The Role of Humor in Startup Success: The Mediating Role of Team Performance

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Entrepreneurial ventures have high rates of failure in converting an idea to a business. We seek to understand the role of humor to sustain ventures. Research shows us that humor plays a critical role in team performance. A strong team can overcome the initial hiccups of a startup and increase the chances of success. This study benchmarks the level of humor, then does an intervention of a “humor training session,” and measures its effects. We theorize that there will be an increase in team performance due to stress reduction, which will lead to a likelihood of survival of the startup.

INTRODUCTION

Entrepreneurs are said to create jobs. New enterprises create jobs in large numbers. Decker, Haltiwanger, Jarmin and Miranda (2014) reported that over 20% of jobs are created by startups and they go on to document that over 50% of jobs are created by high growth firms (most high growth firms happen to be younger startups). Startups play a vital role in society and in business. They are responsible for job creation, for creating new industries and for revitalizing older ones. Schumpeter (1942) described capitalism as the “perennial gale of creative destruction.” This process has led to new industries being created (social media, tablet computers etc.). But inherent in creation, is also the risk of failure of a venture. Marmer, Herman, Dogultran, and Berman (2011) found that the survival rate for startups at the 10 year mark is as low as 10%. Out of the ones that survive, the vast majority remain insignificant in size.

McGrath (1999) posits “failure in entrepreneurship is pervasive.” Olaison and Sorensen (2014) say “Failure is an integral part of the entrepreneurial process.” Ucbasaran, Shepherd, Lockett and Lyon (2013) point out the enormous financial, psychological and social cost of a startup failing. Coad (2014) opines that “death is not success” when defining a business failure. The business failure not only has an economic impact on the individual entrepreneur, but also an emotional and psychological impact that dissuades the entrepreneur from taking future risks (Ucbasaran et al., 2013). Thus fewer new ventures get formed leading to a loss of job creation.

While there may be diverse factors for the failure of a startup, we wish to study whether humor can act as a catalyst to reduce start up failures via the mediating role of team performance.

In recent years, the literature on entrepreneurship has suggested that startups should use failure as a learning experience. Some in Silicon Valley might even consider failure as a badge of honor, in that the entrepreneurs can learn from their past mistakes to build future successes. Ucbasaran et al. (2013) beg to differ, and found in their study, that serial entrepreneurs do not learn from failure. Other authors such as Shepherd, Wiklund and Havnie (2009) have pointed out the psychological and social impact of failure on
the individual entrepreneur. Dencker and Gruber (2015) give importance to opportunities and entrepreneurial experience to reduce the odds of failure. Stuart and Abetti (1987) focus on the need for strong reviews and controls by the entrepreneur. Cusumano (2013) suggests a strong management team and flexibility in strategy as bulwarks against failures. Smilor (1987) cites 10 factors which could help a start up to succeed. Popular media, including magazines such as the Entrepreneur, Fast Company, and Inc. proffer their own ideas on how to combat failure (for example, see Rampton, 2015). Even as advice has flowed, failure rates haven’t declined dramatically. Through the current work, we are attempting to add another tool in the arsenal of startups to improve the odds of success.

A start up is in a state of constant stress as its viability is at stake. There is always a lot to do and resources are strained. Tempers are on edge and stress leads to collapse of groups, making them dysfunctional in a way which could impact the survival of the firm. In the quest to reduce stress, we have here examined humor as a possible tool. Witkin (1999: 464) quotes Siporin, “Humor is a creative act that helps transform pain and deviance into constructive growth for clients as well for oneself. To laugh is not only to last, but to have fun, to grow, to be free and human, and to celebrate one’s own life with the fellow members of one’s community.” In a study of 96 college students, Overholser (1992), found that humor acts as a coping mechanism for handling stressful situations.

A well-known adage states, “Laugh and the world laughs with you. Weep and you weep alone” (Wilcox). From an evolutionary perspective, humor and laughter have probably evolved as group behaviors to encourage group cohesion (Gervais & Wilson, 2005). Importantly, humor is a social lubricant and is a vital relationship mechanism for members of a group (Fine & de Saucy, 2005; Robinson & Smith-Lovin, 2001; Romero, 2005). Johnson (2007) posits the existence of a “contagion pattern of humor in group settings.” Well known firms such as Southwest Airlines, Ben and Jerry Ice Creams and J.M. Smucker Company, refer to humor as part of their ethos or ways of working.

Katherine Hudson, CEO of Brady Corporation, claims that humor can “foster esprit de corps, spark innovation ... and increase the likelihood that unpleasant tasks will be accomplished ... [and] relieve stress” (Romero & Cruthirds, 2006). These connections, between humor and teams, are especially worthy of consideration in an entrepreneurial context. Several authors point out the special characteristics of an entrepreneur (Lumpkin & Dess, 1996; Thompson, 2004), and the special breed of person that can walk on a “long and lonely road”, (Boyd, 1984; Stanworth, Stanworth, Granger & Blyth, 1989). However, we are increasingly moving away from the “Lone Wolf” model of an entrepreneur. Entrepreneurship flourishes in ecosystems. Recent research shows that an individual alone does not make a venture successful (Cooney 2005). Startups are, by nature, group-intensive ventures. First, one or a few entrepreneurs combine resources to come up with an idea to start a venture. They then try and recruit a high functioning group of individuals who can help them create and build their vision. Since they have limited resources, they cannot hire as many people as they would like, nor can they pick the perfect team (Ensley, Carland, Carland & Banks, 1999). Kozlowski and Ilgen (2006) stress the importance of teams “Organizations worldwide ... restructure work around teams, to enable more rapid, flexible, and adaptive responses to the unexpected. This shift in the structure of work has made team effectiveness a salient organizational concern.”

Several authors highlight the role of teams in new venture (Brannon, Wiklund & Hanynie, 2013; Cruz, Howorth & Hamilton, 2013; Forbes, Borchert, Zellmer-Bruhn & Sapienza, 2006). Foo, Sin and Yeong (2006) have claimed that team research at the initial stages of a startup is crucial as successful gazelles (or high growth ventures) are all team based. Forbes et al. (2006) describe how entrepreneurship literature is evolving in its understanding of venture creation through teams. Cooper and Bruno (1977) claim that teams worked better than individuals in achieving success of a venture. Team cohesion and achieving goals become key for the survival of this nascent fledgling group. At this take-off stage, survival is crucial and ensuring that the firm stays on track to achieve the outcomes desired becomes vital.

Creating a new venture requires a network of social relationships to raise funding and overcome initial resource constraints (Grossman, Yli-Renko & Janakiraman, 2012; Villanueva, Van de Ven & Sapienza, 2012). Lechler’s (2001) study showed that social interaction is a key for entrepreneurial success. Lehmann-Willenbrock and Allen (2014) point out that that very few studies have looked at
humor as a social mechanism. In their opinion, humor has been researched primarily in the individual arena. Teams are an integral part of all work situations and especially so in the startup’s initial phases, hence there is a need for further research on humor in team situations.

Romero et al. (2006) have found humor to be an effective management tool. Meyer (1997) suggests that humor can support group cohesion and improve communication. Decker (1987) finds that subordinate satisfaction can be increased while Avolio, Howell and Sosik (1999) even found support for increased productivity. Others such as Brotherton (1996) impute creativity gains due to humor, and Vaill (1989) finds that humor generates a sense of camaraderie in the team.

Robinson and Smith-Lovin (2001) found that humor in a group contributes positively to achieving team outcomes. Companies spend millions of dollars every year on “Outward Bound” and other such courses to increase group bonding in the hope of managing change. As seen above, humor is a great evolutionary tool to achieve just that.

So our focal question is “Can humor act as a catalyst to reduce start up failures via the mediating role of team performance?”

This study aims to contribute as follows. We wish to learn if humor training can impact group interaction behaviors positively. We are also attempting to see if humor has a positive role to play in sustaining a startup firm through positive team interactions. We will also discuss how startup ventures may use humor to their advantage. Our focus is on positive forms of humor in startups and whether it is related to team outcomes. In the following pages, we would like to study this in a quasi-field experiment to see the efficacy of humor as a change agent in making teams perform better.

THEORY AND HYPOTHESES

Humor

The classical definition of humor was given by Martineau (1972): Humor is “any communicative instance which is perceived as humorous.” Romero et al. (2006) explain, “Organizational humor consists of amusing communications that produce positive emotions and cognitions in the individual, group, or organization.” They also emphasize that everyone in the group has to find it funny. Crawford (1994) defines humor as verbal and nonverbal communication which produces a “positive cognitive or affective response from listeners.” According to Robert and Yan (2007) humor is “an intentional form of social communication delivered by a ‘producer’ toward an ‘audience.’”

Researchers have focused on two main kinds of humor (Martin, Puhlik-Doris, Larsen, Gray & Weier, 2003). These are “positive (good-natured, benevolent, integrating, non-hostile) and more negative (mean-spirited, aggressive, disparaging).” Only positive humor is found to have a good impact on mental health. Negative humor has been shown to have a negative impact on productivity in teams by Kauffeld et al. (2012). Empirical studies by Clouse and Spurgeon (1995) and Duncan, Smelzer and Leap (1990), Holmes and Marra (2002), O’Quinn and Derks (1997), have shown that a sense of humor has positive correlations with “creativity, socialization, employee bonding, rapport and morale “ and Martin et al. (2003) found that humor can ease social dealings in challenging environments. Ziv (1981) as quoted by Nevo et al. 1998 categorized humor in three parts: “ability to create humor (production), ability to enjoy humor (appreciation), and humor as a disposition.” In a similar vein, Svebak (1974) created measures for these three dimensions, as did Thorson and Powell (1991).

Martin et al. (2003) came up with different kinds of humor. These are: Affiliative, Self-enhancing, Aggressive, Mild aggressive, and Self-defeating humor. Each of these can be used appropriately in the right circumstances and by group leaders or team members depending on a variety of situations. Eysenck (1972) viewed it from three viewpoints: “conformist: degree of connection between people’s appreciation of humor, quantitative: how many times a person laughs and productive: when one is the narrator of the humor.”

Vinton (1989) shows that humor contributes to bonding and cohesiveness. Graham, Papa and Brooks (1992) found it assists in stress relief. Other facets include power control or aggression being mitigated by humor (Coser, 1960; Davies, 1990; Holmes, 2000). A study by Mobbs, Greicius, Abdel-Azim, Menon,
and Reiss (2003) on physiological research revealed that appreciation of humor is correlated with brain regions linked to reward, smiling, laughter and positive emotions. Goel and Dolan (2007), Watson, Matthews and Allman (2007) find that a common region of the brain related to rewards gets activated, with different kinds of humor.

According to Robert and Wilbanks (2012), distinct humor events lead to group level influences through social transmission, which they claim builds stronger relationships. Hatfield, Carpenter and Rapson (2014) found that emotional contagion is a key in groups using the “mirror neuron” theory propounded in neuroscience. Barsade (2002) points out that positive or negative moods converge in groups to get a “collective mood.” Laughter plays an evolutionary role in the process of social affect transmission, which is primary in teams. Provine (1992) found that the sound of laughter is enough to have others in the group laugh too. Humor and laughter activates the same brain regions as seen by Mobbs et al. (2003). What if humor training can achieve a positive mindset within a group and help a startup get over its initial organizational hiccups?

New venture success and failure

Many researchers have done studies on failure of startups. Researchers have equivocated over failure and closure and there are several definitions put forth. We want to focus on firms that do not survive the initial stages. While studies shown below, show that failure rates vary from 25% to 75%, the main issue is that there are a large number (absolute numbers) of firms which do not survive the first year.

Headd (2003) analyzed a large number of firms from the census and found a high percentage of failures. Wiklund et al. (2010) conducted another study that showed the number of failures in startups needs to be examined more carefully. Startup Genome studied 3,200 internet startups and found 74% failed. Statistic brain (survey by Bradley University) found that by Year 4 only 56% businesses are still in operation. Shane (2012) conducted a longitudinal study across 9 sectors using data from the census bureau and concluded that the failure rates can be as high as 64% for firms in a 10 year period, and between 14% and 25% in the first year. Giardino, Wang and Abrahamson (2014) found inconsistency between strategy and execution to be a prime determinant of failure. Others have cited poor planning, and Startup Genome claims “Solo founders take 3.6x longer to reach scale stage compared to a founding team of 2.” So teams are an important ingredient to increase the viability of a venture.

Teams and Startups

Muñoz-Bullón, Sanchez-Bueno, and Vos-Saz, A. (2015) studied several nascent entrepreneurs and deduced that mobilization of team resources is one of the facets needed for establishing a profitable venture. Van Doorn, Jansen, Van den Bosch, and Volberda, (2013) have established that senior team orientation is a critical factor in firm performance. Composition of teams (Nielsen & Nielsen, 2013) and confidence levels of teams (Liozu, 2015) impact firm performance. We thus have research which proves that teams are vital for performance. In a startup situation, teams are a crucial factor as they are the limited resources which the entrepreneur brings to make the venture a viable entity.

Chandler, Hong and Wiklund (2005), Harper (2008) concluded that teams in startups assist in finding new opportunities and making important decisions which has an impact on the firm’s ability to survive and perform. Ucbasaran et al. (2003) describe a team in a startup environment as akin to having a fount of scare resources (finances, network etc.) which could help a new firm significantly.

West (2007) found that entrepreneurs, who get teams to work on their startups, have a marked increase in the survival rates purely because of the variety of resources that they can access. In addition, they also bring new ideas and perspectives which a solo entrepreneur will find hard to get. We view the team, as redefined by Kozlowski and Ilgen (2006), as a “team task,” i.e. a group of individuals who come together to complete a given task in an organizational setting. The focus of this definition is on the team completing the task it is assigned. In the case of a startup, it could vary, but the task will be the outcome that we measure as the indicator of team performance.

Salas, Warner and Letsky (2013) identify several tools to improve teamwork such as job redesign, team rebuilding, performance management programs and training. They further state that “team training
involves finding the optimal combination of tools, delivery methods, and content.” Beer (1976) and others such as Buller and Bell (1986) find that such interventions of training improve the interactions of the team members and outcomes too. Dyer (1984), Salas and Cannon-Bowers (2001) found a positive impact of having these interventions. In this paper, we have chosen to measure team outcomes as a manifestation of an effective team. Romero and Pescosolido (2008) have claimed that team productivity is the most important facet of effectiveness.

Teams and humor

Just having a team is not enough for a venture to succeed. While we earlier reviewed the copious amount of literature on the determinants of team productivity, we now focus on team humor. Groups can be unified due to internal and external reasons (Sherif, 1977). An external reason could be a threat and teams would like to minimize those. Humor can be used as an internal way to improve group cohesiveness.

In a large meta-analysis of teams, DeChurch and Mesmer-Magnus (2010) observe that “there is indeed a cognitive foundation to teamwork; team cognition has strong positive relationships to team behavioral process, motivational states, and team performance.” Socialization increases with humor in a group by making interactions less tense (Morreall, 1991) and shared laughter can improve bonding in a group, more so in times of adversity (McGhee, 1999).

Thus, humor has a positive effect on individuals as well as on team members. It impacts team cohesion, efficacy, mood, emotion and can also improves members’ confidence in a given task (Kozlowski et al., 2006). Others have found that it induces optimism, self-regulation and creates positive emotions. As can be seen above, team training leads to positive team performance (Mathieu et al., 2000; Salas, Rosen, Burke, Goodwin & Fiore, 2006). We are specifically checking to see if humor training can assist in startup situations. The work of Mathieu et al. (2000) also shows us that shared team processes are effective tools. In this case, we are proposing a shared humor process. Robert et al. (2012) focus on the benefits of humor in organizations as an important factor in employee well-being. There are only a few other studies which have found an affirmative influence of humor. Avolio et al. (1999) found that managerial performance was positively impacted by supervisor’s use of humor (as rated by the subordinates). Priest and Swain (2002) show that good leaders use considerably more humor than bad leaders do. Managers who use positive humor are found to be more approachable and comprehend the challenges of their employees. Witham (2007) perused surveys by executive recruitment firm Robert Half International which showed 97% of employees feel managers need to have a sense of humor as it creates a better work climate and improves relationships between them. These studies, though limited do show that humor impacts team outcomes. We now want to focus on teams and humor and how it could lead to team performance.

Cooke, Gorman, Myers and Duran (2013) in their research concentrated on team interaction as a key feature which is important for team performance. In addition to positive humor one needs the feedback of laughter too for it to be successful. So if we posit that humor is a lubricant for good team performance, we have to also understand that humor needs to be followed by laughter for this to occur. So we would like to focus on humor laughter patterns as suggested by Cooke et al. (2013) in this setting. We will do training for 15 days and then check if there was any improvement.

Romero and Pescosolido (2008) use Hackman’s (1986) group effectiveness model and adapt it to humor, thus coming up with a group humor effectiveness model, showing how successful organizational humor leads to better leadership, communication, group culture and acceptance of group goals which in turn, leads to productivity. The wheel model cited in Robert et al. (2012) demonstrates that humor in groups has a contagious effect and improves group cohesion.

Hypothesis 1. Humor in groups positively improves team performance.

Startup ventures as emotional rollercoasters

A typical startup has limited resources and has to face constant turmoil. Systems are not in place, the service or product is new, clients are unsure and teams are fluid. Deadlines seem to approach faster and
all resources are strained. For the most part, everyone in the team does not have defined tasks and some level of chaos reigns. Even one individual leaving at the initial stage could upset the balance. It is also harder for them to replace and attract the right kind of employees at this stage. Humor has the potential to defuse potentially explosive situations capable of breaking up the venture. For example, J. M. Smucker Company in their culture statement advocate that humor needs to be used to find relief from difficult situations. McGhee (1999) found that shared laughter can improve bonding in a group, and he felt this was more so in times of adversity. Humor is a method of communicating tense ideas in ways that are not as painful (Martin & Lefcourt, 1983). Humor has been seen as an adaptive coping strategy. Samson and Gross (2012) describe a simple experiment showing that positive humor is better at amending damaging emotions than negative humor. Yovetich, Dale and Hudak (1990) established evidence that humor reduced dysfunctional stress. The way this occurs, according to Henman (2001) is that one develops a “sense of dominance and control” while using humor in a stressful condition. Having control reduces stress and anxiety (Smith, Ascough, Ettinger & Nelson, 1971). Martineau (1972), states that affiliative humor creates a bonding mentality which aids teams during times of stress. Martin et al’s (1993) study showed that individuals with high humor levels had less stress, a rosier outlook and a positive self-concept. Abel (2002) had an interesting finding that demanding conditions become manageable when people use their sense of humor to reframe the situation. In addition, humor may diminish burnout, relieve pressure and let employees get a perspective on their job so that they interpret the taxing condition more favorably. Similar arguments are made by Bischoff (1990), Mesmer (2000), Rosenberg (1998) and Talbot and Lumden, (2000).

Bentley (1991) found that humor stabilizes any explosive situation. Barth (1990) had a biological explanation. When one laughs, the lungs push carbon dioxide, eyes rinse themselves with tears, muscles relax, adrenaline increases and according to them even the cardiovascular system gets exercised. Studies by Holmes (2006), and Morreal (1991) indicate that humor may stimulate team unity, collegiality and make others in the team look more pleasant. According to them, humor is a social lubricant and acts as a consensus building bridge, when there are serious concerns affecting the group (Coser, 1960).Byrne and Newman (1992) say that humor generates positive affect among group members, Meyer (1997) claims it emphasizes shared values. In another vein, during nascent stages of a venture, when tempers run high and people have diverse views, humor acts as a bridge to limit friction (Fine & de Soucey, 2005) and as Holmes (2000) finds, it also masks unpleasant content of messages. Trust, another key component in a startup, is facilitated by humor (Hampes, 1999). When there are unpleasant things to communicate, humor acts as a positive lubricant in groups, as shown by several studies including those by Ullian (1976).

Further, Weick and Westley (1996) found that humor actually assists in creating a group identity which is important to a fledgling startup. A strong group can increase the likelihood of a venture succeeding. Susa (2002) noted that positive emotion is associated with higher organizational commitment and higher job satisfaction (Brief & Weiss, 2002). Thus we find that humor is an enabler of positive emotions.

Hypothesis 2. In a startup environment, teams with humor training show reduced stress levels as compared to those without.

Humor training

There is a paucity of research done in training people to be humorous. Our attempt here is to find literature on humor which claims that teams can be trained in humor. Butler (2015) notes that humor has been used to encourage employees to comply with objectives of the firm.

Romero et al. (2006) state that managers use humor to decrease stress and improve group’s cohesiveness and creativity. Gender and ethnicity are moderators for different kinds of humor. They claim that managers can have a toolkit of humor which is appropriate for the result desired and launch it for affirmative outcomes for the firm. They go on to assert that self-enhancing and affiliative humor increases creativity. Reus and Liu (2004) found that groups or teams in organizations should “develop emotional capability, or the ability to recognize and regulate emotions of group members.” Humor could play a vital role in emotion regulation as has been seen in many studies noted above.
One conclusion derived from these findings might be that organizations should attempt to cultivate humor at work and encourage employees to hone it. (Hampes, 1999; Kuiper, McKenzie & Belnager, 1995). Cooper (2008), Romero et al.(2008) have listed firms that use humor in their selection criteria for employees, (organizations such as Southwest Airlines) and found that there is higher employee camaraderie and customers are happier. Van Der Wiele, Boselie, and Hesselink, (2002) found that keeping customers happy is good for the business in terms of firm performance. Romero et al. (2006) have also suggested designing training sessions to teach participants methods of selecting appropriate humor styles for the situation and outcome desired.

Another concept is that of laughter clubs. These were set up over 20 years ago by Dr. Kataria, a medical doctor who found many beneficial aspects of laughter (Mora-Ripoll, 2010). There are thousands of these clubs in over 40 countries. Each club has over 10-30 people who meet every morning for 15 minutes and laugh on cue. Research on laughter clubs has shown a positive impact on stress reduction levels. They have also spawned a new movement of “Laughter Yoga.” Beckman, Regier and Young (2007) found positive results in conducting this kind of aerobic “laughter” exercise for 15 days for 15 minute stretches and noted results such as increased “self-regulation, optimism, positive emotions and social identification.”

Nevo, Aharonson and Klingman (1988) did a 20 hour 14 unit humor training program and found significant differences. They found that those who had attended the training were rated higher by peers in production and appreciation of humor. They even found that the employees dealing with these participants stated improved levels of humor. This affirms Chapman’s (1974) theory that “the presence of others and laughter enhance enjoyment and appreciation of group participants.” Humke and Schaefer (1996) found evidence that humor promotes creativity by soothing and reducing the likelihood of criticism of newer ideas. Romero (2006) finds that a fun environment is contagious and Ziv (1983) suggests that original ideas could emerge from this situation. Isen, Daunman and Nowicki’s (1987) study found that exposure to humor has a positive impact on creative problem solving. O’Quinn et al. (1997) as well as Murdock and Ganim (1993) found that humor is related to creative thinking. The manner in which it happens, says Morreall (1991), is that people take more risks which is the bedrock of creativity. This occurs as it relaxes people and they are more receptive of newer ideas and less prone to criticize them. Berg (1990) also reiterated that humor makes people stretch beyond their limits and increases openness’ to feedback.

Hypothesis 3. Humor training has a positive correlation with meeting team objectives.

Hypothesis 3a. In a Startup environment, teams with humor training will have increased creativity as compared to those without training.

RESEARCH DESIGN

Method

The sample will be collected from “500 Startups” (500.co). Since the researcher has access to the board of directors for this group, we will randomly select 50 of the startups in this group. Data will be collected in a longitudinal field research setting. Participants will be guaranteed confidentiality and no personal information will be given to the firms.

Startups are defined as ventures less than 1 year old, which are in the initial stages of their operations. This set of 500 startups includes firms with as few as 1 person to 25 person groups. We will only select from those firms which have a firm size of at least 4, so that we have teams and can study them. This brings the list down to 432 firms. These are firms from all industries such as technology, entertainment, social media, cleaning services etc. This sample of 50 firms will be a randomly chosen.

Initially, we will collect team performance measures using the Kirkman validated questionnaire. We will also collect data on humor and use it as a benchmark on humor. The traits that will be measured consist of humor cognition, perceptiveness, motivation and communication. This will be primarily an observational phase and the observational role of the researcher or recording device will be to be incognito at best. All meetings will be recorded. Startups will have the option to either record their
meetings or have an independent researcher be present. We understand that there could be bias, as the main researcher knows what hypotheses they are testing and could interpret the information without having an objective mindset. To reduce the bias effect, an independent researcher will be enlisted to record these meetings (using both video and audio) and code them along the measures mentioned earlier, such as cognition, communication etc. We will also do a quantitative analysis as suggested by researchers Eysenck (1972), described earlier. We will do a simple count of times laughed per meeting and per unit of time.

The “team task” and team cohesion measures will also be collected from the team members via a survey using measures of cohesion and team task based on Kozlowski et al. (2006).

In the next phase, we will do an intervention. For this, we will introduce the “Laughter Club concept.” (Dr. Kataria’s method described in Mora-Ripoll, 2010). We would do an intervention of laughter for 15 minutes a day for a continuous 15 day period and check team outcomes. As seen earlier, humor could be positive or negative and there is evidence that all humor is not received equally. There are cultural gender and ethnic differences. However, the laughter club concept involves involuntary group laughter without a culture-specific humorous stimulus. Using the laughter club concept will eliminate different kinds of humor and ethnic cultural and gender issues, which the humor literature shows us, could be moderators.

Once the 15 days of pertinent training is conducted, we would then video-tape the meetings again to see its impact on performance. The same measures covered earlier will be included to get a sense of the impact of the training. We expect to do the intervention in 25 randomly assigned groups and the other 25 groups will not have any training (control). As stated above, the second phase will begin after 15 days of the training.

The second phase will consist of several onsite visits where the researchers will attend all the meetings and make note of situations of humor for each group. For each startup we will attend 10 meetings. In order to collect information on the manner in which humor is used and its impact, we plan to record the team meetings. In a typical start up culture, there will be many meetings held daily. Some are agile meetings and others formal. We hope to cover at least 10 of those in this phase. We will use software tools such as Nvivo 10 and other analytic tools to find patterns for evidence of laughter and other positive effects. We will use the number of times humor was used in the team meeting and also record whether it was followed by laughter.

Independent researchers (not part of the study) will be employed to code this and we hope to have a high inter-rater reliability. We will collect data on team performance as a simple question from each team member such as, “Did your team achieve the goals you were set up for?” on a semantic scale. We will also use validated scales to collect information on job satisfaction, positive affect, group identity, stress levels and creativity before and after trainings and for the control group at two times.

**Measures**

Post training, the same traits will be measured as earlier which consist of humor cognition, perceptiveness, motivation and communication. The team leader will be asked to rate the team performance a few days after the meetings, on parameters set by them. To create these parameters, we used various measures from Kirkman and Rosen (1999) such as: “The team reaches their targets”; “The team exceeds their qualitative targets”; and “The team continuously improves their efficiency.” For the survey items, we used a 7 point semantic scale ranging from 1 (completely disagree) to 7 (completely agree).”

**Controls**

We will control for demographics (gender, age), length of meeting, size of team, and industry. Other controls could be those that contribute to team effectiveness such as heterogeneity and ethnicity etc.

**Analyses**

We will also do a simple regression analysis of the frequency of humor to predict team performance.
measures. For hypothesis 1, we will use team performance as a DV and see if the change in humor between pre and post training is highly correlated with the outcomes. Hypothesis 2 will be tested by checking if humor reduces stress, so we will do a pre and post paired sample test to determine reduction in stress levels. Hypothesis 3 will constitute of Simple t tests to measure pre-post impact of humor training.

At the end of one year, we plan to check if the firm has survived or not. These will be coded as 0 (death) and 1 as survived. We could then run a logit regression model to examine for survival of the firms and check if the firms in the training group did any differently than those who did not have the training.

LIMITATIONS OF THE RESEARCH DESIGN

The following limitations are acknowledged and will be kept in consideration for future research studies. We first started by drawing a narrative as follows: Humor leads to laughter in work groups, the laughter in turn creates convivial positive feelings in the team which then lead to increased productivity and hence survival rates of start-ups. However, in order to create a practical and measurable research design, we have acknowledged the complicating effects of culture and language on humor, and have thus decided to bypass the step and go straight to laughter (without humorous context) as the intervention tool. In a future study, we would wish to study the reverse. Linkage between laughter and humor, Secondly, the time period in which observations are being made is relatively short. During this short time period, many other complicating factors can occur in the startups being observed (for example, cash-flow issues, sales issues etc.) which could further muddy the research, we will try to mitigate this by filtering out the outliers.

CONCLUSION

“Our work efforts are important — that is how we set the example and take the lead. Our sense of humor is also important, for that is how we maintain our perspective to our work. Humor, not at the expense of others, but as a brief relief from difficult tasks, can make our working atmosphere more pleasant and enjoyable.” Paul Smucker, then CEO of J.M. Smucker Company ($8Bn, NYSE: SJM) said in a letter to his employees (http://www.jmsmucker.com/smuckers-corporate/our-commitment). We believe the same sentiment works for the tumultuous world of brave entrepreneurs and their start-ups. This study will make an original contribution to the study of humor and laughter as a means of improving team unity and productivity in startups.

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