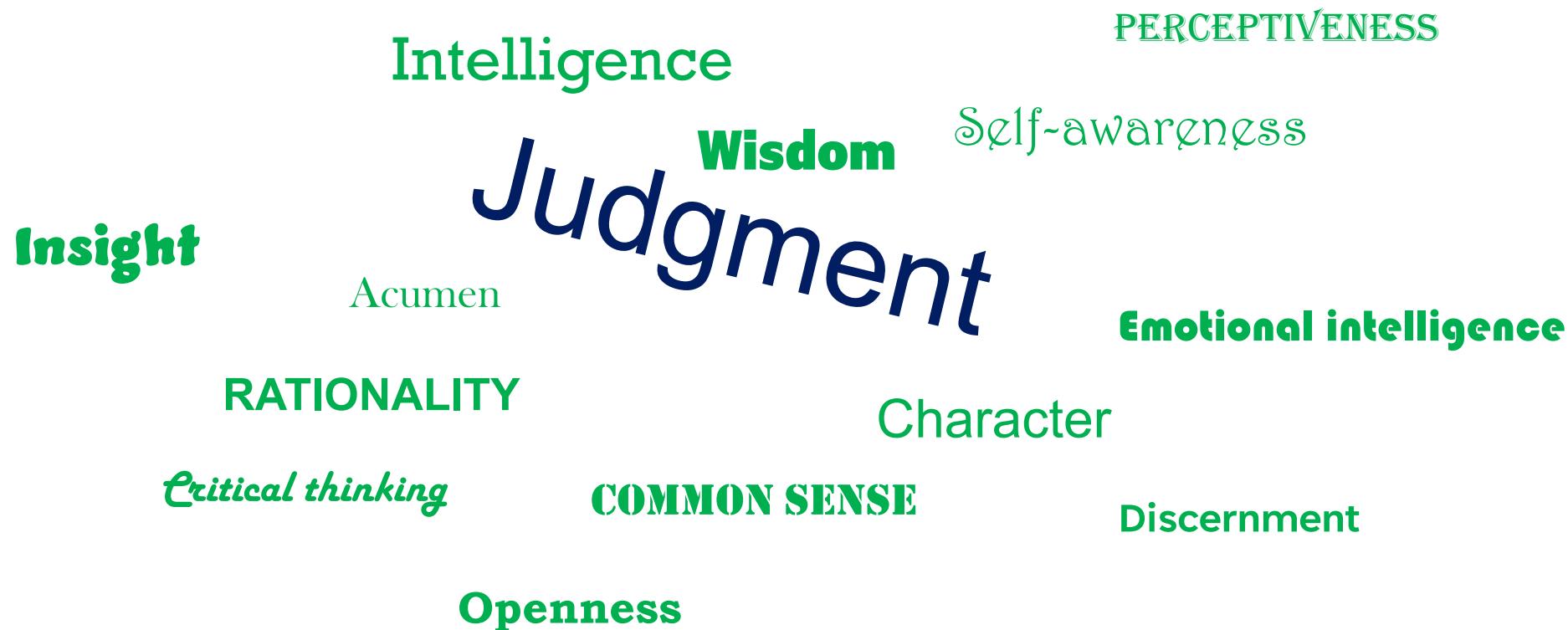
1. IT'S A PROCESS
2. IT'S CONTEXT-SPECIFIC
3. ONE CAN LEARN AND IMPROVE IT
4. USING IT WILL STACK THE CARDS IN YOUR FAVOUR

WHAT IS JUDGMENT?



**The ability
to combine personal qualities
with relevant knowledge and experience
to form opinions
and take decisions**

PERSONAL QUALITIES



SUEZ CANAL



JUDGMENT IS CONTEXT-SPECIFIC

PANAMA CANAL



SO GENERAL RULES - SPECIALLY HEURISTICS* - ARE UNHELPFUL

Delay always breeds danger (Cervantes)

Delay is preferable to error (Jefferson)

With audacity one can achieve anything (Napoleon)

Fools rush in where angels fear to tread (Alexander Pope)

*** Often concealing a weak argument**

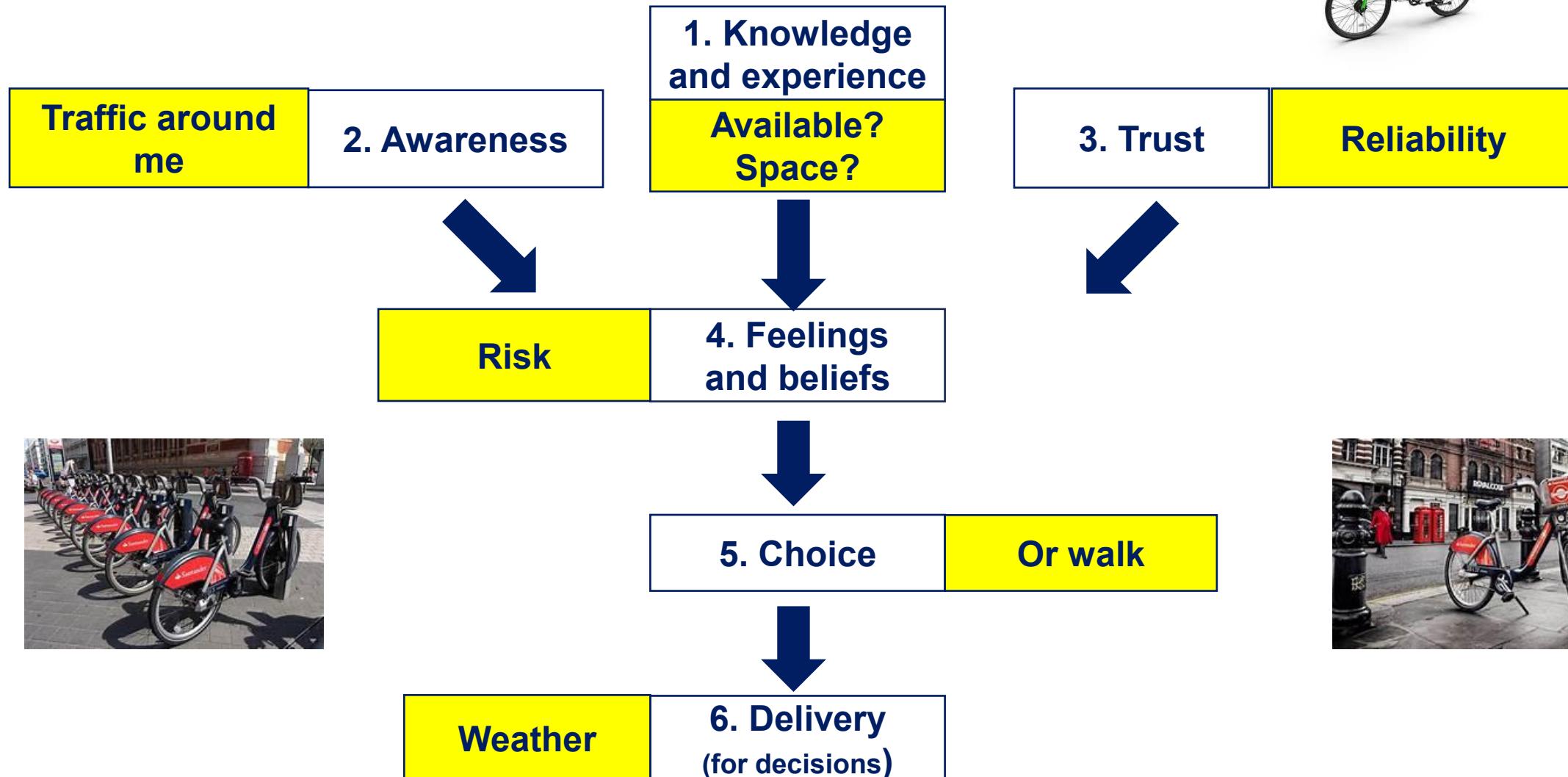
**WE ARE OFTEN MORE AWARE OF IT WHEN THINGS GO WRONG,
BUT WE CAN ALWAYS LEARN**



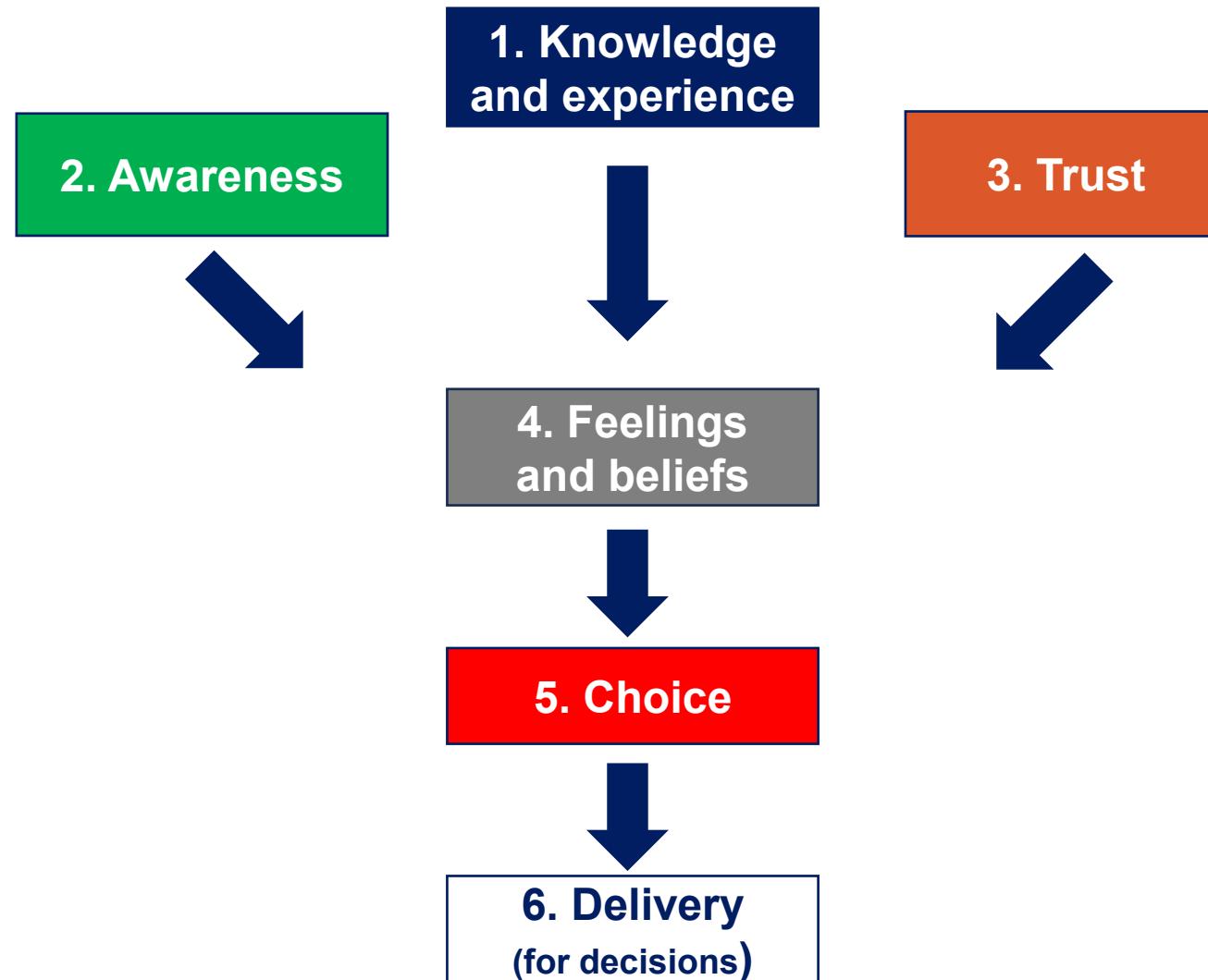
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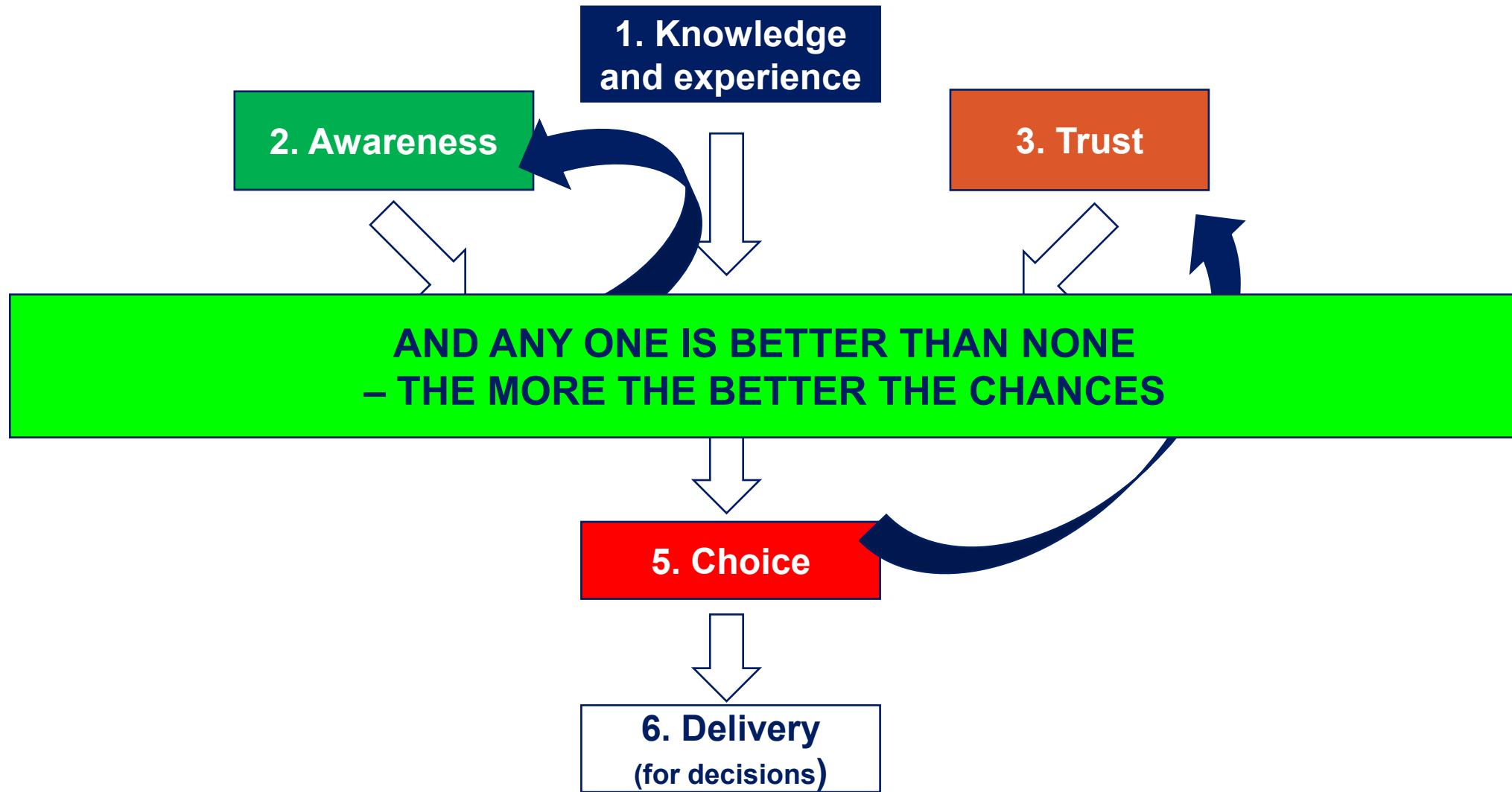
THE JUDGMENT PROCESS



THE JUDGMENT PROCESS



NOT NECESSARILY A SEQUENCE



FEELINGS, BELIEFS AND OTHER FILTERS – WE NEED TO BE AWARE OF

Values Honesty Selfishness

.....AND MITIGATE

Beliefs I am an above-average driver Predestination

Feelings Sympathy Jealousy

Emotions Fear Anger

Bias Overconfidence Sunflower

Superstitions Astrology Touch wood

Friday 13th

Prejudices Sexism Racism

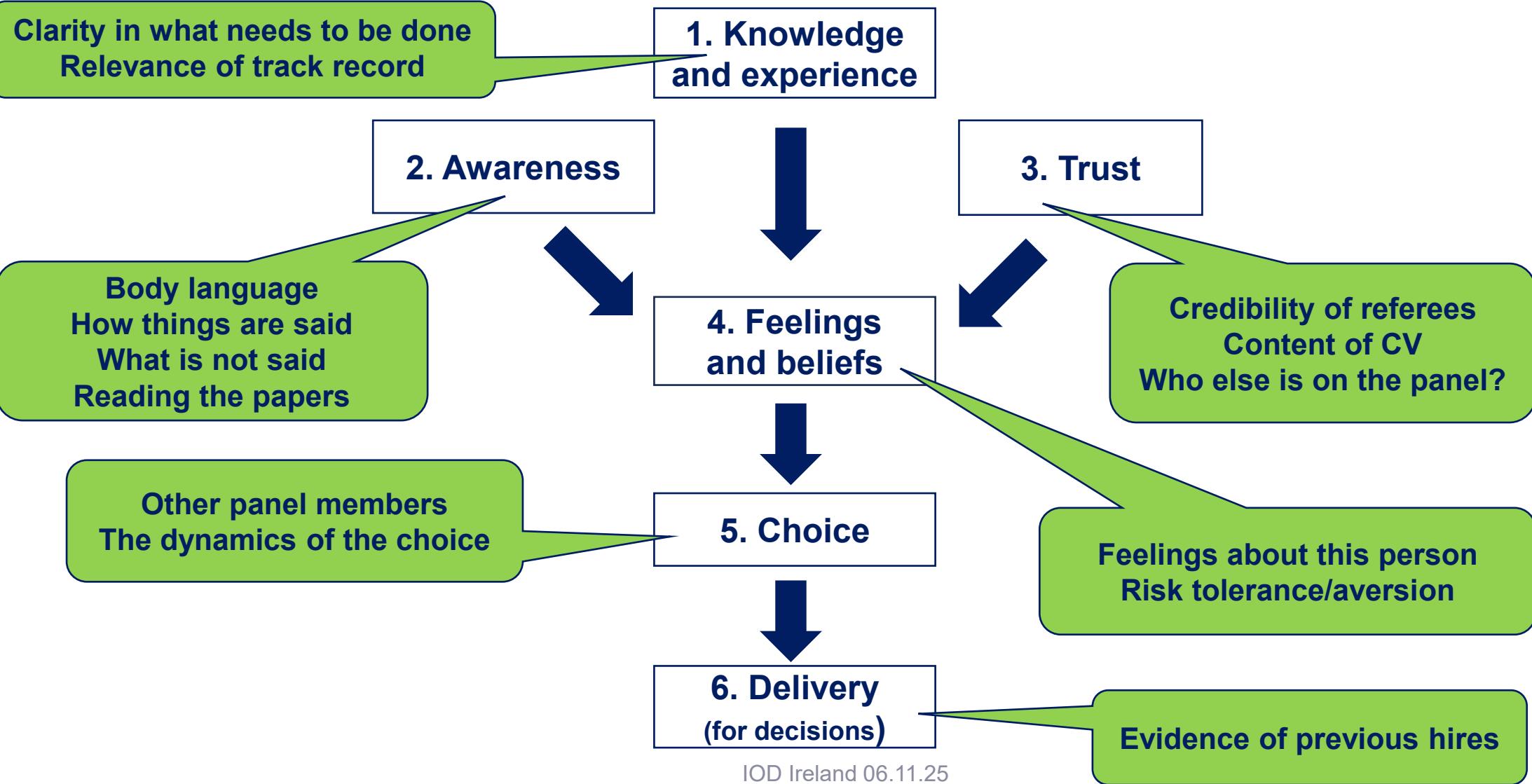


“QUESTION: IS THERE A TENDENCY FOR CHATGPT TO BE MORE POSITIVE THAN NEGATIVE?”

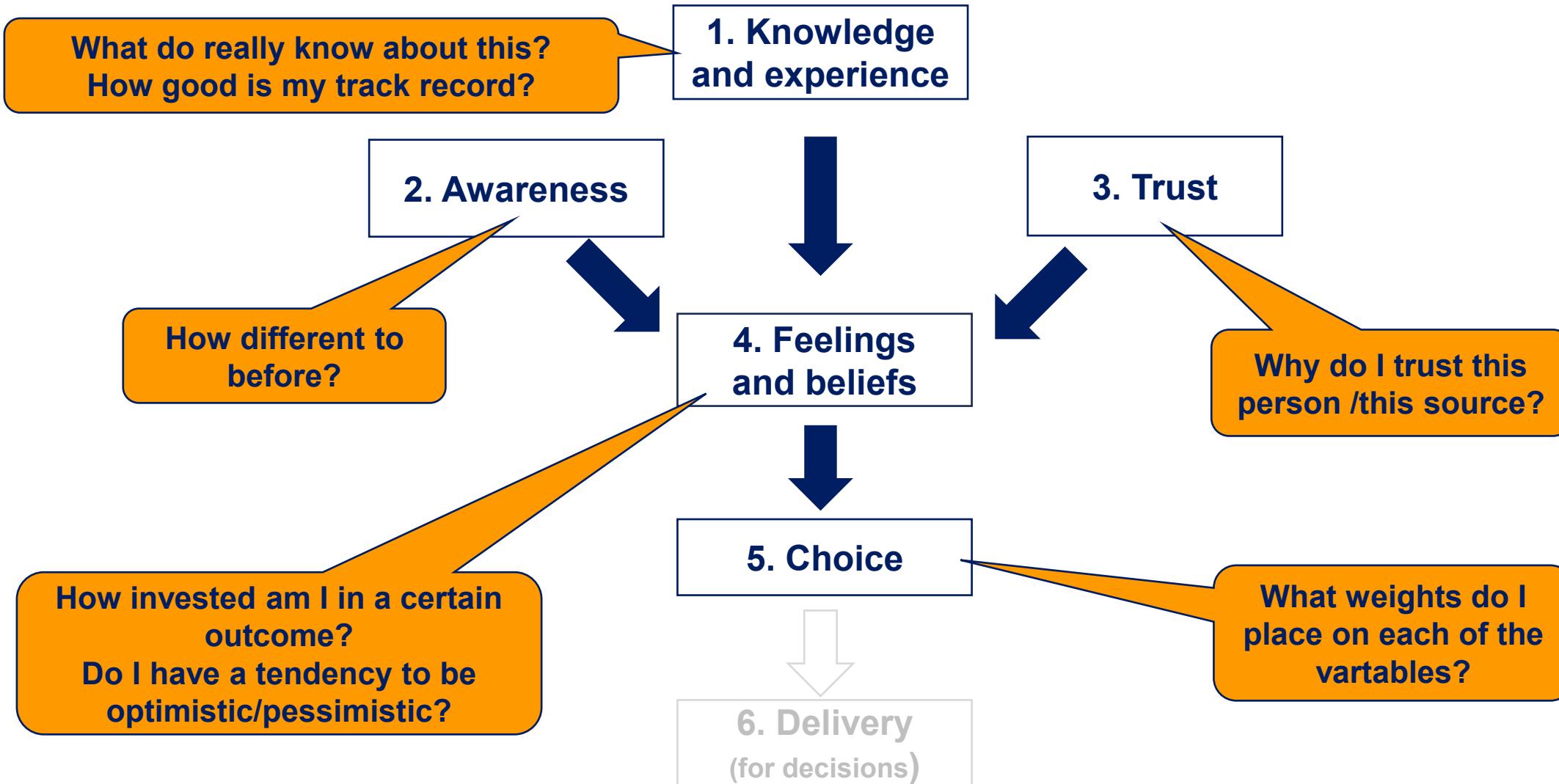
Answer: “Yes, ChatGPT does have a tendency to be more positive than negative – and this is by design”

- 1. “Safetyavoid harmful, offensive or discouraging outputs....**
- 2. Most users respond better to encouraging supportive responses.**
- 3. Much training data includes human-written content that leans positive**
- 4. Human feedback...often favours helpful, kind or uplifting answers”**

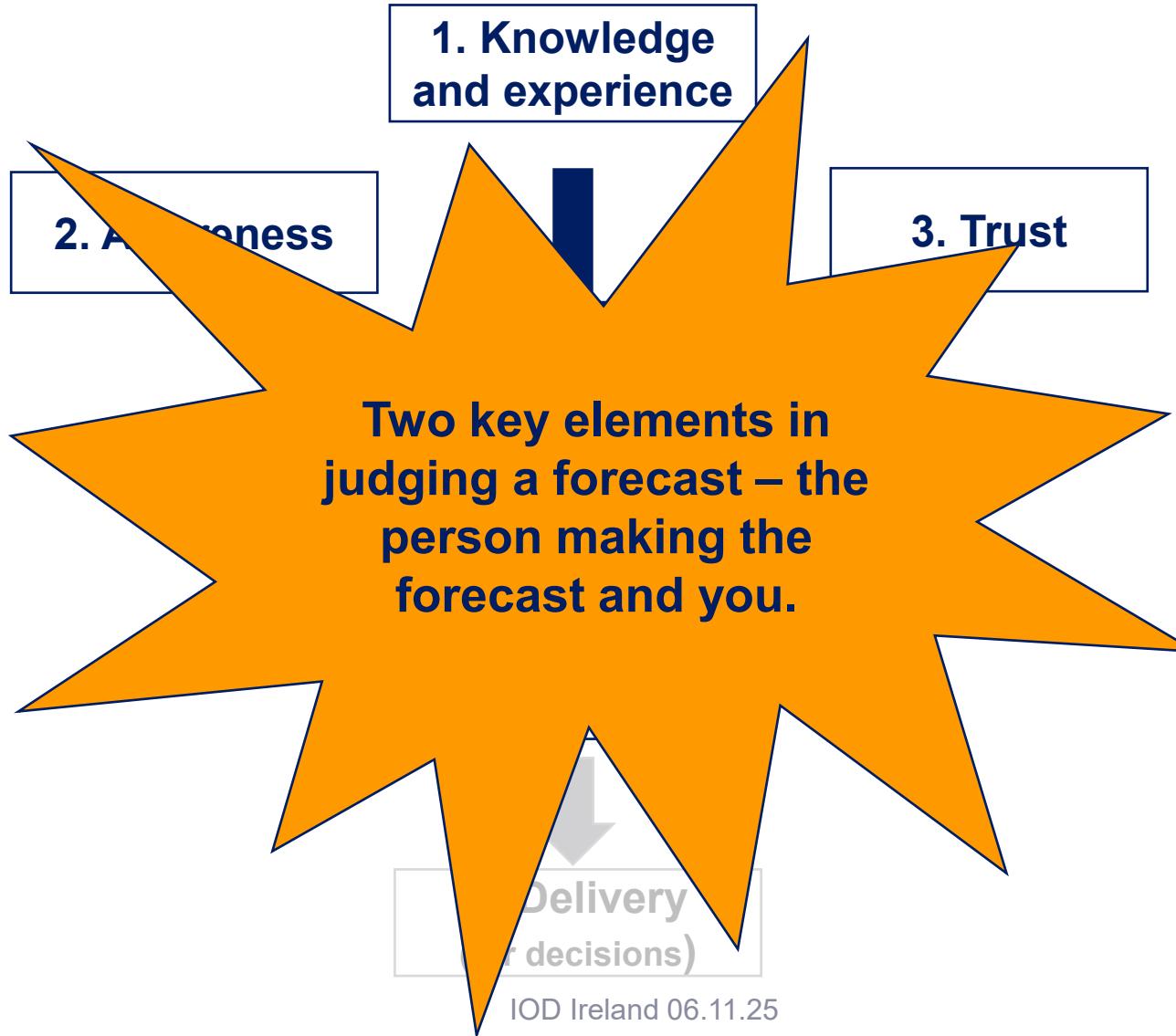
JUDGMENTS WHEN INTERVIEWING



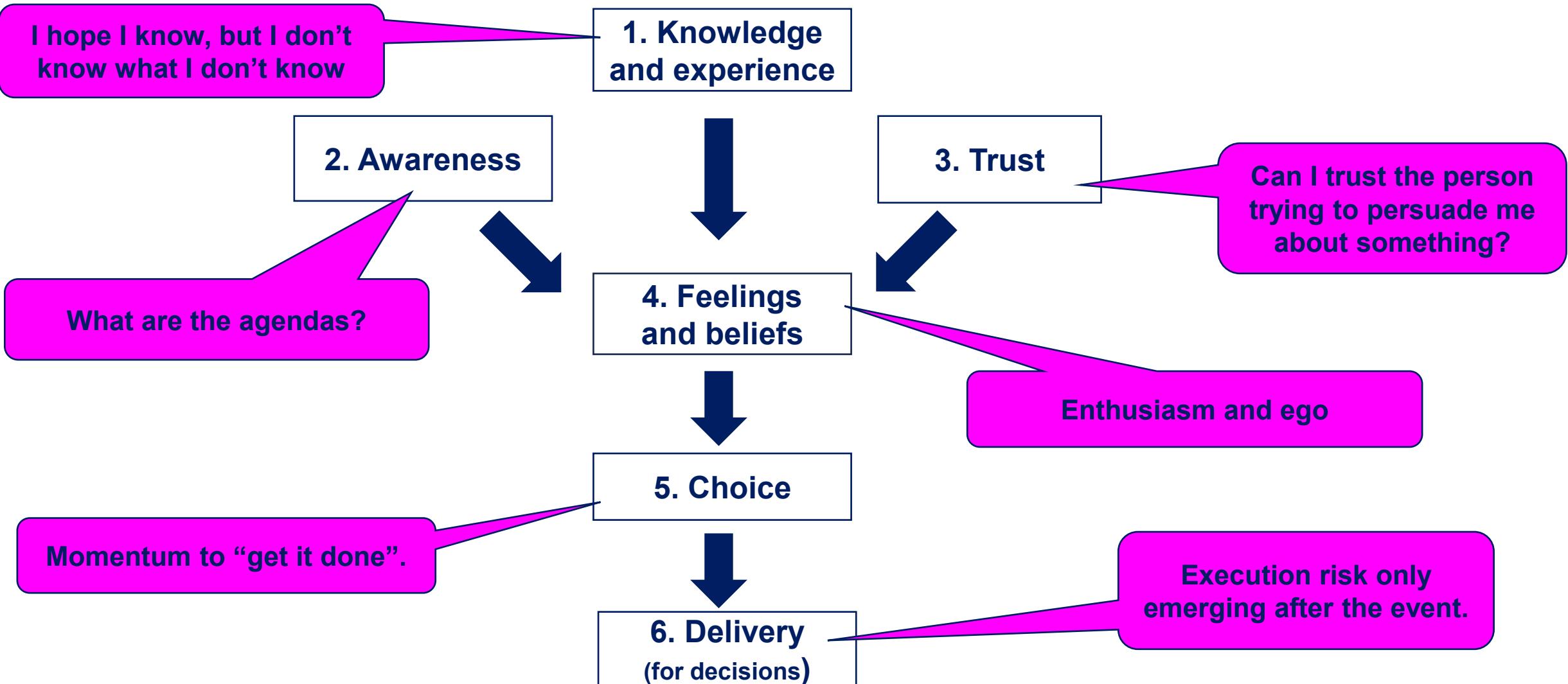
THE JUDGMENT PROCESS IN FORECASTING



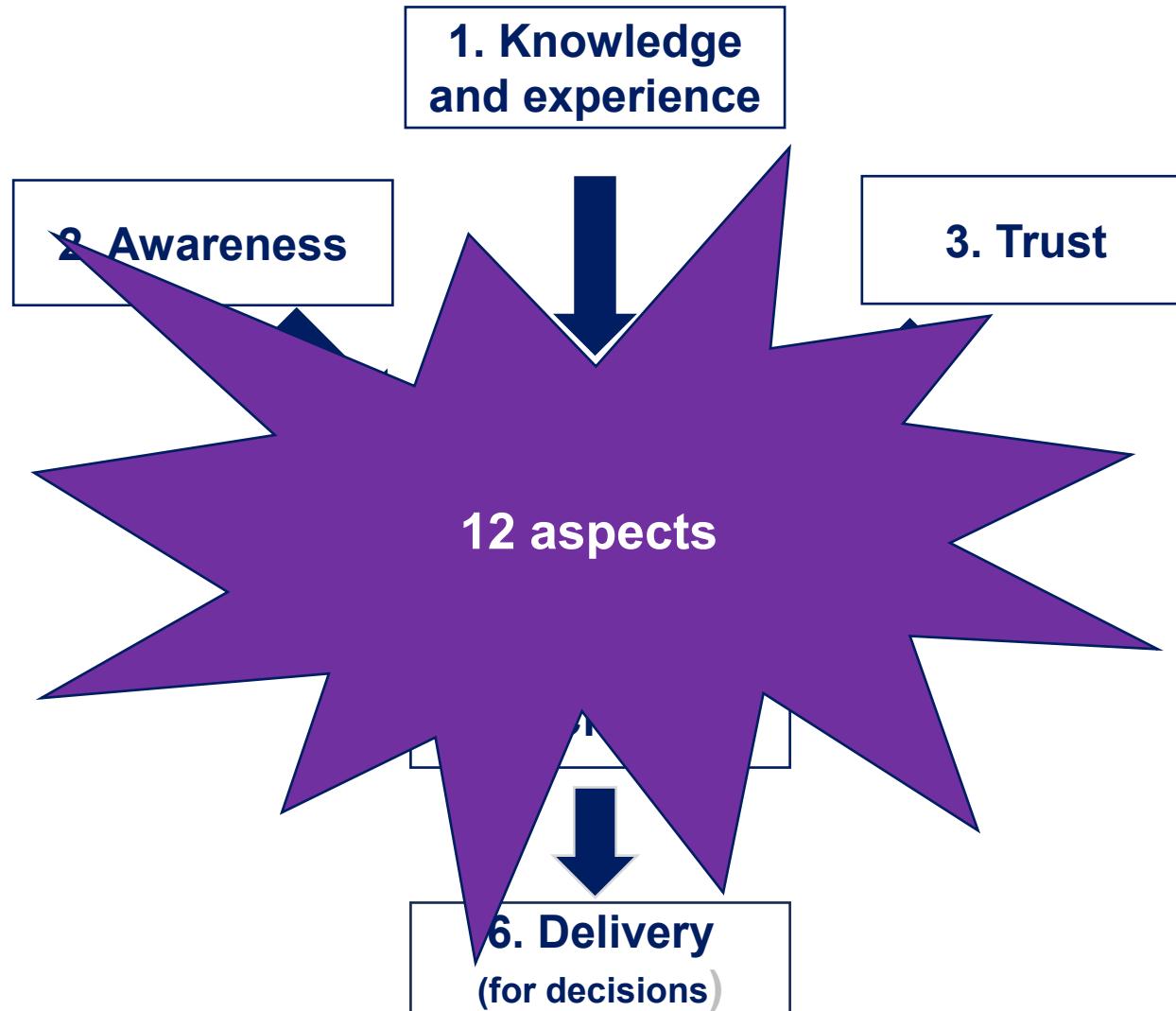
THE JUDGMENT PROCESS - FORECASTING



M AND A – A CLASSIC JUDGMENT ISSUE



INDEPENDENT JUDGMENT ON THE BOARD



THE RAW MATERIAL

Giving full **attention** to the written and spoken material presented (#1)

Checking, and where necessary questioning, the **information**, including measures and assumptions used (#2)

Avoiding due **reliance** on a single individual's expertise or the majority view (#2)

Taking account of **context** – objectives, precedents, relevant comparisons, legal requirements and ethical issues (#3, #4, #5).



ATTITUDES AND FEELINGS

Developing an **informed view** based on the appropriate method of challenge (#3)

Freedom from undue **influence** by sectional interests or agencies (#4, #5)

Awareness of one's own **biases**, agendas and emotions as well as collective values such as fairness (#4)

Understanding **risk** and uncertainty and how to mitigate them (#4, #5, #6)



THE CHOICE

An environment where **diverse views** are encouraged and dissent is seen as safe (#4, #5)

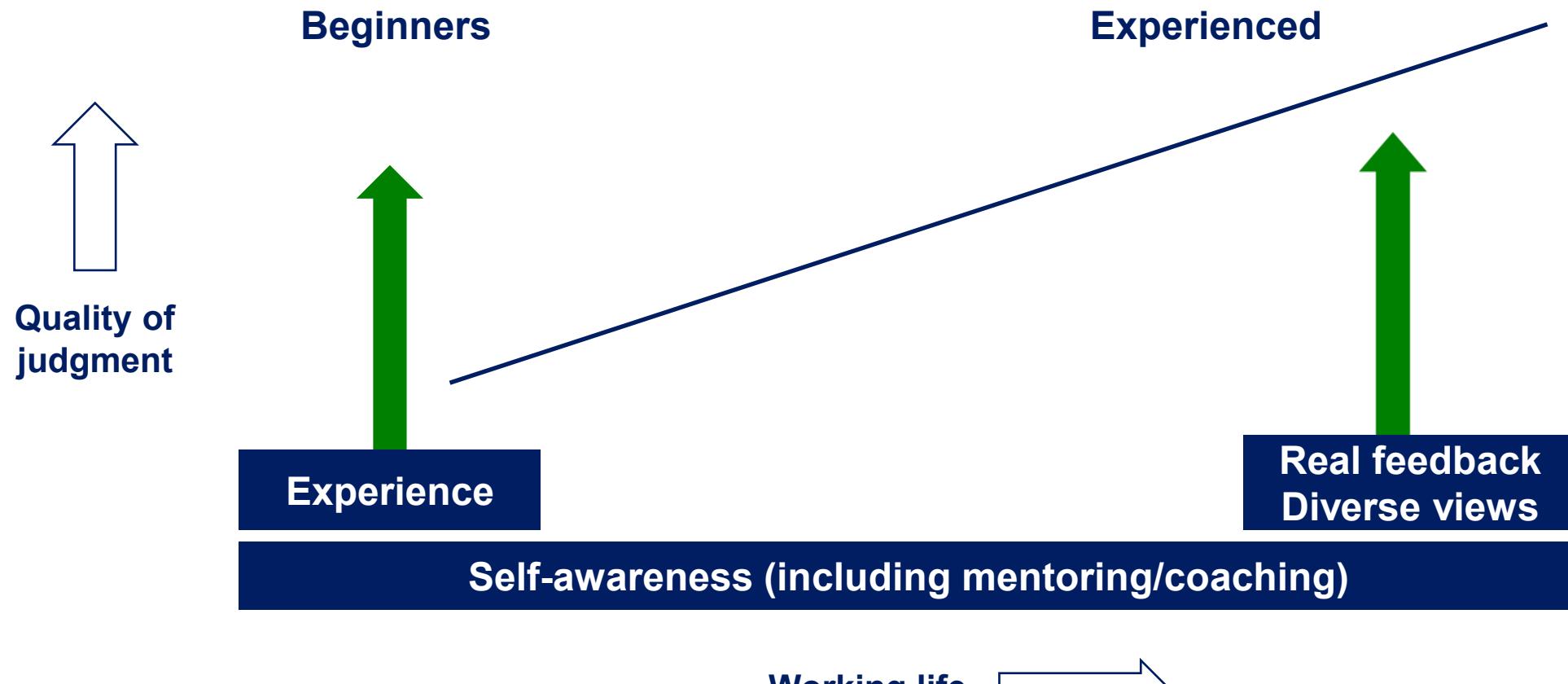
Checking for the way **options** have been framed, including those which might have been excluded from consideration (#5)

Appreciation of the implications of **trade-offs** in the choice, including timing, consequences and feasibility (#5)

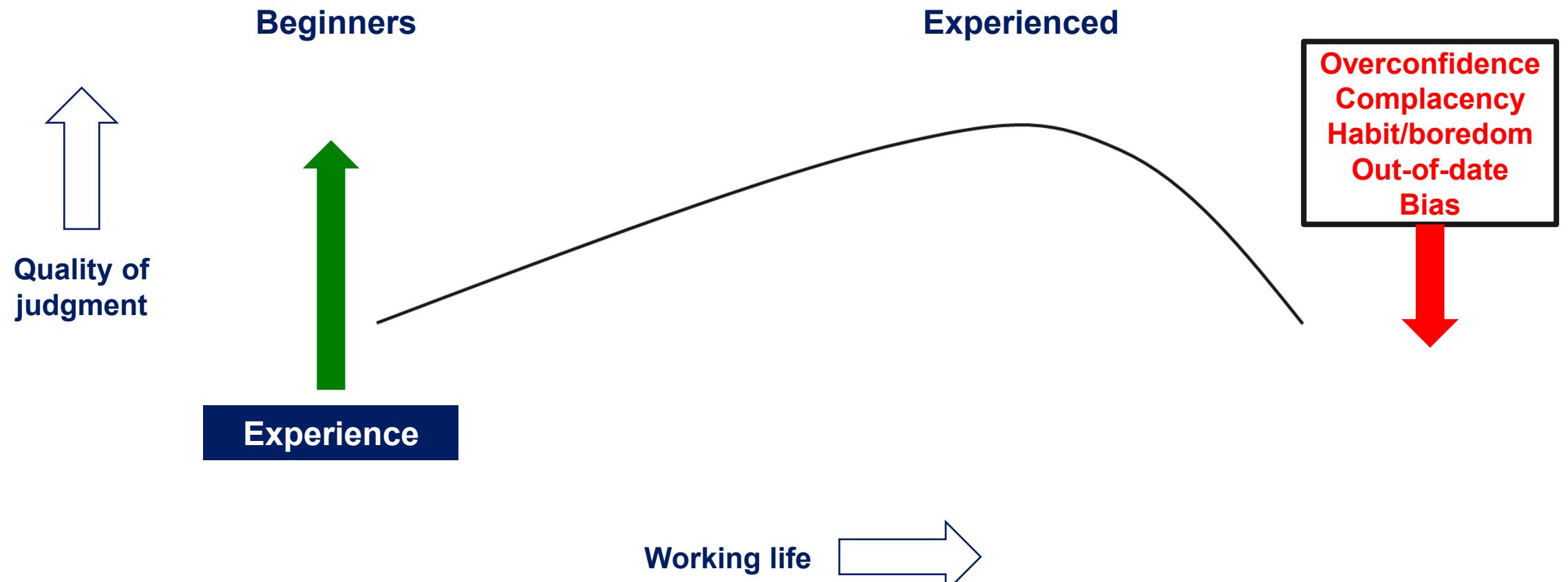
Awareness of the need for any **consultation** on the choice with relevant stakeholders and other interested parties (#5, #6)

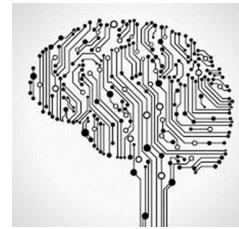


JUDGMENT GETS BETTER



BUT NOT INEVITABLY





AI IS A GREAT EXAMPLE OF “AND FORMING AN OPINION”

From a suggested way of doing things better.....

.....to a proposition

USING THE JUDGMENT FRAMEWORK

Relevant knowledge an experience

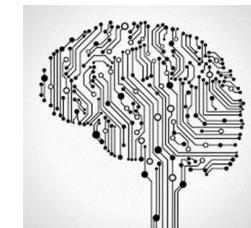
Very limited

Who do I trust?

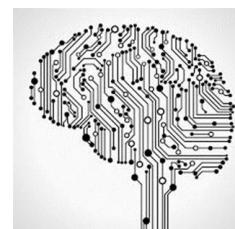
Not easy to know

Feelings and beliefs

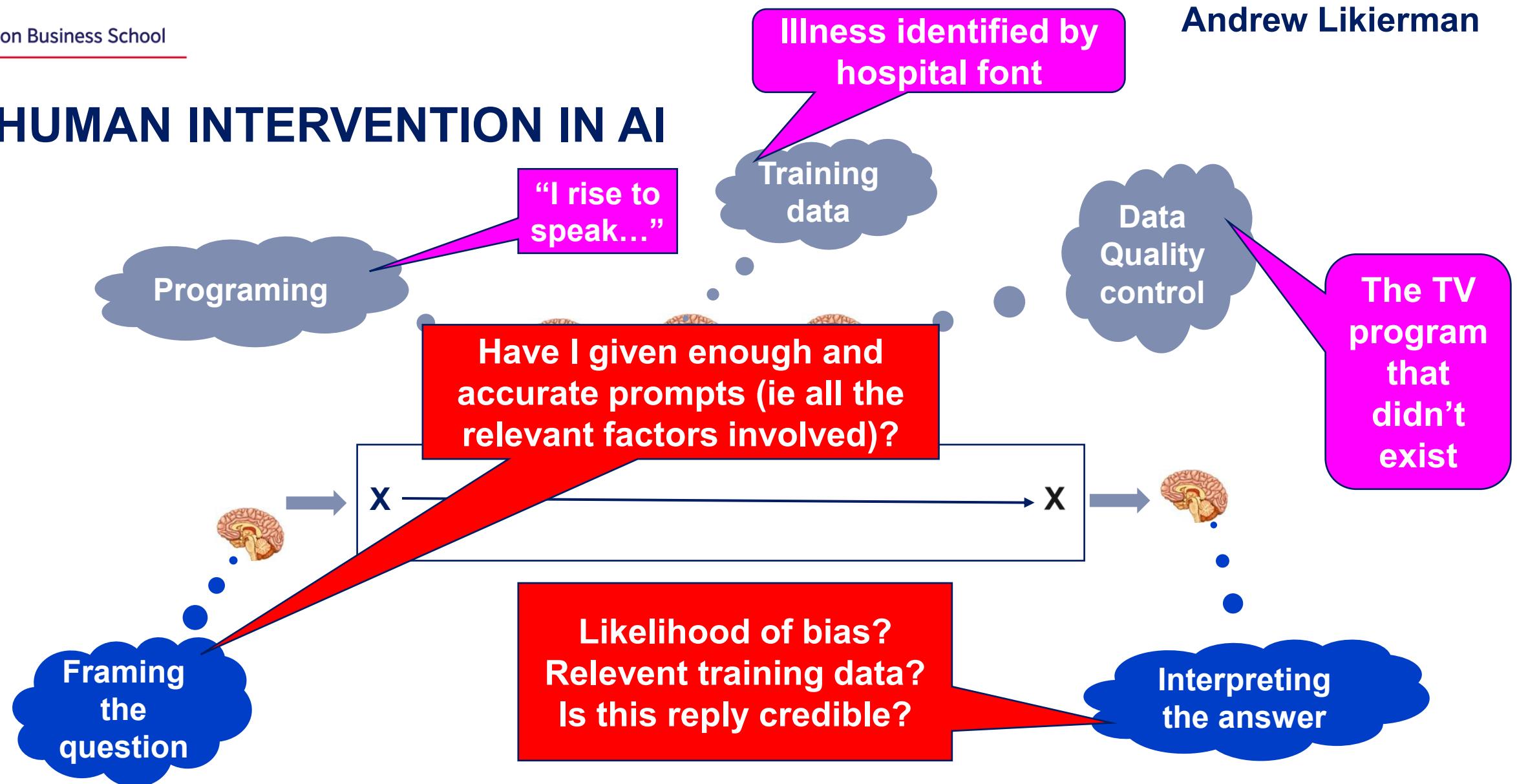
We are probably not neutral



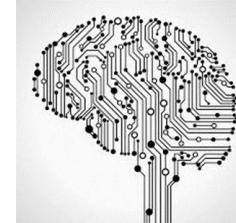
Those making a case often have an agenda



HUMAN INTERVENTION IN AI



JUDGMENT AND AI



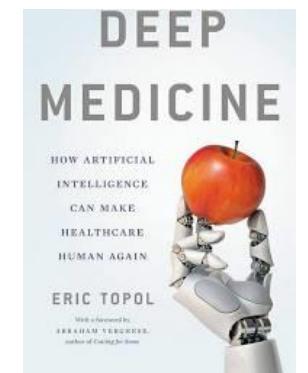
1. Machines need humans to program, train and monitor data, and interpret results

2. Machines don't exercise judgment

But they can help humans exercise it

3. Judgment will be more important as AI takes over more routine tasks

The key will be to combine what human and machine do best together



WILL AI GET BETTER?

Of course it will, for example....



Applications

Data quality

Security

Hallucinations

Sophistication of analysis

but not in everything, for example...



Unpublished information and data

Answers dependent on the way a question is framed

Above all - category differences between human beings and machines

WHY MACHINES CAN'T EXERCISE JUDGMENT

They don't have consciousness, intentionality, the capacity for abstract thinking, a sense of context, meaning, conscience, ethics, self-belief through aspiration or ambition, an ability to develop social bonds involving feeling and emotion, trust, loyalty and empathy.

They can't anticipate spontaneity, idiosyncrasy, contextual shifts and fallibility.

They are not good at interpreting random interactions, fluidity or nuance.

They cannot cope with ambiguity and incompleteness, including the confusion of correlation with causation.

They cannot be programmed for success if success as an outcome cannot be linked to judgment as an input.



SO, WHAT DOES IT MEAN FOR JOBS?

AI CANNOT EXERCISE JUDGMENT

IT IS ONE OF THE THINGS THAT HUMANS HAVE AND MACHINES DON'T

AI CAN DO CERTAIN THINGS INVOLVING JUDGMENT BETTER THAN HUMANS

IN THESE AREAS YOU WILL LOSE YOUR JOB (THOUGH OTHERS WILL BE CREATED)

AI CAN HELP HUMAN BEINGS DO THINGS BETTER

YOU WILL NEED TO USE THAT HELP TO REMAIN IN, AND ENHANCE, YOUR JOB

USING JUDGMENT - UNDERSTANDING WARNINGS

Has groupies,
not colleagues



VectorStock®

Narcissistic



Ignores
evidence



Doesn't
learn



Overconfident



Doesn't listen



Led by
feelings



Trusted wrong
people



SO WHAT IS GOOD JUDGMENT?

Understanding the relevance of your **experience and knowledge**.

Awareness when listening, seeing and reading so that you understand.

Ensuring who and what you **trust** is based on evidence about sources.

Awareness of your values, **feelings/beliefs**, mitigating them where needed.

Ensuring you consider the right options as part of systematic **choice**.

(for decisions) Considering the practicability in **delivery** of a choice.

OF COURSE JUDGMENT IS NOT THE ONLY THING YOU NEED

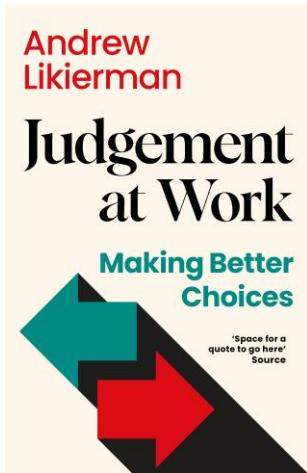


YOUR JUDGMENT – THE HEADLINES

1. IT'S A PROCESS
2. IT'S CONTEXT-SPECIFIC
3. ONE CAN LEARN AND IMPROVE IT
4. USING IT WILL STACK THE CARDS IN YOUR FAVOUR
5. USING ANY PART OF THE PROCESS IS BETTER THAN NOT USING IT – THE MORE THE BETTER

WHAT YOU DO NOW

- Be aware of the quality of judgment of those around you
 - In your working and private life
- Improve your own
 - By identifying your strengths and weaknesses
- Be especially aware of it in choices involving high stakes, novelty and complexity
- Look for it and nurture it in colleagues



Book “Judgement at work: Making Better Choices “

Profile Books 2025



Online course

<https://www.london.edu/lbs-online/insight-series/judgement-at-work-making-better-choices>



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