

Public Abstract

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ABSTRACT

Conventional wisdom and a small body of empirical research suggests that while humor can sometimes be used for negative purposes, it tends to be “good,” and associated with positive outcomes. Many entrepreneurs incorporate humor into their entrepreneurial pitches to appeal to investors. But does the common belief about humor’s positive effects really hold true for the entrepreneurial pitch context? To examine the role humor plays in entrepreneurial pitches, an experiment was conducted where humor, argument quality and investor regulatory focus were manipulated either before or during a video-recorded entrepreneurial pitch to predict individuals’ perceptions of the pitch and their likelihood of investing in the venture. The data consisted of responses by 186 undergraduate students at a large Midwestern university. The results suggested that humor and argument quality interact to influence pitch perceptions and investment likelihood such that humorous content is appreciated when the arguments are strong (i.e., more positive perceptions and higher investment likelihood), whereas the pitches with humor are penalized when the arguments are weak. The results also suggested that this effect was only observed among individuals who were prompted to be promotion-focused during the pitch (i.e., to be open-minded about the pitch and to consider factors beyond economic interests), and not among those who were prevention-focused (i.e., those who were prompted to focus on the venture’s risks). The results indicate that although humor might indeed have an impact on investor perceptions, the question of whether entrepreneurs should use humor is more nuanced than the simple “humor is good” conventional wisdom.