

# 'Shark Tank' data reveals women are less likely to get funding when pitching innovative ideas to investors

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Women pursuing revolutionary business ventures are less likely to be funded because of investors' unconscious bias against female

entrepreneurs, according to a study by Northeastern University researchers that included an examination of "Shark Tank" episodes.

Novelty is vital to entrepreneurship. However, it becomes an invisible liability for women who face the "double bind" effect, the study said.

The article, "Gender Liability of Venture Novelty," co-authored by Northeastern professor Zhenyu Liao, has been published in the *Academy of Management Journal*.

Liao's findings are based on the results of three studies, including an archival examination of "Shark Tank"—ABC's popular TV show where entrepreneurs pitch their products and ideas—coupled with online and field experiments.

The data in the study is unique because the researchers examined the on-air interaction between the entrepreneurs and Sharks—five celebrity venture capitalists who sit on a panel. The researchers analyzed the Sharks' spontaneous reactions and more deliberate thinking.

The implicit biases of the Sharks was obvious in some cases, Liao says.

One example the research cites was a proposal made for a skinny mirror, which shows a person about five to 10 pounds lighter in the reflection. The female entrepreneur wanted to pitch the product to clothing stores to help them sell more items.

But she received a very harsh comment. One of the sharks said, "It's supporting a falsehood ... this is a lie to somebody ... I deal with reality, will not be part of this sham ... this is all crap. You are lying to people."

Liao says the shark likely would have said the idea was super interesting if a man pitched it and possibly suggested an alternative buyer, like a fun

house, because the item is deceiving.

Another example, Liao says, was when a husband and wife duo pitched an infused apple cider vinegar beverage to the Sharks.

The male Shark said, "I'm not sure America's ready for vinegar right at the nostril," and added that the entrepreneurs will have to reinvent this category to get people used to the idea of having natural preservatives.

"That's really pioneering and what often happens to pioneers is they get a lot of arrows in their back," he continued.

When a female Shark chimed in, she gave advice to consider adding hard liquor to the beverage to sell it to a wider audience. The female Shark decided she, too, was not investing.

During another episode, a woman pitched a "Switch Witch," or a doll that will collect children's Halloween candy in exchange for a gift to reduce sugar intake.

In response, a male Shark said, "I've never heard of it. I think you should take the cue from what actually happened in Salem in the old days. ... If I were you, I would take this behind the barn and burn it because I think it sucks."

Sharks questioned why the product didn't take off or become viral.

In contrast, when a male investor proposed a surgically implanted bluetooth device in the ear to eliminate devices falling off during movement, the Sharks may have not invested but called him a "genius" and "ahead of his time."

The entire industry should work on the implicit biases against women,

Liao says. It shouldn't be how women can fix themselves or have a better chance of obtaining funding.

Last year, U.S. startups with all-women teams received 1.9% or around \$4.5 billion out of approximately \$238.3 billion in [venture capital](#) allocated, according to the latest PitchBook data. The percentage drops from 2.4% of all-women teams raised in 2021, according to TechCrunch.

The gender norms of women—being polite, accommodating in groups and nurturing—can be seen as contrary to what it takes to be an entrepreneur, Liao says. Being an [entrepreneur](#) involves being a leader, bold and outgoing, he says.

There isn't a clear solution, Liao says. Studies show that women investors sometimes have even more bias against women because they understand the hurdles they are up against and may make harsher judgments. Having more women investors may not necessarily help solve the problem.

However, the gender of the investors can matter. There's a lot of research on homophily effects, which means we tend to bond with the genders similar to us. Since men dominate the venture capital industry, they tend to connect with more men. If there are more women, it can be helpful for women to bond with each other.

"Having more women may decrease the [implicit biases](#), but fundamentally, we should fix the system; we should fix the overall occupational gender segregation and the industry role that the [general public](#) may have toward women as well."

**More information:** Zhenyu Liao et al, The Gendered Liability of Venture Novelty, *Academy of Management Journal* (2023). [DOI: 10.5465/amj.2021.1425](https://doi.org/10.5465/amj.2021.1425)

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