REVIEW: CLIFF HURST'S DISSERTATION ON ENTREPRENEURSHIP

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Abstract

The Hartman Institute encourages the continued use of the Hartman Value Profile (HVP) in academic research. This article reviews one such endeavor by Clifford G. Hurst, his Ph.D. dissertation, *Discerning Entrepreneurial Judgment as Reflected in Entrepreneur's Responses to Feedback*. In it, Cliff made a compelling case for the need to identify more accurately the judgment capacity of entrepreneurs, for they can be a driving force in today's economy. Potential investors have difficulty not only in identifying a good start up idea but also the entrepreneurs who have the judgment capacity needed to be successful. Finding ways to help both entrepreneurs and investors identify key judgment areas and better decision making strategies could improve the success rate of startup businesses. Cliff's most significant findings shows both the power of the HVP for prediction and the greatest problem that executive coaches face today. "Participants with the greatest capacity for solving practical problems for themselves were the most open to feedback, and those participants with less capacity for solving practical problems for themselves were the most likely to deflect feedback. Those who need it least seek it more than those who need it more" (Hurst , 2112, 131). This review summarizes Hurst's literature review and his justification for using the HVP in his research. It explores his methods, findings, and reflections on future research using the HVP.

1. Introduction

Hurst starts his dissertation with an in depth review of the role of judgment in entrepreneurs' decision making because it is the most important asset they have. "Entrepreneurs exercise judgment in all aspects of their work—when making decisions, forging networks, hiring employees, developing products, etc" (Hurst, 2012, 11). An entrepreneur's judgment capacities are put to the test on many levels and are critical

in the early stages of founding their companies. Without entrepreneurs' abilities to acquire investors, we would not have business such as Facebook, Microsoft, or Apple. Without their abilities to deal with a sea of ambiguity and information and still make tough decisions, much would be lost. The following three approaches to studying entrepreneurs could be applied to many other professions as well.

> *Conceptual models* focusing on personality traits have had little success in predicting success.
> *Structural factors* focusing on the combination of elements in the environment that might determine success.
> *Cognitive research* focusing on entrepreneurs thought process, more specifically how they receive and respond to feedback.

This last approach is the most promising and is the one Hurst followed. It is not fixed like traits, but it is somewhat malleable and allows those interested to improve their potentials for success. It also lends itself to the application of the Formal Axiology, a metavaluational theory that allows for reflection on one's evaluating process and the links between knowing and doing. He notes that we humans make value judgments every time we decide what to do based on what we know. He gives the following five reasons to support his use of formal Axiology, which should be noted by others interested in doing research because they could also be used to justify many more studies in cognitive research.

Value theories have become popular since the 1970s (Rokeach, 1972, 1973), and formal axiology sets itself apart as a theory about the structure of human values and valuations, and not just about particular values. Being a metavaluational theory, it has more in common with and has something to add to the current research on metacognitive capacities (Haynie, et al, 2010). "Theories of cognition relate to what people know. Theories of meta-cognition relate to the cognitive structures which determine the boundaries of what they can know." (Hurst, 2012, 71) As Hurst explains, "Formal Axiology posits that judgment is a higher-order task than is purely rational thinking (Byrum, undated). In this regard, formal axiology is in agreement with some…recent thinking about the scope of metacognition (Papaleontiou-Louca, 2008) and recent research into the neuroscience of metacognition (Moll, Oliveira-Souza, & Zahn, 2009)" (Hurst, 2012, 16). He adds, "The HVP provides a way to measure a respondent's judgment capacities (Hartman, 2006)" (Hurst, 2012, 16).

The HVP has been used in the areas of leadership development and employee selection in large businesses since the late 1960s, and it is widely accepted. Hurst devotes an entire chapter to the review and justification of the HVP and its scoring logic. Anyone interested in using the HVP would be wise to read this, as he has done an excellent job of outlining the key aspects of the HVP and what it can measure. In addition, he includes three appendix notations for even more review of the logic and the defining scales of the instrument as they relate to more commonly used terms applicable to the study of entrepreneurial judgment and problem solving.

His third appendix addresses his use of the Byrum Method and the importance of assessing HVP results through dialogues between axiologists and respondents, what Byrum calls "axiological hermeneutics." Hurst brings Hartman's work down to a level of simplified understanding, and he clearly explains the types of capacities it can measure and how they relate to an individual's work and problem solving.

Hurst's review of judgment and decision making (JDM), more specifically entrepreneurial JDM notes that six lines of research exist at present. Some build on others, and some result from disagreements with others, but all are still in use today. He limits the subject his review of literature to the role of individuals in decision making, but he notes a whole line of literature also on group decision making and the influence of organizational structure on individuals and their decisions.

Hurst reviews the following six theories and indicates that they could be used in future studies.

Rational Actor Theory (RAT)
Bounded Rationality
Game Theory
Heuristics & Biases
Bounded Rationality
Naturalistic Decision Theory (Incrementalism, Image Theory)

He notes three limitations often be encountered in research on performance measures and private sector benchmarking practices.

1. Varying and vague definitions of what makes someone an entrepreneur. (*It is often difficult to get clearly defined roles and responsibilities for any position, such as a manager. What constitutes a manager in one organization may be different than in another.)*

2. Empirical studies where subjects are selected based on their stated intentions, rather than on their present success. *(More research with the HVP needs to be done alongside accepted and proven performance measures. The more empirical the performance measure, the more the predicative and accurate the outcome may be.)*

3. Differences between academics and the real world on what traits matter the most in determining success. *(More research needs to be done that looks not look at anticipated traits but at identifying actual traits that create the most significant predictive results. This includes traits that are strong and potential limiting factors that seem to impede performance.)*

Hurst's central question is, "*How is entrepreneurial judgment reflected in the ways that entrepreneurs respond to feedback?"* (Hurst, 2012, 85). His research rests on the following six presuppositions inherent in formal axiology. Again, he is laying a good framework for future studies with the HVP. He presupposes that:

1. Formal axiology, as a theory, is indeed a meaningful lens through which to study values and valuations in situations of uncertainty where decisions are called for in the face of complex dilemmas.

2. Each person has a propensity to make judgments according to his or her unique value structures, and these propensities can be identified and measured by

the HVP.

3. Most people are not aware of the values they hold or of a theory about the structure underlying those values.

4.This structure is there and operating, anyway, whether we know it or not. In this way, it is like the law of gravity (Hartman, 1991, 13). If I jump off of a cliff, the law of gravity works on my body whether or not I know about the law of gravity, like it, or believe in it.

5. Unlike the deterministic effects of the law of gravity, if people know about the structure of their values, they can choose to act differently based on that understanding.

6. If people understand—through axiological interpretation—the structure of the values at play in any given situation, they can make better judgments. (Hurst, 2012, 85-86)

2. Methods

Hurst uses hermeneutics to confirm the results of the HVP. He wanted to verify that his understanding and interpretation of HVP results was also being understood by those who took the profile. In his first round of interviews, Hurst sought to correlate his understanding of what was in the reports with the individuals' understandings of themselves. Were they open to, and did they agree with the feedback? He also looked at surface and depth interpretation. Surface hermeneutics is based on understanding the words, while depth hermeneutics reflects the meanings the participants developed from the dialogs about their HVP results.

In selecting entrepreneur subjects, Hurst used the following three principles.

1. Type of entrepreneur: Hurst chose to only work with "gazelles," those entrepreneurs whose business can be scaled quickly and profitably. This usually entails the need for financial investors to bring a business to scale quickly.

2. Location: All participants came originally from the greater San Francisco Bay/Silicon Valley area. To get a larger sample size, he had to open it more, but this did not seem to affect the results.

3. Stage of business start-up: He chose to work with businesses that were in the "idea" or "start-up" phase, as defined by The Startup American Partnership.

He got two pools of subjects through a local Entrepreneurial training group (SVASE) and a Fast Track Startup group. He had difficulty getting participants to take part and ended up with a total of 19 initial participants that took the HVP, 15 that allowed him to interview and review their HVP results, and only 9 that allowed a follow up interview six months after the first. In addition to the interviews, he also collected demographic data on each participant and additional "pitch" ratings, which did not prove significant. He coded the transcripts from both the first and second round of interviews for instances of reflection (how the subjects were able to recall instances of the feedback in their life), or deflection (when subjects turned aside a

prompt to reflect or were defensive). He also coded them by his own adaptation of Grant & Deweck's (2003) schema:

> *Learning Goals*—responses to feedback that emphasize learning or growth.
> *Outcome Goals*—responses to feedback that reflect "wanting to do well."
> *Ability Performance Goals*—responses to feedback that reflect validation of one's abilities.
> *Normative Ability Performance Goals*—responses to feedback that reflect a desire to compare one's own performance with the performances of others (Hurst, 2012, 103).

3. Findings

Hurst found support for all three of his hypotheses. He found that entrepreneurs in his sample reflected more upon feedback than deflecting it. He found that there were several HVP scores that could, in some way, predict or identify those entrepreneurs who have the greatest tendency to deflect feedback rather than reflect upon it. He also found support for three of the four hypotheses related to Grant & Dweck's (2003) findings. Entrepreneurs interpret feedback as learning opportunities 64% of the time, four times more often than they did for outcome goals or performance abilities. They associate learning goals with active coping and with a wide range of positive, mastery-oriented indicators in the face of challenges and difficulties.

Hurst goes into great detail about how he scored the reflection and deflection items, and he uses a percentage scale to compare scores across all of the subjects. The HVP correlations are included below. That he was able to reach statistical significance even with such a low number of respondents supports the HVP's predictive ability. It still leaves room for more research with greater numbers of participants.

Hurst's Table 3
Significant Differences Between Low Performers and High Performers in HVP Primary Scales

N=16	**Global DIME2**	**DIME2**	**INTE2**	**BALE2**
U	4.5	4	4.5	7
Median Low Deflectors	Md = 13.00	Md = 11.00	Md = 3.00	Md = 2.50
Median High Deflectors	Md = 32.50	Md = 21.00	Md = 11.50	Md = - 9.00
Possible Range	0 to 77	0 to 43	0 to 34	0 to ± 15+
Z	-2.368	-2.434	-2.373	-2.071
p	0.018	0.015	0.018	0.038
r	0.59	0.61	0.59	0.52

In addition, the Mann Whitney U-Test revealed near significance in difference between Low Deflectors and High Deflectors in the following HVP indices:

Rho 2 p = .069
Int% 2 p = .059
DIF1/DIF2 p = .052

Hurst's Table 6
Significant Differences between Low Deflectors and High Deflectors in HVP Secondary Scales

N=16	**SQ1**	**SQ2**	**BQr1**	**BQr2**	**CQ1**	**CQ2**
U	7	6	3	5	6	8
Median Low Deflectors	55.5	20	1.2455	1.08	58.85	20.15
Median High Deflectors	85.5	36.5	1.922	2.054	131.95	64.15
Possible Range	20 to 350	0 to 43	0.1 to 4.1	0.1 to 4.1	0 to 537	0 to 176
Z	-2.062	-2.191	-2.547	-2.304	-2.183	-1.94
p	0.039	0.028	0.011	0.021	0.029	0.052
r	0.5	0.5	0.6	0.6	0.5	0.5]

These figures indicate that several measures from the HVP self-scores could be used in future studies to predict an entrepreneur's ability to accept feedback. Hurst defines each of these scales and what the correlations indicate. For those interested more in the specifics please refer to *The Hartman Value Profile (HVP) Manual of Interpretation*, or ask Cliff Hurst for a copy of his dissertation. In summary "Participants with the greatest capacity for solving practical problems for themselves were the most open to feedback, and those participants with less capacity for solving practical problems for themselves were the most likely to deflect feedback. Those who need it least seek it more than those who need it more" (Hurst, 2112, 131).

4. Implications for Future Research

Hurst has taken on a challenge that only someone like Leon Pomeroy (2005) has attempted—to take the HVP into proven and reviewed academic research in the social sciences. He provides a great review of literature related to cognitive theories and judgments and to using the HVP that many could build on the future. His justifiable criteria for selecting his subjects also made it difficult and frustrating to get a large sample pool. Obtaining reliable performance measures was difficult, but this has been a challenge in most research on performance prediction in both the aca-

demic and private sectors. Hurst took on a novel challenge in using the HVP—indirectly testing profile takers' reflected acceptance of what the HVP had to say about them. This could spark a broader study to see how many people really agree with what the HVP reports have to say, even if they do not choose to use this information. More research along these lines needs to be conducted with larger sample sizes and better performance measures.

The second important issue for future research is brought up by Hurst's lengthy discussion of "The Byrum Method" for interpreting the HVP. Earlier reservations about the HVP centered on inconsistencies in its administration and its interpretation. Computers and internet delivery have taken care of most of the administration and scoring issues, but now there are several different schools of thought as to its interpretation. Either the Hartman Institute or some individual should document these different interpretations, so that people can understand some of their similarities and differences. This issue was brought up at the 2011 Hartman Institute meeting in Knoxville, Tennessee. This is not to say that one method is better or worse than another, but the differences should be disclosed, so they can be explained in academic research, and so that potential users can make better informed choices. Some methods, interpretations, or alternative profiles may prove to be more useful than others. For example, interpretive statements removing references to jobs have proven valuable in working with youth or with people in transition between jobs. The development of sports specific and work related profiles have provided additional insight into unique environments. May Cliff Hurst's work and this review spur others look for new directions to advance the HVP and the axiological theories of Robert S. Hartman.

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