Critical Thinking:
A Business Survival Skill for the 21st Century

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James walked out of the Monday morning management meeting realizing that he had a big problem.

Every quarter, the management team reviews the quarterly results for customer satisfaction. The numbers for his unit were embarrassing: 2.9 on a 5 point scale. His boss, never one to mince words was direct – "fix it." With the pressure on, James went into action.

Knowing that the call center was slow to make changes, James got his team together and decided to put a customer knowledge base on the website. It would be easy to implement and avoided the need to engage with the customer service department. The team was all fired up, eager to use this new technology. They completed the project in record time.

Six months later, the results were in and they were dismal. Instead of improving, customer satisfaction dropped to 2.6. James couldn't imagine why this happened. At age 32, a rising star with lots of potential, he was not used to failing. Feeling demoralized, and already late for his next meeting, James decided to wait for the next quarter to see if the results improved.

James' big mistake was that he didn't think critically about the problem before he moved into action. Critical thinking would have led James to ask himself:

> *Were the assumptions he made about the underlying problem accurate?*

> *Did he have enough data to evaluate the problem and make a good decision?*

> *Was his judgment clouded by the pressure from his boss, the enthusiasm of his team or his reluctance to engage with the customer service department?*

> *What could he learn from the experience?*

Situations like these come up every day in every organization. Some mistakes are small. The downfall of financial giants Lehman Brothers and AIG and automakers GM and Chrysler demonstrate what can happen when poor judgment prevails. That's why critical thinking is so important to your business.

Critical Thinking in Business
Critical thinking in business is the ability to look at a situation, clearly understand it from multiple perspectives and take appropriate action.

Critical thinkers carefully consider information and separate facts from opinions and assumptions. They think about different possible outcomes and the consequences of each. They come to correct conclusions, decide on a course of action and implement it effectively and economically. They go back and evaluate the results of their decisions. Based on that reflection, they re-evaluate both their assumptions and the way they approach problems. This process helps them become better critical thinkers and more effective performers.

Studies Confirm the Importance of Critical Thinking

Recent studies reveal that employers recognize the urgent need to develop critical thinking skills in their workforce.

In 2006, The Conference Board, Corporate Voices for Working Families, the Partnership for 21st Century Skills, and the Society for Human Resource Management joined together to see what employers think workforce readiness to meet the challenges of the 21st century.

The study reported that employers feel strongly that the critical thinking skills of new entrants to the workforce need improvement and will be of growing importance over the next five years.

- 78% of respondents ranked Critical Thinking/Problem Solving as the top knowledge and skill expected to increase in importance over the next five years. [1]

- 70% rated the Critical Thinking/Problem Solving skills of new high schools graduates as *deficient*, with a mere 0.3% rating these skills as excellent.[2]

- 73.5% rated these skills of new two-year college degree holders as *adequate*, with 3.7% rating these skills as excellent.[3]

- 63% rated these skills of four-year college degree holders as *adequate*, with 28% rating these skills as excellent.[4]

The implication is that it's hard to find, attract, hire and retain proficient critical thinkers and it won't get easier any time soon. The study also makes a compelling argument for actively developing these competencies in current staff. This is essential to their ability to compete, both today and in the even tougher business environment that lies ahead of us.

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[1] Source: *Are They Really Ready to Work? Employers' Perspectives on the Basic Knowledge and Applied Skills of New Entrants to the 21st Century U.S. Workforce*. 2006. Table 12, page 49.
[2] Source: *Are They Really Ready to Work?* Table 6, page 32.
[3] Source: *Are They Really Ready to Work?* Table 7, page 33.
[4] Source: *Are They Really Ready to Work?* Table8, page 34.

Critical Thinking Can be Developed

Since Socrates, philosophers, educators, psychologists and neuroscientists have been trying to unlock the secrets of critical thinking.

Critical thinking is complex. It involves intellectual curiosity. It requires a willingness to spend time in reflection and to be open to new ideas that challenge existing beliefs.

Critical thinking starts with general competencies that apply to all thinking regardless of domain, subject, discipline or profession (for example, how you interpret what someone else is saying). [5] Regardless of our position in the organization we all use these general critical thinking skills to do our work.

Critical thinking also involves competencies that are specific (for example, scientific or legal reasoning).[6] There are many situations where specific critical thinking is required. For example, general managers may not require deep mastery of IT or finance, but they need to understand how to think about issues and problems in these areas in order to effectively make decisions in these area.

The starting point may be an awareness of critical thinking basics. Over months or years, employees can learn techniques and practice their skills. The "ideal" critical thinker is "able to recognize and rationally consider multiple concepts or elements which constitute a body of thought. New information is compared with currently held assumptions and assimilated so that one can make reasonable deductions or devise a plan of action." [7] The critical thinker is an effective learner.

But there's also a very practical aspect of critical thinking.

In a business context, critical thinking is not an "intellectual" or "academic" exercise. The purpose is to make better business decisions and act on them. Both general and specific competencies involve techniques that can be learned and skills that can be improved with training, experience and reinforcement.

Managers, peers and coaches play a role in developing critical thinking because it is an applied skill. They can help us develop techniques for recognizing assumptions, evaluating arguments and data and drawing conclusions.

As we progress in our career, the decisions we face get tougher; they are more complex and have bigger consequences. The realities of organizational life get in the way. There aren't clear guidelines. You have incomplete information. Your boss may not agree with your conclusions. Corporate culture enters the equation.

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[5] *Source: Elder R. and Elder, L. Critical Thinking Competency Standards. 2007, page 14.*
[6] *Source: Elder R. and Elder, L. Critical Thinking Competency Standards. 2007, page 14.*
[7] Source: *Critical Thinking as a Core Academic Skill.* 2006, page 4.

The impact of the Web 2.0 on critical thinking

Web 2.0 presents interesting issues that affect critical thinking.

The web means anyone can easily access enormous amounts of information from a wide range of resources on every imaginable topic. It's very easy to connect directly with experts.

Does this make people more curious, exploring subjects at a deeper and deeper level, wherever the next link takes them? Or, does it make people intellectually lazier – knowing they can find "the answer" on a just-in-time basis?

To what extent do people assign more credibility to attractive, entertaining sites than to those that aren't?

It is difficult to evaluate the quality of web sources. "Authority" has a different meaning in cyberspace than in the physical world. In the physical world, authority is judged by education, expertise, experience and research. Online, authority is measured by the number of visitors to a site, the number of links from another site to the site or the number of people who have "bookmarked" the site.

The viral nature of the web means that it's easier to have influence online than offline. It's not always clear who is sponsoring a site or what their agenda is. While 75% of American adults are online, they don't use the web in the same way. Nearly 70% are "spectators" (meaning they primarily use the web for reading), about a third join online discussions, while only 21% are "creators" (meaning they contribute content to websites that they create).[8] This means users who are motivated to put up a site, to comment on someone else's site or to engage in ongoing online discussion may have more influence than those who aren't.

Organizations are slowly adapting to the web culture. It's not an easy fit. A Web 2.0-Friendly Culture is characterized by transparency, agility, innovation, creativity and user-centricity. These are not how most people would describe their corporate culture. But, it does describe the kind of environment in which creative thinkers thrive.

Conclusion

If we want to be better critical thinkers, we can be. People can learn how to recognize assumptions, evaluate arguments, draw conclusions, make better decisions and perform more effectively. Critical thinking skills are associated with learning, a crucial skill for individuals to stay employed and relevant.

Businesses that want to profit from better critical thinkers need to hire people who have this proficiency and develop it in people who are so inclined but lack knowledge and experience. Adopting Web 2.0 tools and technologies – such as, private or internal social networks, wikis, forums, virtual reality and multi-media repositories – offers great promise as a an effective way to develop critical thinking in the organization.

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[8] Source: Data from Forrester Research Technographics® surveys, 2008. For further details on the Social Technographics profile, see groundswell.forrester.com.

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