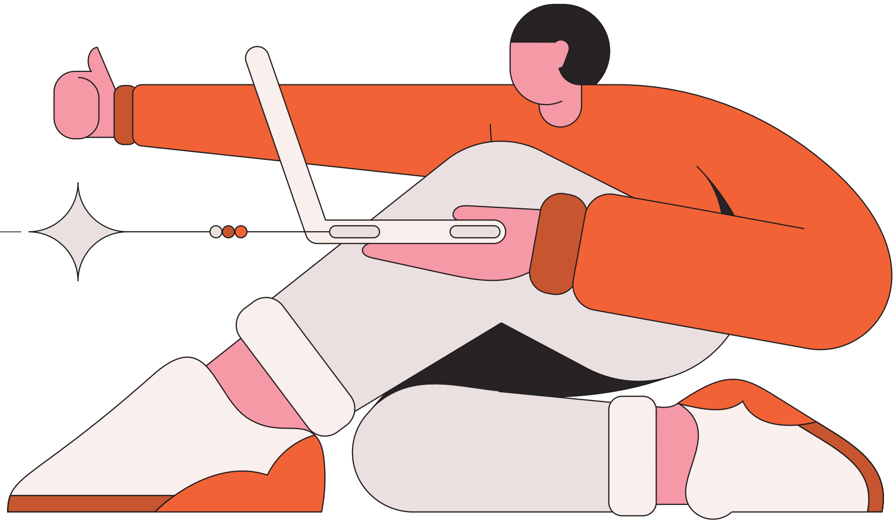

STARTUPS

To Crush the Pitch, Skip the Suit

When you're giving a big presentation, you may think you should dress to impress. But new research shows that for startup founders, keeping it casual could help earn investors' trust—and funding.

Researchers examined 774 pitches delivered on the U.S. TV series *Shark Tank* from 2009 to 2019. On the show contestants try to persuade a panel of prominent businesspeople (the "sharks") to invest in their fledgling companies. The researchers used linguistic software to analyze the sharks' discussions after each pitch—including their take on how authentic, powerful, and certain the entrepreneurs seemed—and whether it resulted in an investment. When they compared that data against the formality of the lead founder's attire, they discovered that entrepreneurs who dressed casually were 32% more likely to be funded and were more likely to be described as authentic by the sharks. That held true even after controlling for the entrepreneur's education, age, and gender and the startup's industry.

In a similar study, on 101 investments made by a European angel-investment group from 2012 to 2024, and in an online experiment with 714 U.S. equity investors, the researchers replicated those results. Those studies uncovered an interesting correlation between dressing casually and the attention that investors paid to details revealed in the pitch, like past experience. If an entrepreneur was dressed casually, investors gave less weight to that person's relevant past experience when deciding whether to invest. Their first impression—that the entrepreneur fit their expectations of what a company founder should look like—seemed to crowd out other considerations, the studies' authors write.

The researchers say that their findings highlight a bias that investors should look out for—and a strategy that entrepreneurs might employ to gain support.

ABOUT THE RESEARCH *"Appearing Authentic: How Dress Formality Influences Perceived Authenticity in Investment Evaluations," by Henrik Wesemann Lekkas et al.* (Journal of Management, *2025)*

TECHNOLOGY

AI's Competence Penalty

Despite companywide pushes to incorporate AI tools into work—and big promises that they'll help improve employee performance—many workers resist them. A new study suggests why: Adopting AI can make employees seem less competent to their peers.

Researchers partnered with a large global tech company that had recently introduced an AI coding tool to its 28,698 software engineers. Twelve months after its release, only 41% of the engineers were using it, despite incentives to do so, and uptake was even lower among women (31%).

To determine why so few people were harnessing the AI tool, the researchers ran an experiment with 1,026 engineers at the company. In it participants reviewed a segment of code they were told had been written by another engineer, either with the help of AI or without it. In some groups participants were told that the engineer was a woman, and in others that it was a man. When reviewers believed the code was written with the help of AI, they rated the engineer's competence 9% lower than the unaided engineer's. Women faced the steepest penalty—they were considered 13% less competent when they used AI.

Analyzing the gender dynamics further, the researchers found that male participants who'd said that they didn't use AI themselves were particularly harsh critics of women who did: They rated them 26% less competent than male engineers who had used an AI tool.

In a follow-up survey with 919 participants, the researchers discovered that the engineers were aware of this