Human Interactions and Financial Investment: 
A Video-Based Approach*

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(Very Preliminary. Please Do Not Circulate.)

Economic decisions are often made after human interactions. This paper proposes a flexible and extendable empirical framework to study micro-level human interactions and their connections to financial investment decisions. We project human interactions to three dimensions—visual, vocal, and verbal, and construct easily interpretable metrics along these dimensions using machine learning algorithms with videos as data input. The framework and methodology are applied to pitch videos in which entrepreneurs pitching investors for funding. We find that startup founder(s)’s behaviors differ significantly in their pitches. Venture investors are more likely to invest in startup teams that show more warmth and positivity (happy, passionate), but startup teams showing such features underperform conditional on investment. These features in human interactions carry more weight when evaluating female entrepreneurs, but women are often neglected when presenting together with their male teammates. We do not find strong evidence supporting that human interactions allow venture investors to extract additional valuable information about entrepreneurs on net.

JEL Classification: D91, G41, G24, L26

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