

**TO BE, OR NOT TO BE FUNNY? THE DOUBLE-EDGED NATURE OF
ENTREPRENEUR HUMOR EXPRESSION IN EQUITY-BASED
CROWDFUNDING**

by

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ABSTRACT

Humor is omnipresent in our daily interactions. However, we know surprisingly little about how potential investors react to entrepreneurs who use humor during fundraising, a critical stage of the entrepreneurial process. I draw upon language expectancy theory and recent crowdfunding research to hypothesize that entrepreneur humor expression is positively related to investors' willingness to invest via perceived source credibility. Further, I hypothesize that an entrepreneur's sex and race moderate the positive relationship between entrepreneur humor expression and perceived source credibility. Specifically, the relationship will be weaker for female and minority entrepreneurs. Findings indicate that entrepreneur humor expression is significantly related to investors' willingness to invest. However, post-hoc analyses and qualitative insights reveal humor is a "double-edged sword" by which entrepreneurs can strengthen or destroy their budding relationship with potential investors. This dissertation contributes to the literature by expanding our understanding of the different communication tools entrepreneurs can utilize during fundraising. I shed light on the pros and cons of using humor with potential investors and address potentially bias reactions to humor that compromise investor decision making.

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CHAPTER 1: INTRODUCTION

Overview of the Dissertation

Humor is a form of social communication that represents the intentional actions people say or do that others interpret as funny and is intended to generate a laugh (Martin & Ford, 2018; Kong, Cooper, & Sosik, 2019). Generally speaking, people use humor to produce positive affective or cognitive responses from the target audience (Crawford, 1994). However, the use of humor can play either a positive or a negative role in social interactions (Martineau, 1972; Meyer, 2000). Humor can lead to positive outcomes such as improved job performance, higher trust, and an increase in creative activity (Avolio, Howell, & Sosick, 1999; Huang, Gino, & Galinsky, 2015; Hughes & Avey, 2009; Vecchio, Justin, & Pearce, 2009). When humor misses the mark, it can evoke negative outcomes such as delegitimizing an individual's attempt to be persuasive (Ford & Ferguson, 2004; Hodson & MacInnis, 2016). As such, the omnipresence and double-edged nature of humor in our daily human interactions continues to attract attention from scholars across multiple disciplines and the popular press (e.g., Bitterly & Brooks, 2020; Blanchard, Stewart, & Cann, 2014; Evans, Slaughter, Ellis, & Rivin, 2019; Meyer, 2000).

There is very little research, however, that investigates entrepreneurs using humor. This is a problematic omission for advancing entrepreneurship research on important topics such as securing venture funding because the way entrepreneurs communicate influences their interactions with potential investors (Ahlers, Cumming, Gunther, & Schweizer, 2015; Gimmon & Levie, 2010; Parhankangas & Renko, 2017). Oftentimes, entrepreneurs use a pitch to indicate what an investor's funds will be used for, provide intimate details about himself or herself, and describe the venture's goals

(Chen, Yao, & Kotha, 2009). Other forms of communication entrepreneurs are likely to engage with potential and current investors include doing interviews on media outlets such as podcasts, hosting webinars, and posting updates online via social media or on the fundraising campaign page (Fischer & Reuber, 2011; Waddingham, Zachary, & Ketchen, 2020). From this communication, investors begin to form or alter opinions about the entrepreneur and the venture that influence their investment decision making (Allison, McKenny, & Short, 2013; Cope, Cave, & Eccles, 2004; Zacharakis & Meyer, 2000).

My dissertation is guided by this overarching research question: *how does entrepreneur humor expression influence investors' funding decisions?* More specifically, this dissertation examines the impact of an entrepreneur using humor while promoting his or her equity-based crowdfunding campaign and how the use of humor influences the entrepreneur's credibility in the eyes of potential investors. Furthermore, I argue that this relationship is moderated by specific entrepreneur demographics: sex and race. Indeed, prior management research has found that the response to a female leader using humor in a business meeting was viewed much less favorably than a male leader using the same humor (Evans et al., 2019). Additionally, Anglin and colleagues (2018) found that racial minorities underperformed their Caucasian counterparts when using narcissistic rhetoric in their crowdfunding campaigns. These examples and many others reveal tension between the type of communication that different entrepreneurs may use during an interaction with potential investors, which has serious implications for the future success of an entrepreneurial venture (Plummer, Allison, & Connelly, 2016).

To examine how the use of humor can help or hurt entrepreneurs raising capital for their ventures, this dissertation focuses on the equity-based crowdfunding context.

Crowdfunding campaigns need to meet a fundraising goal to be considered successful. Thus, entrepreneurs must persuade potential investors to make financial contributions (Martens, Jennings, & Jennings, 2007). Prior to 2012, entrepreneurs were limited to accredited investors – venture capitalists and angel investors – if they wanted to offer equity in a private company in exchange for capital. The Jumpstart Our Business Startups (JOBS) Act and Title III (i.e., the CROWDFUND Act) enables entrepreneurs to offer an equity stake to nonaccredited investors via internet-based platforms (Belleflamme, Lambert, & Schwienbacher, 2014; Mollick, 2014). Prior research suggests that both experienced and novice crowdfunding investors are influenced by who entrepreneurs are and what they say when making an investment decision (e.g., Allison, Davis, Short, & Webb, 2015; Cope et al., 2004). Therefore, I draw on insight from language expectancy theory (LET) to explain how entrepreneurs who use humor can persuade investors to contribute to an equity-based crowdfunding campaign (Burgoon & Miller, 1985).

LET is a message-centered theory that describes how society has set expectations for the way individuals should communicate in specific settings (McPeck & Edwards, 1975; Burgoon & Miller, 1985). This bandwidth of preferred communication styles is established from normative ideas of competent behavior (Burgoon & Miller, 1985). Thus, LET predicts why certain types of communication in persuasive messages are more (less) effective. In turn, individuals can either positively or negatively violate these expectations, which sparks attitude or behavior change in the target audience (Burgoon, 1989, 1990). Prior research incorporating LET also describes how society sets expectations for entire social categories (Parhankangas & Renko, 2017). For instance, white males are generally perceived as highly credible, which affords them more

linguistic freedom without violating audience expectations. Women and other minority group members, however, are more constrained in the type of communication they can use for persuasive messages because of their traditionally lower perceived credibility (Burgoon & Miller, 1985; Parhankangas & Renko, 2017). Therefore, investors may perceive entrepreneur humor expression differently because of both the crowdfunding context and demographic characteristics of the entrepreneur (Ahlers et al., 2015; Conway & Dube, 2002; Stevenson, Ciuchta, Letwin, Dinger, & Jeffrey, 2020). My complete research model is presented as Figure 1.

The internet-based nature of equity crowdfunding provides a larger pool of potential investors the opportunity to easily search a wide variety of campaigns. Since entrepreneurs are prominently featured throughout an online campaign via profile pictures, video pitches to investors, and pictures included with campaign update posts, it is easier than ever for investors to support female and minority entrepreneurs. As humor continues to be an area of growing interest and enthusiasm for organizational and entrepreneurship scholars, there is a growing need for research to better understand how humor can help or hurt an entrepreneur attempting to persuade potential investors to support their equity-based crowdfunding campaigns. This sentiment is best described by Crawford (1994: 54) and later echoed by Avolio and colleagues (1999), who said, “Perhaps of all the communicative strategies that leaders utilize, the use of humor is most promising, but least understood.”

Purpose and Intended Contribution of the Dissertation

This dissertation offers several potential contributions to research and practice. First, prior humor research in the workplace tends to focus on leader humor and its

influence on internal stakeholder relationships (e.g., Avolio et al., 1999; Cooper, Kong, & Crossley, 2018). These internal stakeholders, oftentimes employees, are ostensibly more familiar with their leader, which helps establish more fine-tuned expectations when the leader uses humor. My dissertation considers a fundamentally different type of stakeholder – potential investors – and proposes an explanation for how humor influences investors’ funding decisions. Second, humor requires an individual to process and understand a humorous message, which can usurp additional cognitive resources needed to critically evaluate other important details of a message (Gulas & Weinberger, 2006; Strick, Holland, van Baaren, & van Knippenberg, 2010). This can work in favor for an entrepreneur if the humor aids in the perception of their credibility, or potentially cause an investor to overthink and critically evaluate the campaign, weakening an investor’s confidence in a potential financial return (Zafar, Waddingham, Zachary, & Short, 2021). Third, by studying the influence of entrepreneur demographics, this dissertation seeks to empirically expand the growing stream of literature that draws attention to biased investors’ funding decisions (Murnieks, Cardon, & Haynie, 2020). Additionally, little is known about the potential compounding effect of entrepreneurs who represent multiple minority groups, such as a Black female entrepreneur (Berdahl & Moore, 2006). This is important because scholars and practitioners alike identify crowdfunding as an important funding opportunity for entrepreneurs who were previously neglected by traditional fundraising avenues (Belleflamme et al., 2014; Greenberg & Mollick, 2017).

Structure of the Dissertation

This dissertation unfolds in four additional chapters. Chapter 2 is a literature review of the relevant research on crowdfunding and humor. I provide an overview of the

crowdfunding literature, detailing the differences between reward-based and equity-based crowdfunding. Then, I review humor research, drawing heavily from social psychology. Chapter 3 contains a set of hypotheses and proposed relationships that are grounded in the empirical evidence provided in Chapter 2. Specifically, I draw on LET to explain the relationship between entrepreneur humor expression and investors' funding decisions in an equity-based crowdfunding campaign. I also examine the mediating effect of perceived source credibility as well as the first-stage, moderating effect of specific entrepreneur demographics: sex and race. Chapter 4 of the dissertation describes the experiment, sample, and research methods I use to test the hypotheses in Chapter 3. I define my specific measures (i.e., dependent, independent, mediator, moderators, and control variables) and analytical tests. Chapter 4 also includes a summary of the results from my data analysis. Chapter 5 builds upon the findings of my dissertation to generate discussion and future research opportunities for entrepreneurship scholars. I draw attention to how my results contribute to the field's current understanding of humor, crowdfunding, and investors' funding decisions. Then, I address the limitations of my research design, noting potential avenues for future studies to build upon. I conclude the dissertation with theoretical and practical implications for scholars, entrepreneurs, and investors.

CHAPTER 2: LITERATURE REVIEW

Overview of the Chapter

This chapter reviews the current literature that is relevant to this dissertation. First, I review the focal context for this dissertation: crowdfunding. I discuss and draw distinctions between reward- and equity-based crowdfunding, the two most popular types in the entrepreneurship literature. Then, I review the humor literature, drawing heavily on insights from social psychology. I detail how management scholars investigate humor in organizations, a burgeoning stream of research in the leadership domain.

Crowdfunding

Crowdfunding is an important and legitimate alternative to traditional forms of investing in entrepreneurial ventures such as venture capital or angel investments. The global crowdfunding market size was valued at \$84 billion in 2018 and is forecasted to reach more than \$114 billion in 2021 (Drover, Wood, & Zacharakis, 2017; SEC, 2019). This mass availability of capital is fueled by the online nature of crowdfunding as millions of entrepreneurs and investors from around the world are able to connect via online crowdfunding platforms. For instance, there were more than 6.4 million crowdfunding campaigns launched globally in 2019 for individuals to search for investment opportunities (SEC, 2019). As I show in Table 1, this activity has led to a drastic increase in the number of empirical investigations to learn more about the phenomenon of crowdfunding.

A Brief History of Crowdfunding. The United States has a rich history of individuals sourcing financial resources from a crowd to fund novel projects. For example, Joseph Pulitzer used his platform as a newspaper publisher to encourage his

audience to make a small financial contribution to fund the construction of the pedestal for the Statue of Liberty (National Park Service, 2016; Short, Ketchen, McKenny, Allison, & Ireland, 2017). A severe economic downturn, however, changed the investing landscape, altering how organizations could offer equity to investors. The 1929 stock market crash, which led into The Great Depression, is widely attributed to a lack of regulation governing securities and irresponsible financial practices (Jensen, 1989). In its wake, the Great Depression left more than a quarter of America's working population unemployed, and an 89% market drop that took more than 20 years to recoup. In response, Franklin D. Roosevelt's administration enacted several regulatory measures to improve transparency in security exchanges and protect investors. The Securities Act of 1933 required corporations to make specific information public, such as the sale and distribution of stock. The Securities Act of 1934 authorized the formation of the United States Securities and Exchange Commission (SEC) to act as the regulatory body over securities, financial reports of publicly traded companies, markets, and the general conduct of financial professionals (Stemler, 2013). While the purpose was of these regulatory actions was to help inform and protect investors, it also raised the cost of offering securities to the general public.

In the following decades, the option for individuals to invest in private companies was mostly limited to venture capitalists and angel investors. Crowdfunding remained a fringe form of raising capital in the United States, most commonly utilized by musicians and artists for specific projects (Short et al., 2017). The launch of the reward-based crowdfunding platform Kickstarter in 2009 drastically shifted the way individuals could search for opportunities to support entrepreneurs. In reward-based crowdfunding,

entrepreneurs offer a reward for various levels of financial contributions or allow funders early access to the official market release of a product (Mollick, 2014). These online communities allow entrepreneurs to share their endeavors with a broad audience and pitch the idea of supporting the development of a new product or business concept (Davis, Hmieleski, Webb, & Coombs, 2017). The idea of making a financial contribution to the development of a product is largely similar to the exchange in everyday consumer purchasing decisions (Chan & Parhankangas, 2017). Even if there isn't a physical product yet, reward-based crowdfunding still provides an exchange for each contribution, providing token rewards such as a company sticker, early access when the product is finally released, or insider information on the development and future goals of the entrepreneur (Gerber & Hui, 2013). Kickstarter has helped more than 185,000 entrepreneurs connect with investors who have pledged more than \$5.15 billion (Kickstarter, 2020). For example, the Pebble Smartwatch set a Kickstarter record, racking up more than \$10 million in funder support. The company solicited support from more than 23,000 individuals and maxed out their early-access reward of 85,000 smartwatches. The entrepreneurs who champion these successful projects can take this influx of seed money and attention to create a full-fledged entrepreneurial venture (Soubliere & Gehman, 2020).

It would take another economic shock to inspire a new wave of regulatory changes to make equity-based crowdfunding the fundraising vehicle it is today. A mix of financial firms taking on too much risk, lack of regulation, and excessive borrowing led to another severe economic downturn from 2007 through 2009 (Palley, 2011). In response to The Great Recession, Barack Obama's administration introduced the

Jumpstart Our Business Startups (JOBS) Act, loosening the requirements outlined in the Securities Act of 1933 for companies with total annual gross revenues of less than \$1 billion. This enabled entrepreneurs to raise an initial \$1 million – recently increased to \$5 million – through crowdfunding in exchange for equity annually (Belleflamme et al., 2014; SEC, 2020).

In accordance with the JOBS Act, and more specifically the CROWDFUND Act, the SEC rolled out guidelines in May 2016 to allow businesses to foster capital by lowering the cost of offering securities to nonaccredited investors. These regulations also sought to protect nonaccredited investors by limiting the total amount a nonaccredited investor can contribute annually. An individual with an annual income of less than \$100,000, for example, can invest the greater of \$2,000 or five percent of their annual income (SEC, 2016). This regulatory action increased the potential pool of investors for entrepreneurs to pitch for funding substantially, since more than 310 million Americans are classified as nonaccredited investors. While not all of them will become investors, the opportunity for these individuals to participate in equity-based crowdfunding is now available (Stevenson, Ciuchta, Letwin, Dinger, & Vancouver, 2019).

Equity-based crowdfunding is the most recent development in the crowdfunding industry, with SEC filings showing companies raised more than \$360 million in 2019. Equity-based crowdfunding is also the fastest-growing segment, with a projected compound annual growth rate of 33.9% from 2016 to 2021 (SEC, 2019). Entrepreneurs exchange stakes of equity in a venture for a small investment (typically a \$100 minimum) from the crowd (Drover et al., 2017). As described above, entrepreneurs could previously only offer equity to accredited investors (i.e., venture capitalists, angel investors), which

limited entrepreneurs' access to capital and restricted nonaccredited investors to reward- and debt-based crowdfunding (e.g., Bruton, Khavul, Siegel, & Wright, 2015). Aided by popular television shows such as ABC's Shark Tank, investors have expanded their interest from the traditional public marketplace to include equity-based crowdfunding. For example, Genius Juice founder and CEO Alex Bauer introduced his coconut smoothies with an Albert Einstein-inspired wig, custom karaoke song, and backup singers on ABC's Shark Tank. The bit garnered laughs from the sharks and led to a generous \$500,000 offer for a 25% stake in the venture from two of the show's investors, Barbara Corcoran and Mark Cuban. Even though Bauer eventually turned down their offer, his company's most recent funding round on the equity-based crowdfunding platform WeFunder – which included an updated music video featuring Bauer in the Einstein wig – brought in \$482,835 from 767 investors in April 2020. Next, I describe the contributions scholars have made to help better understand crowdfunding and what it takes for entrepreneurs to have successful campaigns.

Empirical research on crowdfunding. Following prior reviews in the crowdfunding literature (e.g., Short et al., 2017), I included elite management journals and three leading entrepreneurship journals that publish empirical research on crowdfunding: *Academy of Management Journal*, *Administrative Science Quarterly*, *Journal of Applied Psychology*, *Journal of Management*, *Journal of Management Studies*, *Journal of Organizational Behavior*, *Management Science*, *Organization Science*, *Organization Studies*, *Organizational Behavior and Human Decision Processes*, *Personnel Psychology*, *Strategic Management Journal*, *Entrepreneurship Theory and Practice*, *Journal of Business Venturing*, and *Strategic Management Journal*. For the

studies included in Table 1, my inclusion criteria required the article to be empirical and include at least one of following phrases in the title, abstract, or keywords:

“crowdfunding,” “reward-based,” and “equity-based.” Compared to the 21 articles Short and his colleagues highlighted in their review (19 empirical, 2 conceptual; 2017), I found a total of 38 empirical research articles published from 2014 to 2020 that met the criteria and were relevant to this dissertation. This shows the rapid increase in attention scholars have devoted to reward- and equity-based crowdfunding research. Of note, 31 of the 38 studies included in Table 1 focused exclusively on reward-based crowdfunding. While this is not surprising given that equity-based crowdfunding has only been available to nonaccredited investors since 2016, my literature review shows how little scholars know about equity-based crowdfunding investors.

Most crowdfunding investors are amateurs, making relatively small financial contributions (Stevenson et al., 2019). In reward-based crowdfunding, the backers are often people with social or geographic ties to the founding entrepreneur such as close friends or family members (Agrawal, Catalini, & Goldfarb, 2011). Prior research has even labeled this type of crowdfunding as the “friend-funding phase” (Fisk, Patricio, Ordanini, Miceli, Pizzetti, & Parasuraman, 2011). In equity-based crowdfunding, however, investors are drawn to the potential for an outsized return on their investment (Vismara, 2016). Recent empirical investigations assume that equity investors behave similarly to those who participate in reward-based crowdfunding or traditional investing depending on the research question (e.g., Ahlers et al., 2015). However, Zafar and colleagues (2021) provided qualitative comments that reveal a mix of financial and social motivations to participate in equity-based crowdfunding. This correlates with recent

research that describes a growing trend of investor support for ventures with a sustainability orientation despite the potential for weaker financial returns (Calic & Mosakowski, 2016). Thus, reward- and equity-based crowdfunding are similar in that they connect entrepreneurs with potential investors via an online platform, but also fundamentally different in what the entrepreneur offers in exchange for capital and what investors expect in return. Next, I describe the research on communication within the crowdfunding context, which helps potential investors evaluate both the entrepreneur and the venture.

Communication and Crowdfunding. First, crowdfunding has a high level of information asymmetry that favors entrepreneurs (Mahmood, Luffarelli, & Muskesh, 2019), making persuasion an important component of any type of communication entrepreneurs have with potential investors (Parhankangas & Renko, 2017). This hurdle is heightened by the online nature of crowdfunding platforms because there are limited opportunities for investors to personally interact and evaluate the entrepreneur (Ahlers et al., 2015). Crowdfunding platforms provide some primary vetting to limit scams and low-quality campaigns given that the platform's reputation depends on the quality of campaigns they host. The platforms also frequently send out information about when funding windows will close, conduct founder interviews, and announce when new campaigns launch. By utilizing this structured approach, entrepreneurs help reduce some of the barriers of information asymmetry that are naturally present in early-stage fundraising (Courtney, Dutta, & Li, 2017; McPeck & Edwards, 1975; Plummer et al., 2016).

To better understand effective types of communication and how investors receive information, scholars have taken a variety of theoretical approaches. One popular approach is signaling theory (Connelly, Certo, Ireland, & Reutzel, 2011; Spence 1973, 2002). For example, Scheaf and colleagues (2018) incorporated research on signaling theory to test the effectiveness of a signal in the reward-based crowdfunding context compared to equity-based crowdfunding. Specifically, they found that media coverage signals maintained effectiveness, while discussing patents are either negative or had no relationship to funding performance. In addition to a signaling theoretical approach, scholars have investigated how investors perceive information. Mahmood, Luffarelli, & Muskesh (2019) used insight from processing fluency theory to investigate how a campaign's logo helps evoke perceptions of innovativeness. They found logo complexity positively impacts funding decisions. da Cruz (2018) described how crowdfunding campaigns – both successful and unsuccessful – provide information for how the crowd values the product or service. Likewise, Daly and Davy (2015) evaluated entrepreneurial pitches, identifying which information was obligatory given the purpose of the pitch and which parts entrepreneurs had more freedom.

The importance of type of communication used was also evidenced by recent studies in the crowdfunding context. Patel, Wolfe, & Manikas (2020) studied more than 75,000 Kickstarter projects and concluded that image-based rhetoric improved crowdfunding performance. Additionally, concept-based rhetoric damped the relationship between narcissistic rhetoric and crowdfunding performance. Nielsen and Binder (2020) used a novel experimental approach, finding that altruistically framed campaigns have a higher chance of being funded than egoistic or environmental motives. Their study design

is important to note because less than a third of the studies in the review incorporate experimental designs. Scholars have called for more experimental work to help tease out causality that is difficult to assess with purely archival datasets (e.g., Stevenson & Josefy, 2019). This is an important next step for future entrepreneurship research to better understand what leads investors to financially contribute to a crowdfunding campaign that archival studies cannot accomplish alone.

Investors' funding decisions. To be successful, crowdfunding campaigns must reach their fundraising goal. Prior research shows that characteristics of the entrepreneur and the venture factor into the persuasiveness of campaign communication, which influences investors' funding decisions (Stevenson et al., 2018). For instance, investors favor campaigns that describe their patented technology or founders who detail their industry relevant experience (Baum & Silverman, 2004; Pollack, Rutherford, & Nagy, 2012). Additionally, in another experiment, Drover, Wood, and Zacharakis (2017) explored the benefit of entrepreneurs who have certifications related to their product or the industry. This research provides insight on the importance potential investors place on the entrepreneur (Huang & Pearce, 2015; MacMillan, Siegel, & Narasimha, 1986; MacMillan, Zemmann, & Subbanarasimha, 1987). Taken together, this line of research shows that investors consider important factors of the campaign and the entrepreneur who delivers this information when making funding decisions.

Entrepreneurial scholars measure investors' funding decisions in a variety of ways. Some studies have taken a straight-forward, single-item approach to determine funding potential among potential investors (Miteness, Sudek, & Cardon, 2012). Other studies also include the investment amount – often a hypothetical amount of \$1,000 – that

potential investors would contribute to a campaign (e.g., Stevenson et al., 2019). Another approach is with archival data, matching the language posted by entrepreneurs on crowdfunding pages to help predict funding amounts and if fundraising goals set by the entrepreneur are met (e.g., Allison, Davis, & Webb, 2017; Anglin, Short, Drover, Stevenson, McKenny, & Allison, 2018). Given the nature of equity-based crowdfunding, potential funders can withdraw their investment up to 48 hours before the funding window closes. Zafar and colleagues (2021) looked at both the confidence investors had in the campaign and the confidence they had in the potential of earning a return on their investment.

Entrepreneurial scholars have merely scratched the surface of influential factors regarding what the entrepreneurs says and how it affects investor behavior, especially in the equity-based crowdfunding context (Patel, Wolfe, & Manikas, 2020). Therefore, this dissertation seeks to contribute to the crowdfunding literature by investigating how different entrepreneurs who use unexpected types of communication are able to persuade investors to financially contribute to an equity-based crowdfunding campaign. Specifically, I focus on the use of humor.

Humor

Humor is a ubiquitous component of an individual's life experiences but understanding the role humor plays in social interactions is a complex mix of cognitive and emotional functions. In its entirety, *humor represents the intentional actions that people say or do that others interpret as funny and intended to generate a laugh, the cognitive process of creating and understand amusing things to say and do, and the emotional response of mirth when an individual enjoys a humorous stimulus* (Martin &

Ford, 2018). Moreover, successfully utilizing humor can make an individual appear more confident, competent, and higher in status (Bitterly, Brooks, & Schweitzer, 2017). In the following sections, I provide an overview of the scientific study of humor, drawing heavily on the influence of social psychology research. I also highlight the growing trend of humor in organizational research.

Early Humor Research. Early scientific research on humor struggled with the perception it was a trivial subject and serious scholars should stick to serious issues (Martin & Ford, 2018). In fact, the *Handbook of Social Psychology* – which is more than 2,000 pages – mentions humor only once (McGraw & Warner, 2014). Still others believed that studying humor was inherently defeating because it undermined the essence of what makes humor work. This sentiment is summarized by E. B. White, author of *Charlotte's Web* and *Stuart Little*, who said, “Humor can be dissected, as a frog can, but the thing dies in the process and the innards are discouraging to any but the pure scientific mind” (Martin & Ford, 2018: 16).

Humor is not the first subject to be dismissed during the early stages of new inquiry (Goodchilds, Goldstein, & McGhee, 1972). In the same way, the scientific community ridiculed Charles Darwin for his grand theory of evolution and discredited the new theory of quantum mechanics by physicists Nils Bohr and Werner Heisenberg (Wolinsky, 2008). While the implications of humor research are unlikely on the same level as natural selection or quantum mechanics, the omnipresent nature of humor in our daily social interactions does make it an important area for further theoretical and empirical investigation.

The three dominant classic theoretical approaches for humor research are relief, superiority, and incongruity theories. These classic theoretical approaches are based on the central psychological mechanism each theory emphasizes. Relief and superiority theories focus on motivational components for using humor, whereas incongruity theories focus on the perception and interpretation of humor (Martin & Ford, 2018). Each theoretical approach attempts to provide a comprehensive and parsimonious explanation for humor (Meyer, 2000). Yet, these umbrella theories are broad in scope and their constructs vaguely defined, which limits their explanatory power and makes them inherently difficult to falsify. Despite these limitations, the classic theories provide a firm foundation for contemporary humor research.

Relief theories (Freud, 1905; 1928; 1960; Spencer, 1860; 1911) describe the release of tension evoked by feelings of mirth and the physical act of laughter. For example, Shureliff (1968) instructed volunteers in his study to perform different tasks with a laboratory rat. In the low-tension condition, the participants were told they would hold a docile rat for five second before returning the rat to its cage. In the high-tension condition, participants were told they would assist with bloodwork by holding the rat. Upon reaching into the cage, participants in both conditions discovered it was a fake, rubber rat. As expected, the high-tension condition reported more anxiety before the test, a greater release of tension after realizing the rat was fake, and laughed more than the low-tension group. This exemplifies how relief theories provided an important building block for future humor research by calling attention to the role different levels of arousal play in the experience of mirth (Berlyne, 1972).

Superiority theories (Keith-Spiegel, 1972; Morreall, 1983) describe humor as the triumph one feels over another, or the previous version of himself or herself. Superiority theories describe how people feel amusement and laugh at the misfortune of others because of the elevated sense of status above the target of the humorous remarks or actions (Turnbull, 1972). While there are numerous examples of individuals laughing at the misfortune of others, empirical investigations called into question the assumption that *all* humor contained an element of playful aggression (Ruch & Hehl, 1988). Extensions of superiority research propose that self-esteem enhancement plays an important mediating role in the amusement derived from the derision of others. Without that self-esteem enhancement, empirical studies show individuals find little enjoyment in the disparagement of others (Ford, 2000; Thomas & Esses, 2004). Thus, while there is little doubt relief and superiority play a role in some exchanges that utilize humor, both theoretical lenses fall short of providing a definitive reason for why something is interpreted as funny. This led to an investigation of the structural qualities of humorous stimuli.

The Influence of Social Psychology. Social psychologists, aided by advancements in technology for cognitive research, led the next wave of scientific approaches to understand humor by exploring the way individuals process a specific stimulus or event (Baumeister & Finkel, 2010; Fiske & Taylor, 1991). One of the most utilized and empirically supported aspects of the social psychology stream of humor research is the perception of incongruity (Morreall, 1987). Incongruity refers to a surprising or unexpected revelation that is odd, but nonthreatening (Berger, 1976; Meyer, 2000). While most scholars agree that incongruity plays a key role in humorous content,

incongruity in and of itself is not always sufficient to elicit humor. For example, seeing someone walk a goose at a dog park is incongruous but not necessarily funny. Thus, additional research helped build extensions to incongruity theorizing to add to its explanatory power regarding the perception and interpretation of humorous stimuli.

First, for inconsistent, unsuitable, or incongruous communication to evoke humor, scholars propose that the incongruity needs to be detected and subsequently resolved (Suls 1972; 1983). Surprise is an important ingredient to help spark this cognitive process (Shurcliff, 1968). This is evident when hearing a humorous remark for the second time because knowing the punchline or unexpected revelation decreases the effectiveness of humor (Meyer, 2000). Consider the following example:

Original Joke

Accountant: "Please come at once, my dog swallowed my calculator!"

Veterinarian: "I'll be right over. What will you do in the meantime?"

Accountant: "Use a pen and paper."

Lack of Incongruity

Accountant: "Please come at once, my dog swallowed my calculator!"

Veterinarian: "I'll be right over. What will you do in the meantime?"

Accountant: "I don't know what to do!"

Unresolved Incongruity

Accountant: "Please come at once, my dog swallowed a *paper clip*!"

Veterinarian: "I'll be right over. What will you do in the meantime?"

Accountant: "A tax return."

In the original joke, the reader recognizes that a common tool for an accountant would be a calculator and it would be problematic if his or her dog ate it for both the accountant and the dog. However, when the veterinarian asks about the wellbeing of the dog, there is some ambiguity in his or her question. This is resolved when the accountant surprisingly responds that he or she will use a pen and paper since the calculator has been

destroyed. By changing the conclusion to “I don’t know what to do” in the second example, there is no puzzle to solve. The ending is not surprising or unexpected because it is understandable the accountant would be flustered about his or her dog’s health status. This also reduces any chance of the conversation being interpreted as humorous. In the third example of unresolved incongruity, the dog swallows a paper clip, but the accountant continues to work. While there is the same ambiguity in the veterinarian’s question, the leap between the accountant’s work and the veterinarian’s concern for the dog is more difficult for the reader to make. Upon rereading the examples, the incongruity is now obvious and resolved, but the original joke is likely less humorous than the initial read because the conclusion is no longer surprising.

Second, because interpreting incongruity is cognitively demanding and can be interpreted in multiple ways, research also shows that a “humor mindset” helps individuals relax general rules of logic and information-processing strategies (Attardo, 2014; Martin & Ford, 2018: 58; Mulkay, 1988; Ziv & Gadish, 1990). Prior research shows that people interpret humorous remarks differently depending on if they are in a serious or playful frame of mind (Mulkay, 1988). This humor mindset can be triggered with nonverbal cues such as a smile or wink, as well as verbal cues such as “have you heard the one about...” which prepares the listener that the following statement is intended to be playful (Morreall, 1987; Shultz, 1974). These extensions to the cognitive approach of researching humor have sparked theoretical expansions that offer more complete frameworks for understanding the multifaceted aspects of experiencing and producing humor.

Conceptualizing Humor. Humor research makes the sharp distinction that an individual's sense of humor and an individual expressing humor are different constructs (Cooper, 2005; Kong et al., 2019). An individual's sense of humor is considered a stable personality trait and is one of the characteristics individuals often consider when evaluating leaders (Martin, 2001, 2004). A sense of humor is positively associated with various domains of social competence and an individual's ability to manage emotions (Yip & Martin, 2006). Ruch and Kohler (1998) proposed a sense of humor as a combination of high cheerfulness, low seriousness, and low bad mood. This temperament-based approach is most often measured with the State-Trait Cheerfulness Inventory (STCI; Ruch, Kohler, & Van Thriel, 1996). Scholars have also attempted to develop scales to quantify an individual's sense of humor. Martin and LefCourt (1983, 1984) developed scales to measure both coping and situational humor response, but the scale tends to have low internal consistency (Kong et al., 2019). Thorson and Powell's (1993) Multidimensional Sense of Humor Scale has been used in leader humor research (e.g., Cooper, 2005), but exploratory factor analyses have revealed some inconsistent results regarding the way certain items load onto their corresponding factors (Thorson, Brdar, & Powell, 1997). Thus, while this work provides important insight into the importance of considering an individual's sense of humor, accurately measuring a sense of humor continues to be a challenge for researchers.

Humor expression, on the other hand, refers to the behavior of intentionally engaging in an event with the intent to be amusing (Cooper, 2005). Humor expression research takes two approaches when describing individuals using humor. The first is a general and broad take on all types of humor as a communication tactic (e.g., Cooper,

2005, 2008; Crawford, 1994). This conceptual approach is intentionally left broad to encompass the many forms of written, visual, and verbal stimuli that humor can take. The second approach focuses on specific types of humor expression (e.g., Romero & Arendt, 2011). There is some debate in the literature about the alignment of the types of humor between different literatures (for a critique, see Sosik, 2012). However, most stem from Martin and colleagues' (2003) work on humor styles. These styles include affiliative, aggressive, self-defeating, and self-enhancing humor (Kong et al., 2019). While these styles are not exhaustive, they are well supported in the literature for their comprehensiveness (Romero & Cruthirds, 2006).

Affiliative humor is used to enhance social interactions, providing an opportunity to create a positive environment and build relationships (Martin et al., 2003). Similarly, self-enhancing humor is often used to enhance an individual's image. Unlike affiliative humor, which is often used to bring people together, self-enhancing humor is focused on the individual who initiated the humorous comment. This self-focused style of humor has been shown to be associated with neuroticism (Romero & Cruthirds, 2006). Thus, it should be utilized sparingly if the individual is in a position of power to avoid being interpreted as a humble brag (Waddingham et al., 2020).

Aggressive forms of humor, like most extreme forms of behavior, are rare and discouraged in general social discourse (Janes & Olsen, 2000). This type of humor often takes the form of an implied threat, ridicule, or vulgar content. However, mild forms of aggressive humor such as satire or teasing can help establish conforming behaviors, even in organizational and entrepreneurship settings. For instance, a manager may say "*look who finally decided to show up*" to express disapproval for a subordinate arriving late, but

in a way that the message is delivered in a playful manner to avoid serious conflict.

Huang, Gino, and Galinsky (2015) investigated how sarcasm, another mildly aggressive form of humor, can instigate conflict within an organization, but also serve as a catalyst for generating creative ideas, insight, and problem solutions. Similarly, self-defeating humor is a way for an individual to express an individual's flaw or mistake in a light-hearted manner. When done effectively, self-defeating humor can help individuals bring up sensitive topics and cope with stressful events (Lefcourt, 2001). However, when done too frequently, self-defeating humor can damage an individual's self-esteem (Stieger, Formann, & Burger, 2011).

The distinction between a sense of humor and humor expression, while nuanced, is an important consideration for the arguments in this dissertation and advancing humor research. Indeed, Gibson (1994) describes humor expression as one of many planned activities that individuals can use to illicit a positive response, including the use of humor in perhaps an unlikely place: within an organization.

Humor in Organizational Research

The acceptance of using and researching humor at work is a recent development. Conducting business, especially interactions that required an exchange of funds, was considered a "sober endeavor" (Beard, 2005, 2014: 130). As scholars and practitioners alike considered ways to improve workplace interactions and employee wellbeing, topics like using humor were seen in a new light. Malone (1980) suggested that humor – when used properly – could help improve interactions between managers and subordinates, leading to higher performance. In response, a popular practice in the late 1980s through the 1990s was hiring humor consultants to help managers connect with subordinates and

help employees navigate the sometimes-difficult task of appropriate topics and targets of humorous takes (Jennings, 2018). Access to the internet for humorous resources and material has mostly eliminated the need for hiring humor consultants today but the use of humor by leaders, employees, and stakeholders continues. For instance, Steve Jobs, often described for his unemotional, stoic tendencies, averaged 0.6 laughs per minute during the keynote launch of the first iPhone (McGraw & Warner, 2014). This and many other contemporary examples of CEOs, politicians, and influential figures using humor highlights its importance in today's communicative repertoire.

Of all the domains in organizational research, leadership scholars are at the forefront of providing theoretical insight and empirically investigating the influence of humor on important organizational outcomes. Effective leadership requires a variety of skills including the ability to make decisions, seek out and communicate information, and build relationships with subordinates. The quality of these exchanges has important implications for organizational performance (Graen & Uhl-Bein, 1995; Liden, Sparrow, & Wayne, 1997). For instance, Decker (1987) found that subordinates who reported that their supervisor had a high in sense of humor also reported higher levels of job satisfaction and provided more favorable evaluations of their supervisor.

Research by Avolio, Howell, and Sosik (1999) provided some of the first empirical evidence in the management literature that the use of humor could improve the bottom line. They found the use of humor had a positive, direct relationship with both leader performance appraisal and unit performance. Additionally, active leadership styles were positively related to the use of humor, while laissez-faire leadership was negatively related to the use of humor. Next, Cooper (2005, 2008) provided a firmer theoretical

foundation for advancing humor research within organizations. She extended humor research by incorporating it with ingratiation behavior in organizations and established a relational process model for workplace humor. This helped inspire scholars to explore the positive and negative aspects of ingratiation behavior (e.g., Kelloway, Westphal, & McDonald, 2017; Park, Westphal, & Stern, 2011; Westphal & Stern, 2007) and theory on the importance of humor in socioemotional communication when organizations strive to achieve organization-stakeholder fit (Bundy, Vogel, & Zachary, 2018).

Most recently, Cooper, Kong, and Crossley (2018) drew upon three foundational theories – social exchange theory (Blau, 1964), conservation of resources theory (Hobfoll, 1989), and broaden-and-build theory (Fredrickson, 2001) to build a comprehensive model of humor and explain leader humor as an interpersonal, socioemotional resource. They found leader humor triggered positive emotion, which was reciprocated by subordinates in the form of organization citizenship behavior (OCB). Yam and colleagues (2017) provided important insight into the mixed blessing of humor. In a field study with samples from China and the United States, they found leader humor helps with follower work engagement. However, they also found that leader humor signaled acceptable norm violations, which was positively associated with follower workplace deviance. This work was criticized for conflating humor expression with sense of humor in their measurement of leader humor (Kong et al., 2019). Nonetheless, their work provides important insight into specific styles of humor and leader tendencies to use humor in specific situations. While there is a limited amount of humor research in the top management journals, the theoretical work by Cooper (2005, 2008) and recent empirical

investigations have helped provide a strong foundation for the potential impact of humor research expressed by Avolio and colleagues (1999) more than two decades ago.

Summary

In order to be considered successful in crowdfunding, entrepreneurs must reach their target fundraising goal on the crowdfunding platform. While prior research emphasizes a variety of factors that signal venture quality (Ahlers et al., 2015), the way entrepreneurs communicate with investors continues to be an important variable in this intimate investment context (Parhankangas & Renko, 2017). This dissertation seeks to add to this ongoing discussion by exploring how humor may elicit greater investment amounts depending on the entrepreneur's demographic characteristics.

The study of humor continues to be a growing area of interest for management scholars (Kong et al., 2019). The majority of this research is in the leadership domain, investigating how leader humor influences the behavior and attitudes of subordinates (Cooper et al., 2018; Robert, Dunne, & Iun, 2016). However, we know relatively little about the influence of humor on important entrepreneurial outcomes such as the likelihood an individual will contribute to an online, equity-based crowdfunding campaign. Research in this area could uncover important considerations of the benefits and drawbacks associated with entrepreneurs using humor when seeking capital.

CHAPTER 3: HYPOTHESIS DEVELOPMENT

I begin this chapter by introducing language expectancy theory (LET) and describing its usefulness in predicting the effectiveness of persuasive communication. I then leverage LET to argue that entrepreneur humor expression is positively related to investors' funding decisions. I also investigate whether an entrepreneur's sex and race affect how humor is perceived by crowdfunding investors.

Language Expectancy Theory

LET is a theory of interpersonal communication that describes how norms guide the development of expectations for appropriate communication in various settings (Burgoon & Miller, 1985). LET builds off the foundation of expectancy theory research, which describes how individuals are motivated by a desired outcome and select a behavior in accordance with achieving that desired outcome (Lawler, Porter, & Tennenbaum, 1968; Vroom, 1964). In this way, LET explains how audience expectations guide what constitutes appropriate attempts of persuasive communication (Burgoon, Denning, & Roberts, 2002). Further, when the expectations of behavior a speaker *should* exhibit are violated, an audience reacts to the *actual* behavior displayed.

A speaker can either positively or negatively violate an audience's expectations (Burgoon, 1989, 1990). LET describes two ways a positive violation can occur. First, as Figure 2 demonstrates, a speaker can deliver a persuasive message that is preferable to what is expected in the situation (Averbeck, 2010; Averbeck & Miller, 2014). For example, a job applicant may answer a recruiter's question using advanced, industry-relevant jargon such that the answer exceeds expectations. Figure 3 demonstrates another type of positive violation that occurs when an audience does not anticipate a speaker

performing well, yet he or she behaves in accordance with the expectations for that situation. For example, a recruiter may be surprised when a job applicant with little industry experience provides responses to questions that are well within the norms of the advanced position he or she is applying. Both types of positive violations often result in a favorable attitude and behavior change (Averbeck & Miller, 2014; Burgoon & Miller, 1971).

A negative violation, as shown in Figure 4, occurs when a speaker's message falls below the bandwidth of norms for persuasive communication. For example, if a salesman tells a crude joke during a meeting with a new client, the aggressive humor will likely hinder his attempt to persuade the client toward a purchase. In some cases, a violation can be so severe that a boomerang effect occurs, and the target audience acts in a manner that is opposite of what the persuasive message intended (Burgoon, 1989). For instance, the new client mentioned in the prior example may take his or her business to the salesman's rival firm in retaliation.

Investors have their own expectations of how entrepreneurs *should* communicate in equity-based crowdfunding (Moritz, Block, & Lutz, 2015). But how will potential investors react to communication that falls outside of the norms of equity-based crowdfunding? In this dissertation, I leverage LET to explain why investors will respond positively to a previously unexamined type of persuasive communication: humor¹ (Burgoon, 1989, 1990; Dillard & Pfau, 2002).

¹ This does not include aggressive types of humor (e.g., swearing, crude jokes) that I described in Chapter 2. This type of humor is rarely successful in professional settings. I provide additional commentary on aggressive humor and the potential of humor evoking a negative violation in Chapter 5.

Entrepreneur Humor Expression and Investors' Funding Decisions

The way an entrepreneur communicates information about his or her campaign influences investors' funding decisions. Prior research describes the exchange of funds for equity as a sober endeavor that has serious implications for the future success of a new venture (Mollick, 2014). Accordingly, scholars have investigated ways entrepreneurs communicate a persuasive message that gives investors the confidence that they will ultimately see a return on their investment (Harrison, Dibben, & Mason, 1997; Zafar et al., 2021). Mortiz, Block, and Lutz (2015) describe how investors value business-relevant communication with insight into personal characteristics through videos, interviews, and social media. Similarly, Anglin et al. (2018) discovered that entrepreneurs who communicate with investors using positive psychological capital rhetoric enjoy stronger fundraising performance than entrepreneurs who do not use such rhetoric. Humorous communication, however, is often described in the literature as playful, suggesting a light-heartedness that is not typical in an investment context (Beard, 2014). That said, humor remains one of the least understood types of persuasive communication in the entrepreneurship and management literatures (Evans et al., 2019; Meyer, 2000).

While the use of humor in crowdfunding campaigns is outside institutional norms, there are several reasons to suggest humor has the potential to elicit a positive expectancy violation among investors. First, humor is often used *intentionally* to produce a positive response from the target audience (Martin & Ford, 2018; Kong et al., 2019). To receive a positive response, the speaker must be able to recognize the opportunity to deliver a humorous remark and navigate the double-edged nature of humor potentially missing the mark (Meyer, 2000). For example, Li and Pryor (2020) investigated if attorney-induced

laughter during oral arguments before the Supreme Court influenced the justices' decision making. Although the Supreme Court explicitly warns that "attempts at humor usually fall flat" (US Supreme Court, 2017: 12), the findings reveal incidents of laughter had a significant, positive relationship with the justices' votes in favor of the side that caused more laughter. Thus, even in situations where the use of humor is unexpected, it has the potential to evoke positive responses.

Second, prior research shows that using humor is informative of other favorable dispositions such as friendliness, competence, and confidence (Martin & Ford, 2018). For example, Decker (1987) found a positive correlation between employees' ratings of their supervisor's sense of humor with employees' perceptions of their supervisor's intelligence and effectiveness. Similarly, Klein and Kuiper (2006) found that using self-enhancing and affiliative humor can make individuals appear more confident to their peers because of their willingness to speak out.

Lastly, humor can serve as a distraction from the persuasive message's core arguments, and it can usurp an individual's ability and motivation to scrutinize a persuasive message (Jones, 2005; Young, 2008). Humor often elicits a positive mood, which reduces motivation to scrutinize a persuasive message (Martin & Ford, 2018). Research in social psychology compliments this, describing how individuals are more likely to rely on gut instinct than careful scrutiny when in a positive mood (Tamir & Ford, 2012). In the context of equity-based crowdfunding, entrepreneur humor expression is likely unexpected, but can be a sign of other favorable characteristics and put investors in a good mood. Therefore, I predict that entrepreneur humor expression will result in a

positive violation of investors' expectations and will be positively related to investors' funding decisions. Stated formally, I hypothesize:

Hypothesis 1: Entrepreneur humor expression is positively related to investors' funding decisions.

Mediating Role of Perceived Source Credibility

LET proposes that credibility plays an important role in the persuasiveness of a message (Burgoon, 1990). Thus, the positive influence of humor on investors' funding decisions is likely, in part, facilitated by source credibility (Pornpitakpan, 2004; Tormala, Brinol, & Petty 2006). Source credibility is defined as the degree the target audience believes what a speaker is claiming (Gunther, 1992; Kelman & Hovland, 1953; West, 1994). Prior research argues that source credibility improves perceived validity of presented information (Brinol, Petty, & Tormala, 2004; Kaufman, Stasson, & Hart, 1999). For example, organizations often use celebrity endorsements to promote products. Marketing research reveals that consumers consider celebrities as highly credible because they see them as trustworthy and surprisingly genuine (Tzoumaka, Tsiotsou, & Siomkos, 2014). In turn, celebrity endorsements produced more positive attitudes about a product or service than campaigns that did not include a celebrity and as a result, celebrity endorsements lead to an increase in intentions to purchase the product (Erdogan, 1999; Ohanian, 1991).

In the context of equity-based crowdfunding, I suggest that entrepreneur humor expression should increase investor perceptions of source credibility. Research on the use of humor describes how individuals who are capable of successfully using humor also have higher levels of perceived competence. For example, Bitterly, Brooks, and

Schweitzer (2017) found signaling greater confidence and competence through the successful use of humor boosts an individual's status, or relative level of respect an individual receives from the target audience (Anderson, Hildreth, & Howland, 2015). This increase in perceived credibility will ultimately result in favorable investors' funding decisions via a positive expectancy violation. Stated differently, I expect that entrepreneur humor expression will be positively related to investors' funding decisions through an enhancement in perceived source credibility. I hypothesize:

Hypothesis 2: Source credibility mediates the relationship between entrepreneur humor expression and investors' funding decisions.

Moderating Effects of Entrepreneurs' Demographic Characteristics

The crowdfunding movement has helped a greater number of entrepreneurs secure capital who did not previously have access to traditional financial resources such as venture capitalists or angel investors (Stuart & Sorenson, 2007). Crowdfunding campaigns launched by women and minority founders are also receiving more recognition in light of recent social movements (e.g., Women's March, Black Lives Matter). The information about an entrepreneur's demographics on a crowdfunding page is displayed in photos, a biography, or designated tags available on the platform such as "female" or "minority" founder. As such, prior research describes how both financial and non-financial information about a venture and the entrepreneur affect investors (Cope et al., 2004). Therefore, it is important that scholars address the tension various entrepreneurs experience during fundraising efforts (Murnieks et al., 2020). I contend that an entrepreneur's sex and race are two important factors that influence how investors react to humor and how it influences their funding decisions.

Sex. Scholars have shown that an entrepreneur's sex is a key moderator in the entrepreneurial domain because the fundraising process is not equivalent for male and female entrepreneurs (Kanze, Huang, Conley, & Higgins, 2017). In general, the crowdfunding space has been dominated by both male entrepreneurs and investors. This lack of representation could be due, in part, to stereotypes associated with which careers are acceptable for men and women (Bielby & Baron, 1986; Murnieks et al., 2020). For instance, entrepreneurship research shows that women start new ventures at a significantly lower rate than their male counterparts (Coleman & Robb, 2009; de Bruin, Brush, & Welter, 2006). Other work shows that investors tend to expect female entrepreneurs to show specific qualifications (i.e., education, certifications) that are not required for male entrepreneurs (Fay & Williams, 1993). Thus, female entrepreneurs, who are perhaps already perceived to be in an unconventional career (Wharton & Baron, 1986), may also be criticized for using unconventional language such as humor when communicating with potential investors.

LET describes that, compared to their male counterparts, females have fairly rigid expectations for what types of communication are acceptable and unacceptable (Burgoon, Dillard, & Ooran, 1983; Burgoon & Miller, 1985). While the appropriate use of humor is often considered a sign of competence, ineffective use can have a negative effect. For instance, research shows that therapists who used humor inappropriately during a session with a client both lowered the client's perceptions of the therapist's competence and distracted the client from the goal of the session (Martin & Ford, 2018). Prior humor research – which was predominantly written by white men – claims that men are often perceived as funnier (Martin & Ford, 2018). For example, Evans and colleagues (2019)

found that female leaders were rated lower than their male counterparts on status, performance, and leadership capability by both male and female employees after using the same type of humor in a work presentation. As a result, I argue that investors will view a female entrepreneur who uses humor as less credible and in turn, weaken the relationship with investors' funding decisions. Stated formally, I hypothesize:

Hypothesis 3: An entrepreneur's sex moderates the indirect relationship between entrepreneur humor expression and source credibility such that female entrepreneurs who use humor will experience lower levels of funding performance after using humor.

Race. Given a long history of systemic and social oppression (Reagans, 2005), it continues to be challenging for Black entrepreneurs to secure funding for entrepreneurial ventures (Robb, Fairlie, & Robinson, 2009). One reason it is challenging is because traditional funding sources such as venture capitalists in the United States are predominantly white (Culter, 2015). For example, the total dollar amounts funneled through venture capital more than quadrupled over the past decade, yet less than 1% of venture capitalist-backed founders are Black (Lang & Van Lee, 2020). In response, crowdfunding platforms are working to help increase access to early-stage funding for underrepresented minority groups. Important crowdfunding infomediaries such as KingsCrowd send out newsletters that help put the spotlight on minority founders who are fundraising on a variety of different platforms. For example, KingsCrowd's February 2021 newsletter featured Marvin Johnson and Tony Carter, Black co-founders of Dashible, a subscription-based deal creation and distribution platform for local restaurants to attract new customers. The feature highlighted that Johnson and Carter

have startup, Fortune 500, and military experience prior to launching Dashible. In the crowdfunding context, the ability to share and repost information online about an entrepreneur, a new venture, and fundraising efforts has helped Black entrepreneurs find fundraising success among a more diverse audience of potential investors (Cutler, 2015; Johnson et al., 2018). Despite the new funding opportunities that equity-based crowdfunding provides, biases among investors may affect the funding success of Black entrepreneurs.

In their seminal work on LET, Burgoon and Miller (1985) describe how target audiences have normative expectations about what is considered appropriate persuasive communication behavior (Burgoon et al., 2002). For minorities, that expectation is often positive, altruistic types of communication, not humor (Anglin et al., 2018; Bond & Compton, 2015). This is because prior research describes racial stereotypes and assumptions as a critical component of individuals' perceptions and attitudes (Sabin, Rivara, & Greenwald, 2008; Valentino, Hutchings, & White, 2002). Prior research shows race plays a role in perceptions of source credibility, with minorities rated lower than Caucasians (Beaudoin & Thorson, 2005). Similarly, prior crowdfunding research describes how the high levels of information asymmetry that is naturally present in crowdfunding make the racial cues provided in crowdfunding campaigns an influential factor for investors (Anglin et al., 2018; Florack, Scarabis, & Bless, 2001; Hong & Len-Rios, 2015). Indeed, evidence from the Kauffman Firm Survey revealed significant external funding disparities between Black and white entrepreneurs (Robb, Fairlie, & Robinson, 2009). Specifically, white-owned business had, on average, \$80,000 of initial capital, while Black entrepreneurs had less than \$30,000. These results are consistent

with prior research that utilized the Characteristics of Business Owners (CBO) Survey (Bates, 1997). Therefore, similar to white, female entrepreneurs, I expect Black entrepreneurs will experience limitations on the type of communication investors expect to hear during a fundraising campaign which will influence investors' funding decisions. I hypothesize:

Hypothesis 4: An entrepreneur's race moderates the indirect relationship between entrepreneur humor expression and source credibility such that Black entrepreneurs who use humor will experience lower levels of funding performance after using humor.

Double Jeopardy: Considering the Joint Effect of Entrepreneurs' Sex and Race

Most of the work in the entrepreneurship literature studies the influence of sex or race in isolation (e.g., Anglin et al., 2018; Greenberg & Mollick, 2017). While this work is valuable and provides a baseline for understanding the effect of sex and race for entrepreneurial outcomes, this work often overlooks the influence of intersectionality, also described as the double jeopardy effect (Crenshaw, 1989; Williams, 2014). A double jeopardy perspective considers the multiplicative effects of an individual who represents multiple minority groups (Berdahl & Moore, 2006). For instance, several studies have investigated how individuals who identify with multiple minority categories experience organizational outcomes such as incivility (Cortina, Kabat-Farr, Leskinen, Huerta, & Magley, 2013), leadership effectiveness (Rosette, Koval, Ma, & Livingston, 2016) and work-family experiences (Williams, Berdahl, & Vandello, 2016). These multiplicative effects are most often damaging for the individual.

In line with prior double jeopardy research, I argue that Black female entrepreneurs who use humor when communicating with investors will experience a stronger dampening effect on perceptions of source credibility. As mentioned above, LET describes how source variables such as gender and minority status influence an audience's perception of source credibility. Individuals who are perceived as less credible sources have a more limited bandwidth of messages that will be persuasive (Burgoon & Miller, 1985). Thus, the double jeopardy effect for Black female entrepreneurs will have a multiplicative effect on the bandwidth of messages investors will find acceptable during fundraising. Prior research on the double jeopardy effect also provides a deeper understanding of the multiplicative effects with regards earnings inequality. For example, scholars find that Black women earn significantly less than white women or Black men in similar work roles (Browne & Misra, 2003; McCall, 2005). Thus, I expect the fundraising efforts of Black female entrepreneurs to be the lowest sum of funding experienced by white women and Black men in the equity-based crowdfunding context. Stated formally, I hypothesize:

Hypothesis 5: Minority women who use humor experience lower levels of investor support than any other sex-race combination.

CHAPTER 4: METHODS AND RESULTS

I begin this chapter by describing my procedure, study design, and sample. I then detail the focal measures of this dissertation and my analytical approach. After reporting my primary findings, I provide supplemental analyses to compliment my results and exploratory, post-hoc analyses to provide further insight into my data.

Overview of Procedure and Study Design

Communication-related research in entrepreneurship largely relies on archival data and systematic rhetorical methods like content analysis to understand how language used by entrepreneurs influences stakeholders (e.g., Allison et al., 2017; Anglin et al., 2018). While fruitful in some cases, this approach is less desirable to understand the influence of humor on crowdfunding. One challenge is that current humor theories are too vague to accurately train computer programs to recognize patterns in humorous language. Another challenge is determining if computers accurately represent the same process humans use to generate humorous content, or if it is entirely random (Ritchie, 2009). Therefore, humor researchers often rely on experiments to test the influence of humor on various outcomes (Martin et al., 2003).

For this dissertation, I used a randomized, between-participant experiment design to capture how entrepreneur humor expression influences fundraising in equity-based crowdfunding. I instructed study participants to imagine they are active investors, and they had a budget of \$1,000 they had set aside to invest in equity-based crowdfunding (Zafar et al., 2021). The instructions stated that a fictional crowdfunding platform the participants already subscribed had sent them an email newsletter. A campaign that the participants had recently viewed had a funding round that was ending soon. I used a

photo in the lower right corner (Figure 5) to manipulate the entrepreneur's sex (male vs. female) and race (white vs. Black). The newsletter encouraged participants to listen to a podcast trailer featuring the focal entrepreneur and then make a funding decision.

Developing my own email newsletter and podcast trailer allowed me to control specific information about the entrepreneur and the specific type of humor used in the podcast trailer.

Participants in this study received a link to an online study through Qualtrics. All participants received the same instructions described above, and then were randomly assigned to one of the four potential email newsletters highlighting the entrepreneur's sex and race. The entrepreneur profile in the newsletter was based on an actual equity-based crowdfunding newsletter (KingsCrowd.com). Then participants were provided with an audio clip of a podcast trailer (less than 2 minutes; Petrenko, Aime, Recendes, & Chandler, 2019). Audio is a rich medium to study humor that also avoids the potential confounding issues associated with video such as quality, background, and movement (Christensen, 2018). A podcast editing software helped ensure the volume and timing of all the conditions were the same (Schmuckler, 2001). Both voice actors (one male, one female) had prior podcasting experience. The podcast host was the same for all conditions. All other information was held constant to rule out any potential confounds. The survey page was locked for the entire length of the audio clip to help ensure participants did not advance prematurely. After reviewing the profile and listening to the audio clip, participants were directed to a questionnaire that measured perceptions of the entrepreneur's competence and trustworthiness. Then participants listed their willingness to provide funding on a Likert scale, plus how much of their \$1,000 budget they wished

to contribute. The survey concluded with basic demographic information and an optional section to provide additional insight regarding their investment decision.

Random assignment is an important element of my experiment design for several reasons. First, random assignment assures that differences between the groups are attributable to the manipulated variables of interest rather than confounding variables (Grant & Wall, 2009; Roth, Thatcher, Bobko, Matthews, Ellingson, & Goldberg, 2020). Second, random assignment limits the potential of fatigue and careless responses by decreasing survey length and limiting any material that may seem redundant (DeSimone, Desimone, Harms, & Wood, 2018; Kam & Meyer, 2015). Prior research describes how the effectiveness of a humorous remark declines after hearing similar jokes multiple times (Meyer, 2000). Therefore, random assignment helped ensure that my humor manipulation wasn't compromised by hearing similar humorous remarks multiple times. Third, random assignment limits the influence of socially desirable responses if the respondents had to evaluate nearly identical crowdfunding campaigns that obviously manipulate the entrepreneur's sex and race (Bowling, Huang, Bragg, Khazon, Liu, & Blackmore, 2016).

Additionally, my experimental approach answers a recent call encouraging entrepreneurship scholars to help establish linkages between entrepreneurs, their stakeholders, and what causes changes in their cognitions and behaviors (Rynes, Colbert, O'Boyle, 2018; Williams, Wood, Mitchell, & Urbig, 2019). My manipulations and context mimic what potential crowdfunding investors experience when evaluating a campaign to provide a high level of ecological validity (Johnson et al., 2018).

Sample

Prior humor research describes the direct effect of humor as rather low, while the effect sizes related to the emotions and cognitions are medium sized (Cohen, 1988; Eisend, 2011). To ensure I had adequate power to conduct my analyses with confidence, a power analysis revealed that, for a two-tailed test with a small effect size (0.1) and a standard beta (0.85), I needed to recruit about 900 participants. To ensure I did not fall below my target sample size from failed manipulation checks or incomplete surveys, I recruited 1,100 individuals on the recruiting platform Prolific. Prolific is commonly used in entrepreneurship research (Lewis & Cardon, 2020; Palan & Schitter, 2018; Roccapiore, Imhof, & Cardon, 2021). In a comparison with Amazon's MTurk, Peer, Brandmarte, and Acquisti (2017) did not find significantly different results between the two services and both Prolific and MTurk provided higher quality data than a student sample. Participants were at least 18 years old, from the United States, had prior investing experience, and were not current college students (Johnson, Stevenson, & Letwin, 2018). Of the 1,100 participants recruited, four respondents failed the attention check, 101 respondents failed the manipulation check for laughter, and 49 respondents were removed for lengthy strings of invariant responses, leaving a final sample of 947 (DeSimone, Harms, & DeSimone, 2015). The final sample is compatible with traditional crowdfunder demographics with an average age of 38.41 (SD = 10.59), 56.64% were male, and 84.80% were white (Kickstarter, 2020).

Measures

Independent variable. Like other emotions, reactions to humor can vary in intensity, ranging from very low levels to very high levels (Ruch, 1993). To capture differences in how individuals respond to humorous content, scholars often use a scale to

capture a rating of the funniness of the experience. This approach allows the participant to both recognize an attempt at humor and indicate if the humor resonated with the participant's sense of humor. Therefore, I captured *entrepreneur humor expression* as a measure of humor intensity rated by the potential investor on a 0-100 scale: 0 = not funny at all, 100 = extremely funny (Deckers, 1993; Ruch, 1997; Saucier & Walter, 2021; Walter, Cody, Xu, & Murphy, 2018).

Dependent variable. My dependent variable is *willingness to invest*, which represents the probability participants will contribute to the equity-based crowdfunding campaign based on the provided information. Following prior research, I measured this dependent variable in two ways: (1) on a seven-point Likert scale in which participants indicated how likely they were to invest (e.g., Mitteness et al., 2012), and (2) a range from \$0 to \$1,000 (e.g., Stevenson et al., 2019; Zafar et al., 2021).

Mediating variable. *Source credibility* is measured with a two-dimension, 12-item adaptation of Teven and McCroskey's (1997) instrument. The two dimensions are competence and trustworthiness. This measure has been used in previous research to test differences in sex for source credibility, such as respondent perceptions of a newscaster's credibility and instructor credibility (Brann & Himes, 2010; Edwards & Myers, 2007).

Moderating variables. Following prior crowdfunding research (Johnson et al., 2018) I manipulated the entrepreneur's *sex* and *race* using a stock image of a white male, white female, Black male, and Black female. Prior to my data collection, I conducted manipulation checks for attractiveness and humor intensity using undergraduate student volunteers at a large, research-oriented university located in the southeastern region of the United States. The manipulation checks ensured there was no statistical difference in

attractiveness between my male entrepreneurs and female entrepreneurs in the stock photos.

Controls. A benefit of the random assignment design makes it more likely the participants assigned to each condition will be representative of the general population (Roth et al., 2020). Yet, there is still a need to control for subtle, yet important differences in the types of humor manipulated in the experiment. While I did not theorize specific differences, I control for the *type of humor* used during the podcast trailer (Martin et al., 2003). The four types of humor in this dissertation are affiliative, aggressive, self-deprecating, and self-enhancing (Romero & Cruthirds, 2006).

Results

Means, standard deviations, and correlations are reported in Table 2. All correlation values equal to or greater than $|0.06|$ are significant at $p \leq 0.05$. Participants contributed an average of \$328.34 to the equity-based crowdfunding campaign, about one-third of their budget. I analyzed the data using the PROCESS SPSS path analysis macro, specifically Model 4 (mediation) and Model 7 (first-stage moderated mediation; Hayes, 2013). This approach uses regression-based bootstrapping to reduce non-normality issues in indirect paths (Hayes, 2015).

The results of my PROCESS path analysis are reported in Table 3. In Hypothesis 1, I predicted that entrepreneur humor expression will be positively related to investors' willingness to invest in an equity-based crowdfunding campaign. As shown in Table 3, the direct effect (Path C') is positively related to investors' willingness to invest (scale, $b = 0.020$, $p = 0.000$; dollar, $b = 3.667$, $p = 0.000$). In other words, entrepreneur humor expression is associated with a \$3.68 increase in the average funding contribution. While

this amount may seem trivial for a single donation, fully funded projects have an average of 300 backers (Shepherd, 2020). An additional \$3.68 per investor for 300 investors would be \$1,104. Therefore, I find support for Hypothesis 1.

Hypothesis 2 states that an individual's perception of source credibility mediates the relationship between entrepreneur humor expression and investors' funding decisions. As shown in Table 3, entrepreneur humor expression is positively related to perceived source credibility ($b = 0.017, p = 0.000$). In turn, perceived source credibility is positively related to investors' willingness to invest (scale, $b = 0.896, p = 0.000$; dollar, $b = 107.641, p = 0.000$). Further, the indirect effect of entrepreneur humor expression on investors' willingness to fund via perceived source credibility was significant and in the expected direction (scale, $ab = 0.016, CI_{95} = 0.013, 0.018$). The confidence interval does not contain zero (Hayes, 2015). Thus, I find support for Hypothesis 2.

Hypothesis 3 states that an entrepreneur's sex moderates the indirect relationship between entrepreneur humor expression and source credibility such that female entrepreneurs who use humor will experience lower levels of funding. Table 5 shows the moderating effect of the entrepreneur's sex does not weaken the positive relationship between entrepreneur humor expression and perceived source credibility ($b = -0.003, p = 0.140$). In Table 6 and 7, the index of moderated mediation contains zero (scale, $ab = -0.002, CI_{95} = -0.006, 0.001$). Additionally, a one sample t-test was performed to compare the mean dollar invested of female entrepreneurs against the rest of the sample and the results are reported in Table 8. The mean value of dollars invested for female entrepreneurs ($M = 348.216$) was greater than the rest of the sample ($M = 310.037$), and

marginally significantly different ($t = -1.915, p = 0.056$). Therefore, I find mixed support for Hypothesis 3.

Hypothesis 4 states that an entrepreneur's race moderates the indirect relationship between entrepreneur humor expression and source credibility such that Black entrepreneurs who use humor will experience lower levels of funding. Table 5 shows the moderating effect of the entrepreneur's race does not weaken the positive relationship between entrepreneur humor expression and perceived source credibility ($b = -0.001, p = 0.437$). In Table 6 and 7, the index of moderated mediation contains zero (scale, $ab = -0.001, CI_{95} = -0.005, 0.002$). A one sample t-test was performed to compare the mean dollar invested of Black entrepreneurs against the rest of the sample and the results are reported in Table 8. The mean value of dollars invested for Black entrepreneurs ($M = 344.301$) was greater than the rest of the sample ($M = 312.004$), but not significantly different ($t = -1.620, p = 0.106$). Therefore, I do not find support for Hypothesis 4.

In Hypothesis 5, I predicted that Black female entrepreneurs who use humor will experience lower levels of investor support when compared to any other sex-race combination in this study. Table 5 shows the moderating effect of being a Black female entrepreneur does not weaken the positive relationship between entrepreneur humor expression and perceived source credibility ($b = -0.003, p = 0.104$). A one sample t-test was performed to compare the mean dollar invested of Black female entrepreneurs against the rest of the sample and the results are reported in Table 8. The mean value of dollars invested for Black female entrepreneurs ($M = 362.110$) was greater than the rest of the sample ($M = 317.068$) and significantly different ($t = -1.959, p = 0.050$). Therefore, I find mixed support for Hypothesis 5.

Supplementary analyses

Poisson regression. One of the main assumptions of OLS regression is that the residual errors follow a normal distribution (Hair, Black, Babin, & Anderson, 2015). However, a count variable such as dollars spent is discrete and limited to non-negative values (Cohen & Cohen, 2008). While OLS is often robust to violations of normality, it is worth taking a closer look to see if my results vary between analysis. Additionally, OLS regression may produce negative predictive values, which would be theoretically meaningless in the context of equity-based crowdfunding (Johnson et al., 2018). Therefore, I conducted a Poisson regression analysis (Cameron & Trivedi, 2013). The results from my Poisson regression analysis are reported as incident rate ratios (IRR). Rather than report the regression coefficients, IRR provides an easy-to-interpret percentage increase or decrease in the number of dollars invested based on a single unit change in entrepreneur humor expression (Piza, 2012).

The results of my Poisson regression are shown in Table 9. Entrepreneur humor expression is positively related to investors' willingness to invest (IRR = 1.011, $p = 0.000$) and entrepreneur humor expression is positively related to perceived source credibility (IRR = 1.501, $p = 0.000$). These findings provide additional support for Hypotheses 1 and 2. I also find significant results for my moderating hypotheses. For Hypothesis 3, female entrepreneurs (IRR = 1.126, $p = 0.000$) receive about 12.6% more funding than their male counterparts. However, female entrepreneur humor expression resulted in a slight decrease in investors' willingness to invest (IRR = 0.997, $p = 0.000$). Similarly in Hypotheses 4 and 5, respectively, Black entrepreneurs (IRR = 1.125, $p = 0.000$) see a decrease after humor expression (IRR = 0.997, $p = 0.000$) and Black female

entrepreneurs (IRR = 1.256, $p = 0.000$) also see a decrease in willingness to fund (IRR = 0.995, $p = 0.000$). This provides support for Hypotheses 3, 4, and 5. Figures 7-9 provide a visual representation of these relationships to aid in the interpretation of these findings.

Spline regression. The effects of humor, however, are not always linear. Humor research describes how some attempts at humor can backfire, leading to negative outcomes instead of the desired positive response. Prior research describes how unwanted humor in organizations can lead to feelings of alienation and loss of credibility (Hemmasi, Lee Graf, & Russ, 1994). Therefore, I wanted to confirm that specific levels of humor intensity did not cause nonsignificant or perhaps negative outcomes. Additionally, a growing body of management research describes a “too-much-of-a-good-thing effect” when antecedent variables that lead to objectively positive outcomes actually lead to negative outcomes at high levels (Pierce & Aguinis, 2013). For example, Zafar and colleagues (2021) showed that too much information in equity-based crowdfunding can reduce investor confidence. As such, I wanted to test that the relationship between willingness to invest was both positive and linear at various levels of humor intensity.

Spline regression can help evaluate the non-linearity of a relationship. It forces multiple linear segments to meet at specific endpoints of a focal variable (Johnston, 1984). Spline regression can be used for cross-section data when a continuous, independent variable has clear knots (i.e., kinks or breaks) in the linear relationship (Majumdar, 2004). These knots can be defined by theory or demographic information (e.g., age). Therefore, I took two approaches to specifying the knots in my spline regression of entrepreneur humor expression. First, I evenly distributed the knots at four

even levels of entrepreneur humor expression (25, 50, 75). Second, I evenly distributed the knots based on responses (11, 36, 60) for even representation of respondents.

The results of my spline regression are displayed in Table 10. Model 1 represents the artificially placed knots evenly distributed for entrepreneur humor expression. All four segments are significant and positive. This result provide evidence humor intensity operates in the same way at low, medium, and high levels. Model 2 represents the knots evenly distributed by percentage of responses. The third knot from 36 to 60 on the humor intensity scale ($b = 0.014$, $p = 0.081$) is not significant at $p < 0.05$ but is in the expected direction. Therefore, I find additional support for the positive, linear aspect of entrepreneur humor expression in equity-based crowdfunding.

Post-hoc analyses

Type of humor. In my primary analysis, I measure entrepreneur humor expression as a rating of humor intensity while controlling for the type of humor used. Prior humor research describes how different types of humor – affiliative, aggressive, self-deprecating, and self-enhancing – lead to different outcomes within the workplace (Romero & Cruthirds, 2006). For example, mild aggressive humor can lead to increase in creativity (Huang et al., 2015) and Gloor and colleagues (2021) describe how affiliative humor can be risky for male job applicants when sexual harassment concerns are salient. Prior crowdfunding research describes how investors consider both aspects of the entrepreneur and the business venture before making an investment decision (Mochkabadi & Volkmann, 2020). Considering that workplace humor research finds that the specific type of humor has implications for the way individuals respond, it could be

that investors are also sensitive to entrepreneurs who use certain humor types. Therefore, the first question guiding this post-hoc analysis is:

Research Question 1: Does the type of entrepreneur humor expression influence investors' willingness to invest?

Similar to my primary analysis, the moderating effect of the entrepreneur's sex and race were either nonsignificant or only marginally when measured my dependent variable was measured on a Likert scale. However, the Poisson regression results, which uses a count variable for the number of dollars investors contribute, reveals a few interesting results. The results from the Poisson regression for humor type are shown in Table 11. First, female entrepreneurs saw an increase in funding when using self-deprecating humor (IRR = 1.012, $p = 0.000$) while affiliative humor saw the largest decrease (IRR = 0.761, $p = 0.000$). Black entrepreneurs performed better when using aggressive (IRR = 1.166, $p = 0.000$) and self-enhancing humor (IRR = 1.116, $p = 0.000$). Perhaps as expected based on the prior results, Black female entrepreneurs saw the best investor response when using aggressive (IRR = 1.036, $p = 0.000$) and self-deprecating humor (IRR = 1.012, $p = 0.000$). To explore why specific types of humor may have drawn investors in or pushed them away, I explored the optional written responses at the end of my survey.

Qualitative insight. The participants in my study were given the opportunity to provide additional information regarding their investment decision. I leveraged these qualitative comments to illustrate key mechanisms of this study and the role humor plays in investment decision-making. This approach also goes beyond the survey-based

approach for assessing how potential investors respond to both the use of humor and the focal entrepreneur (Zhao & Wry, 2016).

Figure 9 provides an overview of the double-edged sword of entrepreneur humor expression in equity-based crowdfunding (Meyer, 2000). First, there was a clear shift in tone depending on if the respondent appreciated the entrepreneur humor expression or found it off-putting. In my sample, 72 respondents (7.60%) contributed their entire \$1,000 budget. Several respondents shared personal experiences related to the entrepreneur's company, which helped make the expressed humor both tangible and something they shared with the entrepreneur. However, a total of 211 respondents did not contribute to the crowdfunding campaign they were assigned. Some respondents found the use of humor to be condescending, describing how they were willing to provide "hard earned money" while the entrepreneur told "silly jokes." Others described how the aggressive humor script's language (i.e., plant killers) did not make the potential investor feel welcomed by the company.

Second, many investors described their reaction to the entrepreneur based on his or her performance during the podcast trailer. Those that wrote positively about the humor expression also described the entrepreneur as "competent," "confident," and "intelligent." Humor research supports this, demonstrating that humor can influence perceptions of confidence, competence, and status (Bitterly et al., 2017). A few replies did not mention the use of humor specifically but commented that they liked how the entrepreneur conducted him/herself and that he/she seemed personable and likeable. In fact, a select few responded with their own jokes about being excited to see the business grow – pun intended. The respondents who did not appreciate the humor, however,

described a disconnect between the entrepreneur and the audience. They described the humor as “lame” or “forced.” While my primary analysis aligns with prior research findings and shows an increase in humor intensity does lead to positive fundraising outcomes (Li & Pryor, 2020), there is also statistical support and qualitative evidence that specific types of humor can push potential investors away from crowdfunding campaigns (Meyer, 2000).

Entrepreneur-investor similarity. A key reason behind the growth of equity-based crowdfunding is the entrepreneur’s ability to reach a broad, diverse audience of potential investors (Zafar et al., 2021). Prior research and the popular press stress the disproportion of venture capital and angel funding for both female and minority entrepreneurs when compared to their white male counterparts (Kuppuswamy & Bayus, 2018). However, Greenberg and Mollick (2017) describe and find support for why females and minority entrepreneurs may receive more funding. They show that potential investors consider group-level structural considerations, which entails providing financial support for underrepresented or disadvantaged groups. Indeed, several responses from my survey support this theorizing. One potential investor said, *“I prefer to invest in companies that are woman-owned or POC-owned.”* Another responded, *“I am always willing to support women-owned businesses.”* Yet in my primary analysis, it is unclear how these potential investors responded to female or minority entrepreneurs who used humor in the audio clip. Therefore, the second research questions guiding this post-hoc analysis is:

Research Question 2: Does entrepreneur and investor sex- and race-similarity influence the relationship between entrepreneur humor expression and investors' willingness to invest?

The results from the Poisson regression are shown in Table 12. My results are consistent with the first post-hoc analysis, revealing that specific types of humor are risky when communicating with potential investors. However, there are some specific instances worth highlighting. In the condition that matched female investors with female entrepreneurs, I found the most positive responses to all types of humor. Specifically, aggressive humor (IRR = 1.091, $p = 0.000$) positively influenced the number of dollars investors contributed. This aligns with prior crowdfunding research of females supporting other females in underrepresented spaces (Greenberg & Mollick, 2017), but is in contrast with recent workplace humor research that finds female coworkers tend to judge female leaders more harshly for using humor in work meeting (Evans et al., 2019). Surprisingly, in the condition that matched Black funders with white entrepreneurs, I found that both affiliative humor (IRR = 1.442, $p = 0.000$), self-deprecating humor (IRR = 1.551, $p = 0.000$), and self-enhancing humor (IRR = 1.232, $p = 0.000$) positively influenced the number of dollars contributed. However, my sample has a relatively small number of Black investors, so additional research is needed to ensure that these results are robust.

CHAPTER 5: DISCUSSION

The purpose of this dissertation was to advance our knowledge about entrepreneur humor expression in crowdfunding. Drawing from language expectancy theory (LET), I argued that entrepreneur humor expression would be positively associated with investors' perception of source credibility and their subsequent investment decision. Additionally, I argued that humor expressed by white male entrepreneurs would positively influence perceptions of source credibility, while humor expressed by white female, Black male, and Black female entrepreneurs would hinder perceptions of source credibility, leading to lower levels of investors' willingness to invest, respectively. Perceived source credibility would mediate this relationship to further explain investors' decision-making. My results indicate that entrepreneur humor expression has a positive relationship with investors' perception of source credibility and their funding decisions. However, the support for my moderation hypotheses regarding an entrepreneur's sex and race was mixed.

The supplemental and post-hoc analyses provide additional insights that may be useful for humor research in future entrepreneurship and crowdfunding studies. Specifically, a Poisson regression supports my primary finding that entrepreneur humor expression is positively related to perceived source credibility and the investors' subsequent investment decision. A spline regression also shows that at various levels of humor intensity, there is a consistent, significant positive relationship with willingness to invest. Further, a post-hoc analysis on humor type revealed the double-edged sword of using humor in the equity-based crowdfunding context (Meyer, 2000). Qualitative comments provided additional insight into the way different types of humor either resonated with or discouraged potential investors. Finally, I explored how humor and

entrepreneur-investor similarities factor into investors' decision making. Given that my sample consists of mostly white investors (84.80 percent), my results need to be interpreted with caution. However, there are intriguing results for entrepreneur-investor (dis)similarities for future research to explore.

Contributions to theory and research. This dissertation strives to make several contributions to the crowdfunding literature and humor research. First, I expanded the scope of humor in the management and entrepreneurship literatures by examining an important stakeholder for entrepreneurs: a potential investor. Extant humor research tends to examine the use of humor in established relationships, especially relationships that exist within the traditional workplace (e.g., leader and subordinate). I took a language expectancy approach to investigate when the use of humor may not be anticipated, but still influence the decision making of potential investors. Ultimately, I find that entrepreneur humor expression positively influences perceived source credibility and investors' willingness to invest. However, the type of humor an entrepreneur uses is meaningful. Some investors respond negatively to specific types of humor, which can hinder their willingness to invest. For example, both male and female investors were critical of white male entrepreneurs, regardless of the type of humor. Female investors, however, responded favorably to female entrepreneurs who used aggressive humor. As such, when entrepreneur humor expression hits its mark, there are financial gains to be had, but a miss can alienate some crowdfunders who may have been willing to contribute otherwise.

Second, my findings uncover the nuanced ways in which humorous language influences potential investors and their willingness to contribute to an equity-based

crowdfunding campaign. Humor research describes the different ways in which humor can be communicated. For instance, a joke is short and amusing dialogue that ends with a punchline (Long & Graesser, 1988). A relatively small percentage (11 percent, Martin & Kuiper, 1999) of the humor that we experience in our everyday life is jokes. Also, when delivering a joke, both verbal and nonverbal cues are important for getting the listener into a humor mindset (Cashion, Cody, & Erickson, 1986). Spontaneous conversational humor, however, makes up a majority of the humor we experience (Martin & Kuiper, 1999; Norrick, 2003). Spontaneous conversational humor can take many forms and occurs naturally during interactions with others. Prior research classifies this humor as (1) anecdotes, (2) wordplay, and (3) irony. Since this type of humor is spontaneous, it may serve as a better indication of the individual's cognitive ability (Bitterly et al., 2017). Given that my audio was scripted and had obvious verbal cues, my experiment is more representative of an entrepreneur telling a joke. This could explain why some participants reacted negatively to the entrepreneur humor expression. For example, one respondent said, "I like the idea for the company. I wasn't a big fan of the founder. His sense of humor was not my cup of tea." Another respondent said, "All of their 'jokes' landed flat for me." These findings provide some boundary conditions for what functional forms of humor can help versus hurt investors' willingness to invest.

Third, I add to the growing literature on different reactions to who is using humor. Prior humor research states that white males are perceived as the being funnier and more credible (Martin et al., 2003). Recent humor research provides additional insight that subordinates respond more favorably when male managers use humor during business meetings when compared to female managers (Evans et al., 2019). Drawing on insight

from LET, I expected that minority entrepreneurs (i.e., female, Black) would be penalized by potential investors because humor would violate what the investors expected to hear from an entrepreneur raising funds. Indeed, my results align with recent crowdfunding research that females and minority entrepreneurs find support on crowdfunding platforms (Greenberg & Mollick, 2017). This advantage largely disappears, however, after using humor. These findings provide a more somber outlook for entrepreneurs who may be considering humor as a communication tool.

Limitations and directions for future research

My work should also be considered in light of its limitations, which provide opportunities for future research. First, a focal limitation of this study is the context in which potential investors were exposed to entrepreneur humor expression. Entrepreneurs are frequent guests on podcasts to help promote their product or service and provide updates on their venture (Glucksman, 2020). Podcasts are a series of audio files that are widely available to download and allows the listener to tune in at their convenience (Waddingham et al., 2020). As such, my experiment is grounded in an entrepreneurial action that frequently occurs. However, avoiding the use of humor in scripted material or instances where laughter sounds canned may reduce some of the negative response found in this study. One way that researchers can evaluate entrepreneur humor expression in a more natural setting would be the question-and-answer portion of pitch competitions, meetings with venture capitalists, or during live online events.

The source of the data is also a potential limitation of this study. Survey platforms like Prolific and Amazon's Mechanical Turk (MTurk) are subject to career survey takers who may use nefarious means to bypass demographic screening (e.g., employment status,

location, investing experience). Additionally, the respondents may not adequately understand the purpose of the study, or the language used in the study's questions (Harms & Desimone, 2015). Yet, Prolific samples have been published in a wide variety of disciplines including economics (Marreiros, Vlassopoulos, & Schraefel, 2017), psychology (Matthews, Gheorghiu, & Callan, 2016), and entrepreneurship (Lewis & Cardon, 2020). While using Prolific as a primary data source is consistent with recent crowdfunding research (Buttice, Collewaert, Stroe, Vanacker, Vismara, & Walthoff-Born, 2021; Zunino, Dushnitsky, & van Praag, 2021), the results provided should be interpreted with the knowledge that the respondents were recruited through a survey platform.

Directions for future research. Additional research is needed to better understand the interplay between entrepreneurship, humor, and investor decision-making. First, fundraising is a critical and necessary component of successful entrepreneurial ventures. Equity-based crowdfunding is just one potential avenue for entrepreneurs to secure early-stage funding. The present research shows that entrepreneurial demographics do play a role in how potential investors respond to entrepreneur humor expression. However, it is unclear if these findings would generalize to meetings with venture capitalists or during late-stage rounds of funding when the entrepreneurial venture is more established. Indeed, prior research shows that some venture capitalists care more about the entrepreneur's characteristics, while others focus on financial and marketing plans (Sharma, 2015). Humor is one communication tool that individuals can use when establishing and maintaining relationships (Martineau, 1972; Meyer, 2000). It also may

be the case that prior fundraising success affords entrepreneurs more flexibility in the way they communicate with various stakeholders.

Future research would also benefit from investigating an entrepreneur's sense of humor. Chapter 2 describes the conceptual distinction between humor expression and an individual's sense of humor (Cooper, 2005; Kong et al., 2019). An individual's sense of humor is considered a stable personality trait and is one of the characteristics individuals often consider when evaluating leaders (Martin, 2001, 2004). Research on entrepreneurs' sense of humor may provide insight into their overall well-being (Amoros, Cristi, & Naude, 2021), how they handle stress (Lerman, Munyon, & Williams, 2021), and perceptions from their coworkers and peers (Yip & Martin, 2006). Additionally, prior research attempts to understand why individuals are attracted to join an entrepreneurial startup as a career choice. Demographic characteristics such as gender significantly predict if a joiner's entrepreneurial career choice if both are female (Rocha & Van Praag, 2020). Perhaps the founding entrepreneur's sense of humor also plays a role in the decision to join and work for a new venture. While research on humor in the hiring context is limited (Gloor et al., 2021), humor expression can create a positive humor climate that enhances organizational culture by encouraging friendly and collegial relationships (Holmes & Marra, 2002).

Prior research shows that aggressive forms of humor (e.g., swearing) are not frequently used in professional context and are generally assumed to have negative repercussions (Romero & Cruthirds, 2006). According to the intelligence platform Sentieo, the number of expletives used in earnings calls, investor conferences, and shareholder meetings reached an all-time high in 2021. The use of crude language can

provide insight into the type of culture at the entrepreneur's venture (Oliverio, 1989). For example, Yam and colleagues (2017) provided important insight into the mixed blessing of aggressive humor. In a field study with samples from China and the United States, they found leader humor helps with follower work engagement. However, they also found that leader humor signaled acceptable norm violations, which was positively associated with follower workplace deviance. Aggressive humor and crude language can also be used to grab attention on an issue. For instance, Michael O'Leary used crude language to draw attention to Ireland and European Union dealings after the Irish government clawing back \$14.5 billion in back taxes from Apple. Among younger generations, swearing is less taboo (Generous & Houser, 2019). While this does not suggest that entrepreneurs should completely neglect their proverbial filter, there may be extreme instances where aggressive humor is deemed more acceptable. Overall, the target audience is the ultimate judge on what language is acceptable and future research is needed to see the benefits and drawbacks of aggressive humor.

Entrepreneurship research would also benefit from incorporating analytical approaches such as polynomial regression. Polynomial regression is beneficial when "examining the extent to which two predictor variables relate to an outcome variable, particularly in the case when the discrepancy (difference) between the two predictor variables is central consideration" (Shanock, Baran, Gentry, Pattison, & Heggstad, 2010: 543). For example, Boone, Andries, and Clarysse (2020) investigated how team-level entrepreneurial passion affects venture team performance via relationship conflict. Given that humor is unique to both the target audience and the speaker, understanding

how these differences then influence aspects such as creativity, insubordination, or trust would provide richer insight into using humor in work settings.

Lastly, little attention has been paid to the dynamic nature of humor. Most of the humor research in the management and entrepreneur literatures focuses on single instances of humor and subsequent reactions without considering repeated or similar humorous exchanges over time. Genius Juice CEO Alex Bauer – mentioned in Chapter 1 for his humorous (and successful) pitch on Shark Tank – continues to use humor in marketing pieces, pitches, and interviews when promoting his company. Similarly, successful crowdfunding campaigns like Cards Against Humanity use humor to interact with their enthusiastic and loyal crowds of supporters and investors. My results show that humor may turn away certain investors who do not appreciate the type of humor or see any use of humor as inappropriate. However, using humor consistently over time may create sentiment with investors who the humor resonates with.

Implications for practice and policy. The collective findings of this dissertation are likely to be important to entrepreneurs. The overarching purpose of this dissertation is to draw attention to the potential benefits and drawbacks of using humor when fundraising. On the one hand, there are slight benefits when the humor resonates, regardless of the type of humor. On the other hand, I show that there could be missed opportunities to receive support from some members of the crowd who are turned off using humor. Thus, entrepreneurs must be aware that when using humor with investors, they are potentially narrowing the crowd of individuals who will continue to follow and provide support for the venture. This is important because, unlike other types of fundraising, equity-based crowdfunding involves the exchange of funds for a share of the

company (Zafar et al., 2021). These investors will be tied to the entrepreneurial venture until a trigger event, or their shares are bought out in a later funding round.

Crowdfunding investors are also likely to be interested in the findings from this dissertation. My study reveals that investors may be subject to rash, biased decision based on the type of humor used. Being aware of this biased reaction to humor in the investing context may help investors make better investment decisions (Narayanan, Zane, & Kemmerer, 2011). Foremost, it is important for investors to recognize that entrepreneur humor expression does not mean the entrepreneur does not take the venture or the business of fundraising seriously. In addition, there is evidence that male investors responded unfavorably to female entrepreneurs who used humor, while female investors were supportive of female entrepreneurs (Greenberg & Mollick, 2017). Yet, both male and female investors were critical of male entrepreneurs who used humor. Investors need to be aware if they are holder specific entrepreneurs to certain expectations in the crowdfunding context.

Conclusion

John Gerzema, CEO of the Harris Poll, uses data to help organizational leaders understand new trends and social change. Despite limited empirical evidence, he is also quoted saying, “Transparency, honesty, kindness, good stewardship, even humor, work in businesses at all times.” My findings reveal that humor can lead to positive funding outcomes for entrepreneurs, but also casts some doubt on the universality of humor in business. For scholars, my work compliments recent research on humor in the workplace by considering how different types of humor influence how the target perceives the speaker. For entrepreneurs, my dissertation provides insight into how humor can be used

as a communication tool during equity-based crowdfunding – a critical and growing opportunity for female and minority entrepreneurs seeking venture funding.

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APPENDIX

Figure 1
Conceptual Model

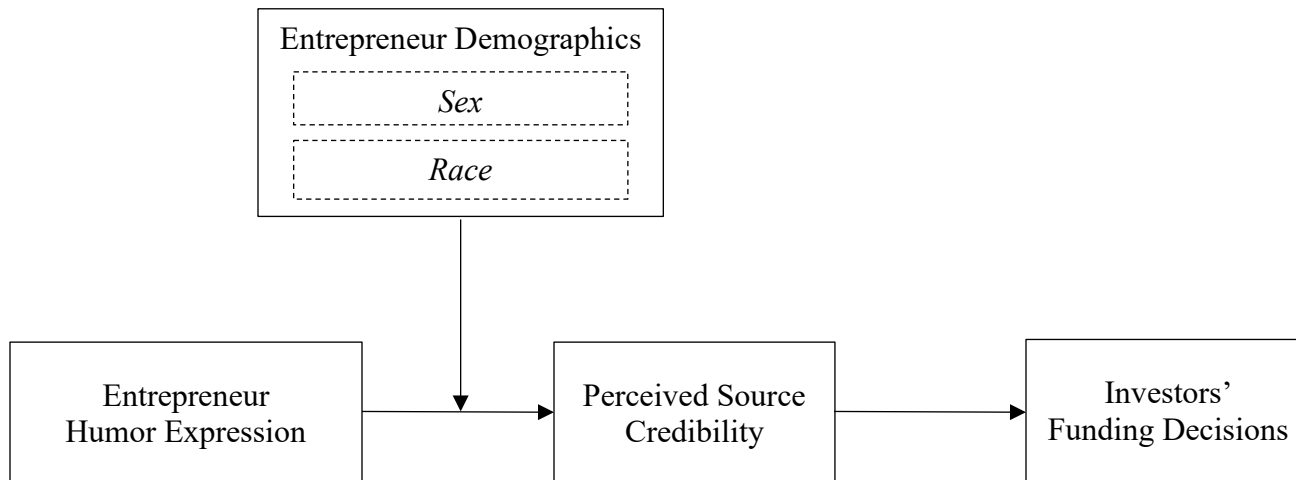


FIGURE 2
A Positive Violation – Superior Performance

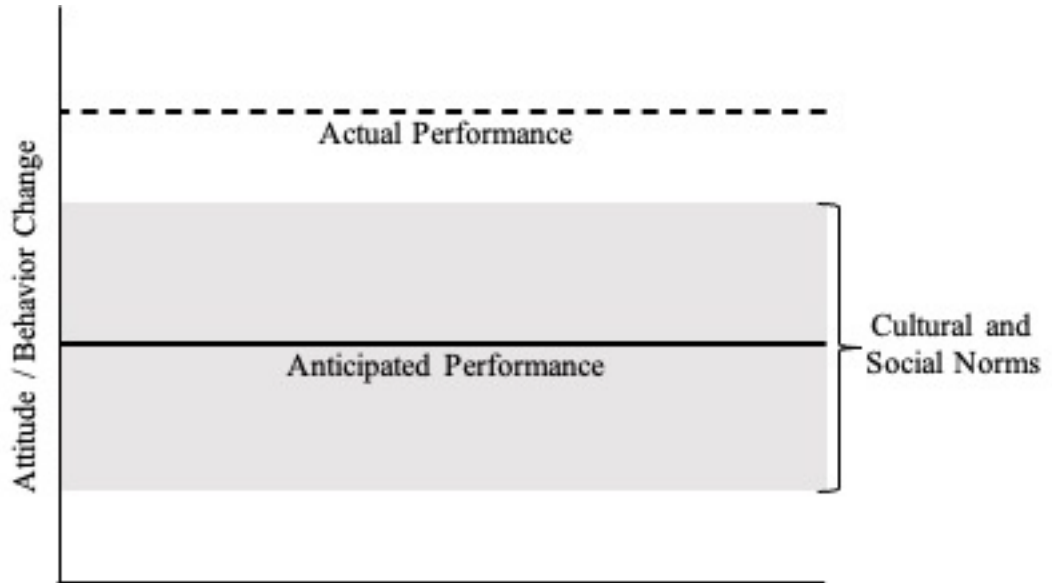


FIGURE 3
A Positive Violation – Exceeding Expectations

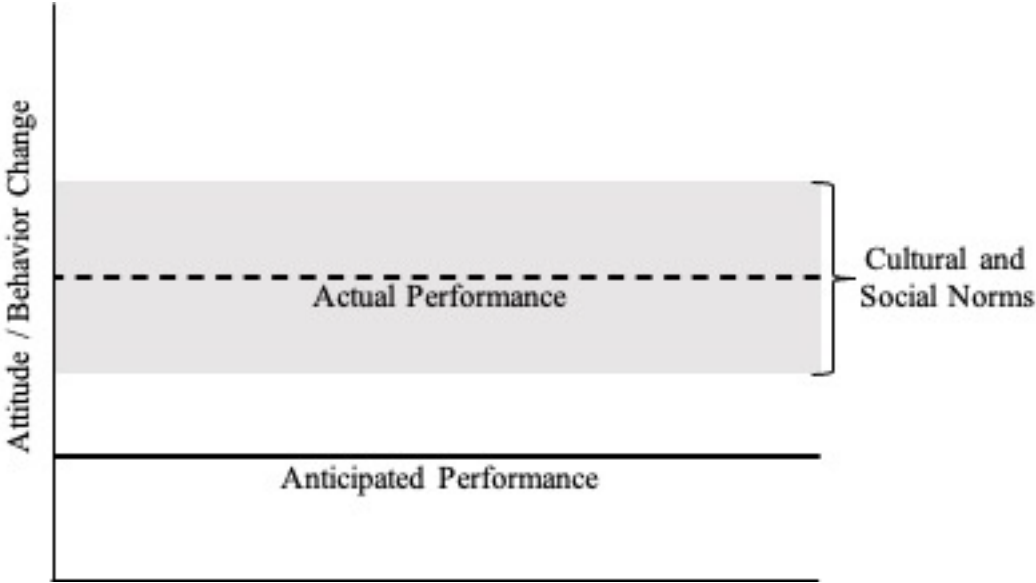


FIGURE 4
A Negative Violation – Poor Performance

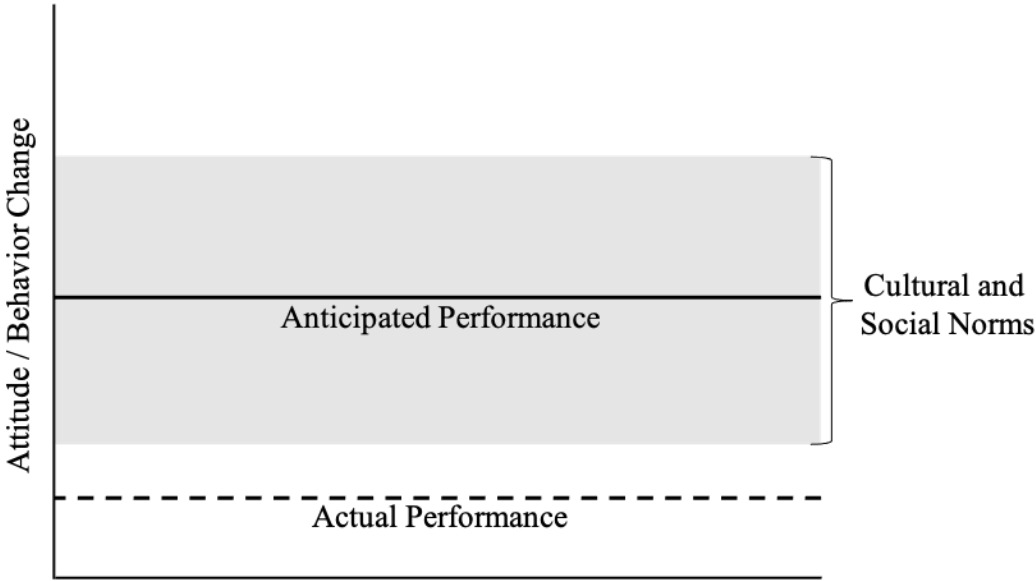


Figure 5 Entrepreneur Spotlight

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THE SPOTLIGHT

A Weekly Feature of Equity-based Crowdfunding Founders



THIS WEEK'S FEATURED FOUNDER:

Alex Smith
Rooted

ROOTED'S FUNDING ROUND IS ALMOST SOLD OUT!

The lawn and garden industry in America is \$50 billion. Yet, most people aren't confident they can keep a plant alive more than 6 months. That is where Rooted comes in. Rooted is a lifestyle brand focused on connecting wholesale plant nurseries and garden centers directly to consumers.

**CHECK OUT THIS CLIP OF ALEX ON
THE SPOTLIGHT'S PODCAST BELOW!**



MALE FOUNDER

ECO-FRIENDLY

Note. The photo in the bottom right was changed to manipulate the entrepreneur's sex and race. All other information remained constant across all conditions.

Figure 6
Male vs Female Entrepreneur Humor Expression and Willingness to Invest

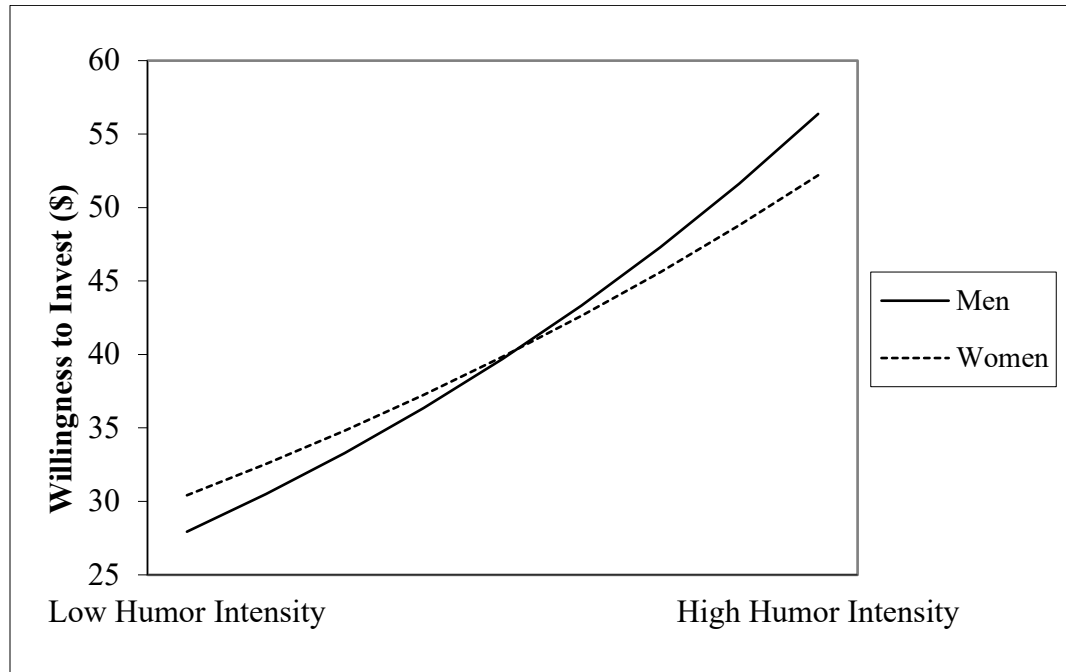


Figure 7
White vs Black Entrepreneur Humor Expression and Willingness to Invest

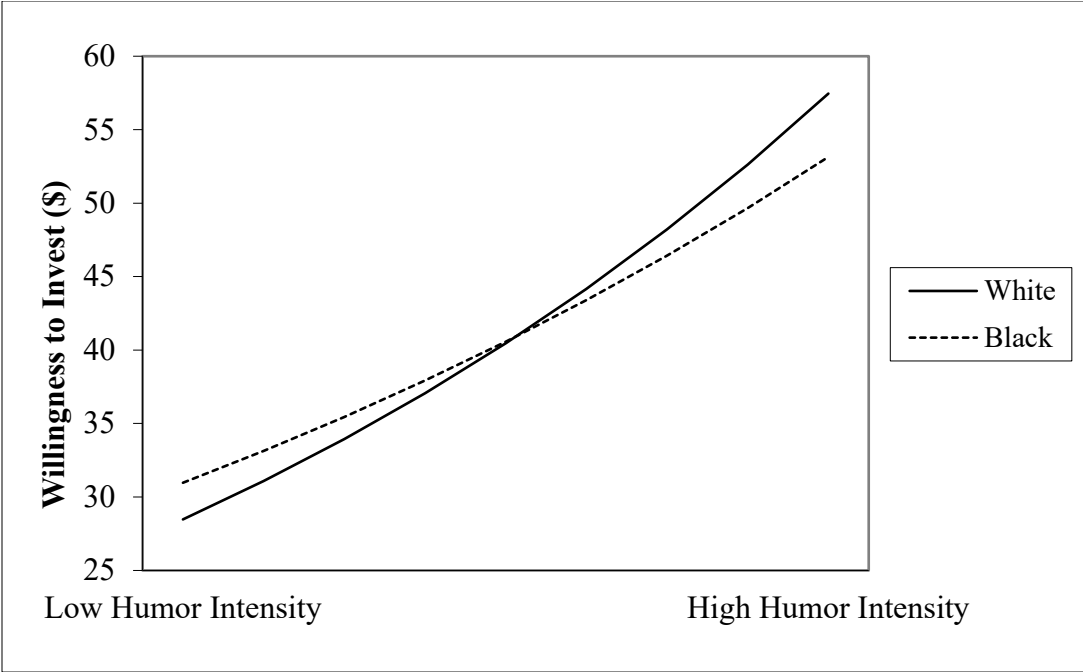


Figure 8
Black Female vs All Other Entrepreneur Humor Expression
and Willingness to Invest

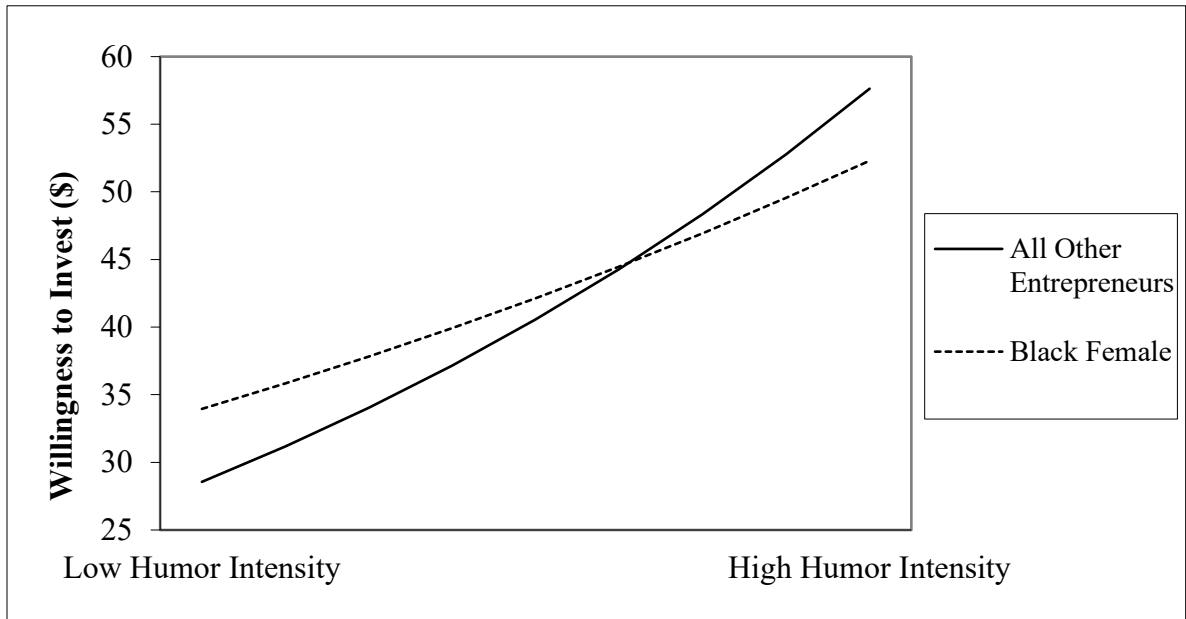
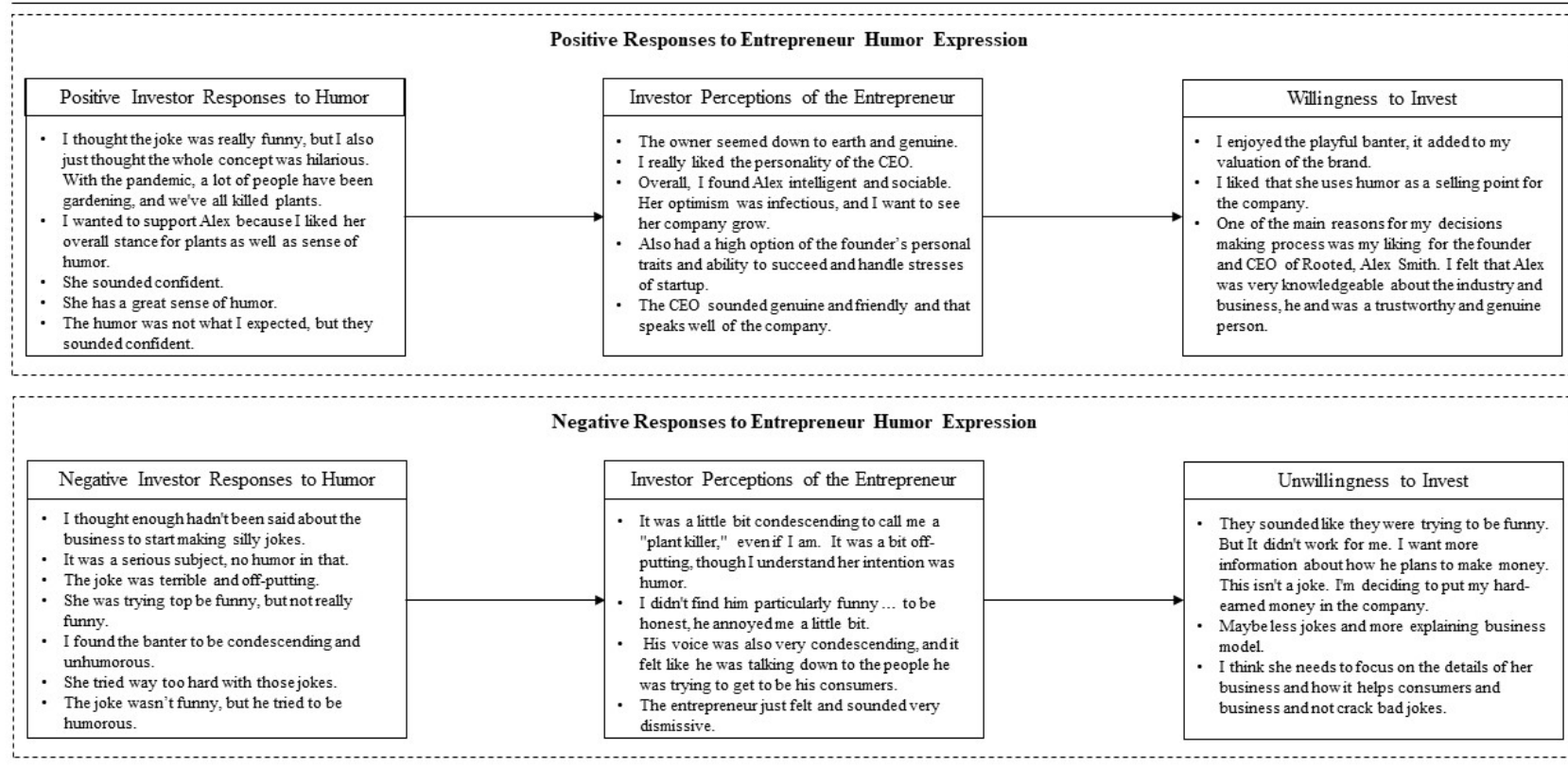


Figure 9
The Double-Edged Sword of Entrepreneur Humor Expression in Equity-Based Crowdfunding



Note. Some comments were slightly edited by the author for grammatical errors, typos, and clarity. Written responses were optional.

Table 1
Review of Selected Empirical Studies on Reward- and Equity-Based Crowdfunding

Year	Author(s) <i>Journal</i>	Theoretical Foundation(s)	Data Source	Type of Crowdfunding	Sample	Key Findings
2020	Cumming, Herve, Manthe, & Schwienbacher <i>ET&P</i>	Hypothetical bias	Archival	Equity	71,915 members on WiSEED	Only 18% of nonbinding commitments eventually invest. The effect is less pronounced among women and investors with higher income and education.
2020	Jiang, Wang, Yang, Shenm, & Hahn <i>ET&P</i>	Consumption value theory	Archival	Reward	170,080 Kickstarter projects	Crowdfunders are motivated by different crowdfunding rewards: utilitarian, socio-emotional, and participatory value.
2020	Soubliere & Gehman <i>AMJ</i>	Legitimacy	Archival	Reward	182,358 Kickstarter projects	Individual outcomes generate legitimacy spillovers by encouraging (or discouraging) audiences to support related endeavors.
2020	Nielsen & Binder <i>ET&P</i>	Framing theory	Experiment	Reward	977 Qualtrics panel participants	Altruistically framed campaigns have a higher chance of being funded compared to egoistic or environmental motives. Message framing needs to be aligned with personal values of the backers.
2020	Chan, Parhankangas, Sahaym, & Oo <i>JBV</i>	Observational learning	Archival	Reward	333 Kickstarter projects	Prior funding actions influence subsequent funding behavior. When prior funding amount is low, there is a negative relationship with subsequent contributions.
2020	Taeuscher, Bouncken, & Pesch <i>AMJ</i>	Legitimacy	Archival	Reward	28,425 Kickstarter projects	Distinctiveness leads to higher levels of crowdfunding performance. This intensifies if alternative sources of legitimacy are not available.
2020	Patel, Wolfe, & Manikas <i>ET&P</i>	Image-based and concept-based rhetoric	Archival	Reward	75,636 Kickstarter projects	Image-based rhetoric improved crowdfunding campaign performance, whereas concept-based rhetoric dampened the relationship between narcissistic rhetoric and performance.
2019	Jiang, Yin, & Liu <i>AMJ</i>	Event system theories	Archival	Reward	1,460 Kickstart pitch videos	Displaying greater levels of peak joy at the beginning and ending phases of a pitch is beneficial. The amount of time the entrepreneur spends at peak level is an inverted U-shape with funding performance.

2019	Mahmood, Luffarelli, & Mukesh <i>JBV</i>	Processing fluency theory	Survey Archival Experiment	Equity	2,630 MTurk respondents; 10,611 investments across 62 campaigns; 200 MTurk respondents	Logo complexity is perceived as a signal of innovativeness because they are less familiar and more original and novel to funders. Thus, logo complexity positively impacts funding decisions.
2019	Oo, Allison, Sahaym, & Juasrikul <i>JBV</i>	Identity theory; Social identity theory	Archival	Reward	300 Kickstarter projects	User entrepreneurs are more passionate about their venture and garner support through similarity with funders.
2019	Radoynovska & King <i>OS</i>	Authenticity	Survey Experiment	Reward	445 MTurk respondents; 269 MTurk respondents; 284 MTurk respondents	Three dimensions of authenticity – moral, idiosyncratic, and categorical – are significant and distinct for enhancing likability of the project and/or the founder.
2018	Anglin, Short, Drover, Stevenson, McKenny, & Allison <i>JBV</i>	Signaling theory	Archival	Reward	1726 Kickstarter projects	Entrepreneurs who convey positive psychological capital experience superior fundraising performances. Human capital positively moderates this relationship; social capital does not.
2018	Anglin, Wolfe, Short, McKenny, & Pidduck <i>JBV</i>	Social role theory	Archival Experiment	Reward	1863 Kickstarter projects; 450 MTurk respondents	Crowdfunding campaigns must balance narcissistic rhetoric with perceived social roles. LGBT entrepreneurs yield greater performances than heterosexuals. Minorities underperform Caucasians.
2018	Scheaf, Davis, Webb, Coombs, Borns, & Holloway <i>JBV</i>	Signaling theory	Archival Qualitative Survey	Reward & Equity	350 Kickstarter projects; 10 students; 62 students	The effectiveness of a signal may change within reward-based exchanges compared to equity-based exchanges. Visual cues enhance this effect.
2018	da Cruz, <i>JBV</i>	Information mechanism	Archival	Reward	707 Kickstarter projects	Crowdfunding campaigns – even if unsuccessful – proved information for how the crowd values the project and eventual public release.
2018	Walthoff-Borm, Schwienbacher, & Vanacker <i>JBV</i>	Pecking order theory	Archival	Equity	277 equity campaigns; 277 firms (Orbis)	Equity crowdfunding campaigns are less profitable, have more debt, and more intangible assets compared to a matched sample.
2018	Steigenberger & Wilhelm <i>OS</i>	Signaling theory	Archival	Reward	197 Kickstarter projects	Rhetorical signals complement substantive signals in specific contexts, improving financial acquisition. In specific contexts, rhetorical signals can have the opposite effect.

2018	Johnson, Stevenson, & Letwin <i>JBV</i>	Stereotype Content Model; Trust	Archival Experiment	Reward & Equity	416 Kickstarter projects; 73 amateur investors	Amateur investors exhibit common gender biases in the form of trustworthiness judgements. This increases their likelihood to invest in early-stage, women-led ventures.
2018	Davis, Hmieleski, Webb, & Coombs <i>JBV</i>	Affective events theory	Survey	Reward	102 participants assessing 10 product pitches	Creativity positively influences crowdfunding performance through positive affective responses.
2017	Buttice, Colombo, & Wright <i>ET&P</i>	Social capital	Archival	Reward	31,389 Kickstarter campaigns	Serial crowdfunders are more likely to be successful because of “internal” social capital from links with backers from previous successful campaigns. This relationship weakens if the bigger the gap is between projects.
2017	Skirnevskiy, Bendig, & Brettel <i>ET&P</i>	Social capital	Archival Survey	Reward	19,351 Kickstarter campaigns; 106 project creators	Initial contributions by friends and family are replaced by loyal backers in subsequent campaigns. Early support mediates the entrepreneur’s track record and campaign funding success.
2017	Li, Chen, Kotha, & Fisher <i>JAP</i>	ELM; Emotional contagion theory	Survey Archival Experiment	Reward	100 Indiegogo projects & 170 undergraduate students; 135 Kickstarter projects & 180 MBA students; 120 MBA students	Displayed passion (peripheral route) increases the funding amount more so than other campaign characteristics such as innovativeness.
2017	Allison, Davis, Webb, & Short <i>JBV</i>	ELM	Archival Experiment	Reward	383 Kickstarter projects; 154 MTurk participants	Issue relevant information (education) matters more when funders possess greater ability and have high motivation to make careful evaluations. In contrast, peripheral cues such as group identity matter more for inexperienced investors.
2017	Davis, Hmieleski, Webb, & Coombs <i>JBV</i>	Affective events theory	Experiment	Reward	102 participants	Perceived product creativity is positively related to crowdfunding performance both directly and indirectly via positive affective reactions.
2017	Parhankangas & Renko <i>JBV</i>	Language expectancy theory	Archival	Reward	656 Kickstarter projects	Linguistic styles that make the campaign and the founder more understandable and relatable to the crowd improve the success of social campaigns, but not commercial campaigns.

2017	Kuppuswamy & Bayus <i>JBV</i>	Motivation; Expectancy theory	Archival	Reward	10,000 funded and unfunded Kickstarter projects	As a project nears the funding goal, it receives more support. Once the goal is reached, support drops sharply.
2017	Greenberg & Mollick, <i>ASQ</i>	Social identity theory	Survey Archival	Reward	399 students surveyed and 1,250 Kickstarter projects	Female funders are more likely to contribute to female-owned businesses in crowdfunding because of shared gender-group identity.
2016	Chan & Parhankangas <i>ET&P</i>	Innovation	Archival	Reward	334 Kickstarter campaigns	Radical campaigns are more costly to learn about, less beneficial, and riskier, so they receive less funding. Incremental innovativeness is more familiar and generally performs better for funding outcomes.
2016	Courtney, Dutta, & Li <i>ET&P</i>	Signaling theory	Archival	Reward	170,248 Kickstarter projects	Start-up originated signals (media, prior crowdfunding success) and third-party endorsements mitigate information asymmetry concerns about quality and improve founder credibility.
2016	Josefy, Dean, Albert, & Fitza <i>ET&P</i>	N/A	Archival	Reward	176 Kickstarter and GoFundMe projects	Community and cultural constructs play a more relevant part in venture funding than previous theorized.
2016	Calic & Mosakowski <i>JMS</i>	Institutional theory	Archival	Reward	87,261 Kickstarter projects	A sustainability orientation is viewed positively. This is mediated by project creativity and third party endorsements.
2015	Cholakova & Clarysse <i>ET&P</i>	Cognitive evaluation theory	Survey	Equity	155 registered equity crowdfunders	Equity crowdfunders are motivated by the prospect of financial return more than the social benefit.
2015	Burtch, Ghose, & Wattal <i>MS</i>	Institutional theory	Experiment	Reward	128,701 potential crowdfunders	Lower privacy controls improves the likelihood of funding but decreases the average contribution. Final funding amounts saw a small net increase.
2015	Ahlers, Cumming, Gunther, & Schweizer <i>ET&P</i>	Signaling theory	Archival	Equity	104 equity crowdfunding campaigns in Australia	Founders that maintain an equity stake and provide detailed financial information to provide transparency are more likely to receive funding.
2015	Mollick & Nanda <i>MS</i>	Crowd decision-making theory	Survey	Reward	180 expert evaluations of Kickstarter projects	There is a significant agreement between experts and crowds on funding decisions. Crowds are more likely to provide funding.
2015	Colombo, Franzoni, Rossi-Lamastra <i>ET&P</i>	Network theory	Archival	Reward	669 Kickstarter Projects	High social capital within a crowd increases the level of funding received.
2014	Mollick <i>JBV</i>	Network theory; Signaling theory	Archival	Reward	48,500 Kickstarter Projects	Project quality and personal networks are associated with successful crowdfunding campaigns.

Table 2
Hypotheses for Examining Entrepreneur Humor Expression
and its Influence on Investors' Funding Decisions

Hypothesis 1: Entrepreneur humor expression is positively related to investors' funding decisions.

Hypothesis 2: Source credibility mediates the relationship between entrepreneur humor expression and investors' funding decisions.

Hypothesis 3: An entrepreneur's sex moderates the indirect relationship between entrepreneur humor expression and source credibility such that female entrepreneurs who use humor will experience lower levels of funding performance after using humor.

Hypothesis 4: An entrepreneur's race moderates the indirect relationship between entrepreneur humor expression and source credibility such that Black entrepreneurs who use humor will experience lower levels of funding performance after using humor.

Hypothesis 5: Black women who use humor experience lower levels of investor support than any other sex-race combination.

Table 3
Descriptive Statistics and Correlations

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Willingness to Invest (scale)	4.262	1.777										
2. Willingness to Invest (\$)	328.340	306.922	0.761									
3. Entrepreneur Humor Expression	38.137	27.626	0.456	0.424								
4. Perceived Source Credibility	5.523	0.899	0.592	0.464	0.416							
5. Female Entrepreneur	0.479	0.500	0.081	0.062	0.088	0.163						
6. Black Entrepreneur	0.506	0.500	0.061	0.053	0.062	0.107	0.031					
7. Black Female Entrepreneur	0.250	0.433	0.084	0.064	0.085	0.139	0.602	0.571				
8. Affiliative Humor	0.204	0.403	0.024	0.030	0.120	-0.034	-0.029	0.007	-0.020			
9. Aggressive Humor	0.205	0.404	0.000	0.034	0.169	-0.044	0.021	-0.001	0.009	-0.257		
10. Self-deprecating Humor	0.209	0.407	0.002	-0.021	0.052	0.014	-0.020	-0.006	-0.021	-0.260	-0.236	
11. Self-enhancing Humor	0.203	0.402	-0.070	-0.069	0.008	-0.039	0.026	-0.001	0.024	-0.255	-0.256	-0.259

Note. N = 947. All values equal to or greater than |0.06| are significant at $p \leq 0.05$.

Table 4
Path Analysis and Mediation Results

	Perceived Source Credibility		Willingness (scale)		Willingness (\$)	
	Coefficient (SE)	p-value	Coefficient (SE)	p-value	Coefficient (SE)	p-value
Controls						
Affiliative Humor	-0.761 (0.086)	[0.000]	-0.399 (0.158)	[0.012]	-74.114 (10.875)	[0.013]
Aggressive Humor	-0.824 (0.087)	[0.000]	-0.521 (0.160)	[0.001]	-80.041 (30.395)	[0.009]
Self-deprecating Humor	-0.611 (0.085)	[0.000]	-0.481 (0.153)	[0.002]	-100.506 (29.018)	[0.001]
Self-enhancing Humor	-0.661 (0.085)	[0.000]	-0.604 (0.153)	[0.000]	-111.336 (29.125)	[0.000]
Path A						
Entrepreneur Humor Expression	0.017 (0.001)	[0.000]				
Path B						
Perceived Source Credibility			0.896 (0.057)	[0.000]	107.641 (10.875)	[0.000]
Path C'						
Entrepreneur Humor Expression			0.020 (0.002)	[0.000]	3.667 (0.380)	[0.000]
R ²	0.258		0.415		0.293	
F	65.560		111.007		64.819	
Indirect effects for willingness (scale)			ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility			0.016	0.001	0.013	0.018
Indirect effects for willingness (\$)			ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility			0.016	0.001	0.013	0.018

Note. N = 947. Path A = first stage effect; Path B = second stage effect; Path C' = direct effect; ab = indirect effect. Results based on 5,000 bias corrected bootstrap samples. Standard errors reported in parentheses, exact p-values in brackets.

Table 5
Moderated Mediation Results

	Perceived Source Credibility					
	Coefficient (SE)	p-value	Coefficient (SE)	p-value	Coefficient (SE)	p-value
Controls						
Affiliative Humor	-0.735 (0.086)	[0.000]	-0.758 (0.086)	[0.000]	-0.741 (0.086)	[0.000]
Aggressive Humor	-0.811 (0.086)	[0.000]	-0.820 (0.087)	[0.000]	-0.812 (0.087)	[0.000]
Self-deprecating Humor	-0.595 (0.084)	[0.000]	-0.607 (0.084)	[0.000]	-0.597 (0.084)	[0.000]
Self-enhancing Humor	-0.654 (0.084)	[0.000]	-0.660 (0.084)	[0.000]	-0.657 (0.084)	[0.000]
Moderators						
Female Entrepreneur	0.314 (0.086)	[0.000]				
Black Entrepreneur			0.188 (0.086)	[0.029]		
Black Female Entrepreneur					0.331 (0.104)	[0.001]
Path A						
Entrepreneur Humor Expression	0.018 (0.001)	[0.000]	0.018 (0.001)	[0.000]	0.018 (0.001)	[0.000]
Conditional Path A						
Ent. Humor Expression X Female Ent.	-0.003 (0.002)	[0.140]				
Ent. Humor Expression X Black Ent.			-0.001 (0.002)	[0.437]		
Ent. Humor Expression X Black Female Ent.					-0.003 (0.002)	[0.104]
R ²	0.274		0.264		0.269	
F	50.535		48.205		49.309	

Note. Note. N = 947. Path A = first stage effect; Conditional Path A = moderation; ab = indirect effect. Female entrepreneur coded 1 = female, 0 = male; Black entrepreneur coded 1 = Black, 0 = white; Black female entrepreneur coded 1 = Black female, 0 = other. Results based on 5,000 bias corrected bootstrap samples. Standard errors reported in parentheses, exact p-values in brackets.

Table 6
Conditional Indirect Effects and Index of Moderated Mediation

Conditional Indirect Effect for Willingness (scale)	ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility				
Male Entrepreneur	0.016	0.002	0.013	0.020
Female Entrepreneur	0.014	0.002	0.011	0.017
Index of Moderated Mediation for Willingness (scale)	ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility	-0.002	0.002	-0.006	0.001
Conditional Indirect Effect for Willingness (scale)	ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility				
White Entrepreneur	0.016	0.002	0.013	0.020
Black Entrepreneur	0.015	0.002	0.012	0.018
Index of Moderated Mediation for Willingness (scale)	ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility	-0.001	0.002	-0.005	0.002
Conditional Indirect Effect for Willingness (scale)	ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility				
All Other Entrepreneurs	0.016	0.002	0.013	0.019
Black Female Entrepreneur	0.013	0.002	0.009	0.017
Index of Moderated Mediation for Willingness (scale)	ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility	-0.003	0.002	-0.007	0.000

Note. Note. N = 947. Path A = first stage effect; Conditional Path A = moderation; ab = indirect effect. Female entrepreneur coded 1 = female, 0 = male; Black entrepreneur coded 1 = Black, 0 = white; Black female entrepreneur coded 1 = Black female, 0 = other. Results based on 5,000 bias corrected bootstrap samples.

Table 7
Conditional Indirect Effects and Index of Moderated Mediation

Conditional Indirect Effect for Willingness (\$)	ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility				
Male Entrepreneur	1.968	0.244	1.510	2.462
Female Entrepreneur	1.678	0.237	1.239	2.166
Index of Moderated Mediation for Willingness (\$)	ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility	-0.290	0.197	-0.677	0.097
Conditional Indirect Effect for Willingness (\$)	ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility				
White Entrepreneur	1.936	0.262	1.423	2.469
Black Entrepreneur	1.783	0.232	1.351	2.270
Index of Moderated Mediation for Willingness (\$)	ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility	-0.153	0.205	-0.560	0.236
Conditional Indirect Effect for Willingness (\$)	ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility				
All Other Entrepreneurs	1.933	0.235	1.468	2.397
Black Female Entrepreneur	1.564	0.250	1.093	2.070
Index of Moderated Mediation for Willingness (\$)	ab	SE	LLCI 95%	ULCI 95%
Perceived Source Credibility	-0.369	0.227	-0.832	0.067

Note. Note. N = 947. Path A = first stage effect; Conditional Path A = moderation; ab = indirect effect. Female entrepreneur coded 1 = female, 0 = male; Black entrepreneur coded 1 = Black, 0 = white; Black female entrepreneur coded 1 = Black female, 0 = other. Results based on 5,000 bias corrected bootstrap samples.

Table 8
Means Comparison of Willingness to Invest (\$)

	Mean	SE	LLCI 95%	ULCI 95%
Entrepreneur Gender				
Male Entrepreneur	310.037	13.657	283.203	336.870
Female Entrepreneur	348.216	14.548	319.626	376.806
t	-1.915	[0.056]		
Entrepreneur Race				
White Entrepreneur	312.004	13.815	284.856	339.152
Black Entrepreneur	344.301	14.351	316.103	372.499
t	-1.620	[0.106]		
Entrepreneur Race				
All Other Entrepreneur	317.068	11.527	294.437	339.699
Black Female Entrepreneur	362.110	19.774	323.154	401.065
t	-1.959	[0.050]		

Note. N = 947. Exact p-values reported in brackets.

Table 9
Poisson Regression Analysis Results

Variables	Willingness (\$)							
	Model 1		Model 2		Model 3		Model 4	
Controls								
Affiliative Humor	0.739 (0.005)	[0.000]	0.746 (0.004)	[0.000]	0.737 (0.005)	[0.000]	0.745 (0.004)	[0.000]
Aggressive Humor	0.739 (0.005)	[0.000]	0.745 (0.005)	[0.000]	0.735 (0.005)	[0.000]	0.745 (0.005)	[0.000]
Self-deprecating Humor	0.697 (0.004)	[0.000]	0.698 (0.004)	[0.000]	0.695 (0.004)	[0.000]	0.699 (0.004)	[0.000]
Self-enhancing Humor	0.675 (0.004)	[0.000]	0.679 (0.004)	[0.000]	0.671 (0.004)	[0.000]	0.675 (0.004)	[0.000]
Entrepreneur Humor Expression	1.011 (0.000)	[0.000]	1.013 (0.000)	[0.000]	1.013 (0.000)	[0.000]	1.013 (0.000)	[0.000]
Perceived Source Credibility	1.501 (0.004)	[0.000]	1.503 (0.004)	[0.000]	1.498 (0.004)	[0.000]	1.496 (0.004)	[0.000]
Moderators								
Female Entrepreneur			1.126 (0.008)	[0.000]				
Black Entrepreneur					1.125 (0.008)	[0.000]		
Black Female Entrepreneur							1.256 (0.010)	[0.000]
Interactions								
Ent. Humor Expression X Female Ent.			0.997 (0.000)	[0.000]				
Ent. Humor Expression X Female Ent.					0.997 (0.000)	[0.000]		
Ent. Humor Expression X Female Ent.							0.995 (0.000)	[0.000]
Pseudo R ²	0.277		0.279		0.279		0.281	

Note. N = 947. Results reported as Incident Rate Ratios (IRR). Standard errors reported in parentheses, exact p-values in brackets.

Table 10
Spline Regression Analysis Results

	Willingness (scale)			
	Model 1		Model 2	
Controls				
Affiliative Humor	-1.143 (0.166)	[0.000]	-1.155 (0.021)	[0.000]
Aggressive Humor	-1.322 (0.162)	[0.000]	-1.328 (0.161)	[0.000]
Self-deprecating Humor	-1.099 (0.166)	[0.000]	-1.101 (0.165)	[0.000]
Self-enhancing Humor	-1.279 (0.166)	[0.000]	-1.287 (0.171)	[0.000]
Entrepreneur Humor Expression (1)	0.062 (0.009)	[0.000]	0.066 (0.021)	[0.002]
Entrepreneur Humor Expression (2)	0.022 (0.008)	[0.007]	0.050 (0.009)	[0.000]
Entrepreneur Humor Expression (3)	0.030 (0.009)	[0.000]	0.014 (0.008)	[0.081]
Entrepreneur Humor Expression (4)	0.036 (0.016)	[0.023]	0.037 (0.007)	[0.000]
R ²			0.272	0.274
F			48.99	49.25

Note. N = 947. Model 1 knots manually assigned (25, 50, 75); Model 2 knots assigned by percentage for even distribution (11, 36, 60). Standard errors reported in parentheses, exact p-values in brackets.

Table 11
OLS and Poisson Regression Analysis Results for Type of Humor

Variables	Willingness (scale)						Willingness (\$)					
	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
Controls												
Source Credibility	0.903	[0.000]	0.897	[0.000]	0.894	[0.000]	1.509	[0.000]	1.503	[0.000]	1.506	[0.000]
	(0.064)		(0.064)		(0.064)		(0.004)		(0.004)		(0.004)	
Humor Intensity	0.020	[0.000]	0.020	[0.000]	0.020	[0.000]	1.011	[0.000]	1.011	[0.000]	1.011	[0.000]
	(0.002)		(0.002)		(0.002)		(0.000)		(0.000)		(0.000)	
Entrepreneur Humor Expression (Type)												
Affiliative	-0.294	[0.133]	-0.442	[0.037]	-0.408	[0.018]	0.846	[0.000]	0.757	[0.000]	0.780	[0.000]
	(0.195)		(0.212)		(0.172)		(0.007)		(0.007)		(0.006)	
Aggressive	-0.469	[0.015]	-0.499	[0.015]	-0.467	[0.006]	0.782	[0.000]	0.678	[0.000]	0.732	[0.000]
	(0.192)		(0.205)		(0.170)		(0.007)		(0.006)		(0.005)	
Self-deprecating	-0.487	[0.012]	-0.483	[0.026]	-0.476	[0.005]	0.693	[0.000]	0.719	[0.000]	0.696	[0.000]
	(0.193)		(0.217)		(0.170)		(0.742)		(0.006)		(0.005)	
Self-enhancing	-0.645	[0.004]	-0.680	[0.002]	-0.663	[0.000]	0.742	[0.000]	0.635	[0.000]	0.707	[0.000]
	(0.221)		(0.217)		(0.184)		(0.007)		(0.006)		(0.005)	
Moderators												
Female Entrepreneur	-0.017	[0.936]					1.085	[0.000]				
	(0.215)						(0.009)					
Black Entrepreneur			-0.061	[0.774]					0.961	[0.000]		
			(0.214)						(0.008)			
Black Female Entrepreneur					-0.017	[0.947]					1.041	[0.000]
					(0.255)						(0.009)	
Interactions												
Affiliative x Female Ent.	-0.238	[0.403]					0.761	[0.000]				
	(0.284)						(0.009)					
Aggressive x Female Ent.	-0.106	[0.704]					0.893	[0.000]				
	(0.279)						(0.010)					
Self-dep. x Female Ent.	0.009	[0.974]					1.012	[0.284]				
	(0.286)						(0.012)					
Self-enhance x Female Ent.	0.081	[0.795]					0.834	[0.000]				
	(0.312)						(0.010)					
Affiliative x Black Ent.			0.083	[0.771]					0.947	[0.000]		
			(0.285)						(0.011)			
Aggressive x Black Ent.			-0.046	[0.870]					1.166	[0.000]		
			(0.279)						(0.013)			
Self-dep. x Black Ent.			0.001	[0.997]					0.935	[0.000]		
			(0.284)						(0.011)			
Self-enhance x Black Ent.			0.149	[0.631]					1.116	[0.000]		
			(0.311)						(0.013)			
Affiliative x Black Female Ent.					0.023	[0.944]					0.819	[0.000]
					(0.332)						(0.010)	
Aggressive x Black Female Ent.					-0.221	[0.512]					1.036	[0.004]
					(0.337)						(0.013)	
Self-dep. x Black Female Ent.					-0.035	[0.916]					1.012	[0.353]
					(0.333)						(0.013)	
Self-enhance x Black Female Ent.					0.210	[0.555]					0.855	[0.000]
					(0.355)						(0.011)	
R ²	0.416		0.415		0.416							
F	66.50		62.76		61.90							
Pseudo R ²							0.280		0.279		0.279	

Note. N = 947. Poisson results reported as Incident Rate Ratios (IRR). Standard errors reported in parentheses, exact p-values in brackets.

Table 12
Poisson Regression Analysis Results for Sex- and Race-Similarity

Variables	Willingness (\$)															
	Model 1 Male Funder- Male Ent.		Model 2 Male Funder- Female Ent.		Model 3 Female Funder- Male Ent.		Model 4 Female Funder- Female Ent.		Model 5 White Funder- White Ent.		Model 6 White Funder- Black Ent.		Model 7 Black Funder- White Ent.		Model 8 Black Funder- Black Ent.	
Controls																
Humor Intensity	1.012 (0.000)	[0.000]	1.013 (0.000)	[0.000]	1.012 (0.000)	[0.000]	1.001 (0.000)	[0.000]	1.014 (0.000)	[0.000]	1.010 (0.000)	[0.000]	1.001 (0.000)	[0.000]	1.017 (0.001)	[0.000]
Source Credibility	1.569 (0.008)	[0.000]	1.489 (0.008)	[0.000]	1.497 (0.000)	[0.000]	1.529 (0.009)	[0.000]	1.504 (0.006)	[0.000]	1.489 (0.006)	[0.000]	1.583 (0.035)	[0.000]	1.603 (0.030)	[0.000]
Entrepreneur Humor Expression (Type)																
Affiliative	0.838 (0.010)	[0.000]	0.593 (0.007)	[0.000]	0.794 (0.010)	[0.000]	0.887 (0.013)	[0.000]	0.665 (0.007)	[0.000]	0.718 (0.007)	[0.000]	1.442 (0.098)	[0.000]	0.774 (0.027)	[0.000]
Aggressive	0.778 (0.010)	[0.000]	0.566 (0.007)	[0.000]	0.729 (0.010)	[0.000]	1.091 (0.016)	[0.000]	0.659 (0.007)	[0.000]	0.793 (0.007)	[0.000]	0.837 (0.058)	[0.010]	0.757 (0.035)	[0.000]
Self-deprecating	0.748 (0.009)	[0.000]	0.607 (0.007)	[0.000]	0.599 (0.008)	[0.000]	0.961 (0.014)	[0.000]	0.648 (0.006)	[0.000]	0.661 (0.006)	[0.000]	1.551 (0.093)	[0.000]	0.386 (0.018)	[0.000]
Self-enhancing	0.583 (0.007)	[0.000]	0.516 (0.006)	[0.000]	0.900 (0.012)	[0.000]	0.897 (0.012)	[0.000]	0.610 (0.006)	[0.000]	0.711 (0.006)	[0.000]	1.232 (0.084)	[0.002]	0.256 (0.015)	[0.000]
N	283		261		205		185		395		407		23		19	
Pseudo R ²	0.298		0.257		0.366		0.224		0.332		0.256		0.396		0.474	

Note. Results reported as Incident Rate Ratios (IRR). Standard errors reported in parentheses, exact p-values in brackets.