Sibo Liu
Faculty of Business and Economics
The University of Hong Kong
Pokfulam Road, Hong Kong
sibo@connect.hku.hk
(852) 6999-2959

28 March 2018

Dear the academic coordinator and committee member of NBER Entrepreneurship Research Boot Camp,

I am writing to apply for NBER Entrepreneurship Research Boot Camp 2018 as advertised on the NBER website. I am a fourth-year Ph.D. candidate in finance at University of Hong Kong (HKU). My academic training prepares me to be an effective researcher in the areas of the economics of entrepreneurship and entrepreneurial finance.

Being a fourth-year Ph.D. student, I have developed a portfolio of research projects with good potentials. Some of my working papers on innovation are accepted in several conferences like WFA, SFS cavalcade, EFA, and etc. And one another paper is now 2nd round revised and resubmitted at *Accounting Review*.

My current research investigates emerging issues in entrepreneurship with large datasets on entrepreneurial activities by collaborating with a leading company in the industry. In particular, I am interested in understanding various shocks that accelerate the transition from traditional entrepreneurial activities to new business models (online business) and the underlying mechanisms.

I have enclosed my CV and a list of completed Ph.D. courses. The letter of recommendation will be separately sent to you by my advisor, Prof. Chen Lin, or his representative. His information is as follows.

Professor Chen Lin
Associate Dean (Research)
Chair of Finance, Stelux Professor in Finance
Faculty of Business and Economics
University of Hong Kong
Tel: 852-3917-7793
Email: chenlin1@hku.hk

Thank you in advance for your consideration of my application.

Sincerely,

Sibo Liu



SIBO LIU

Room 821, K.K.L., Faculty of Business and Economics, The University of Hong Kong
(852) 6999-2959, sibo@connect.hku.hk

Doctoral Studies

Ph.D. Finance, University of Hong Kong 2014-2018
Field: Innovation, Entrepreneurial Finance, Law and Finance (expected)

References:

Prof. Chen Lin
Faculty of Business and Economics
University of Hong Kong
852-3917-7793
chenlin1@hku.hk

Prof. Gustavo Manso
Haas School of Business
University of California at Berkeley
510-643-6623
manso@haas.berkeley.edu

Prof. Daniel Berkowitz
Department of Economics
University of Pittsburgh
412-648-7072
dmberk@pitt.edu

Prof. Yi Huang
Pictet Chair for Finance and Development
The Graduate Institute, Geneva
41-22-908-5940
yi.huang@graduateinstitute.ch

Prior Education

M.Phil. Finance, Lingnan University 2012-2014
M.A. Economics, China University of Political Science and Law 2009-2012
Visiting Student, Institute of Theoretical Physics, Chinese Academy of Sciences 2010-2012
B.A. Economics, Xi'an Jiaotong University 2005-2009

Completed Working Papers

"Shareholder Litigation and Corporate Innovation"
with Chen Lin and Gustavo Manso
Accepted by WFA 2018
Presented at SFS Cavalcade 2017, FIRS 2017, EFA 2017
Presented by coauthor at Chicago (Booth), Berkeley (Haas), Federal Reserve Board, Virginia, UT Dallas, Bristol, Exeter, Warwick, Manchester, the 2016 ADBI (Asian Development Bank Institute) Finance and Innovation Conference

Abstract: We examine whether and to what extent shareholder litigation shapes corporate innovation. We use the staggered adoption of the universal demand (UD) laws in 23 states from 1989 to 2005. These laws impose obstacles against shareholders filing derivative lawsuits thereby significantly reducing a firm's litigation risk. Following the passage of the UD laws, firms have invested more in R&D, produced more patents based on new knowledge and more patents in new technological classes, generated more patents that have a large number of citations, and achieved higher patent value. Our findings suggest that the external pressure imposed by shareholder litigation discourages managers from engaging in explorative innovative activities.

"Minimum Wage and Corporate Investment"
with Heng Geng, Yi Huang and Chen Lin
Presented at SFS Cavalcade Asia-Pacific 2017
Accepted by China International Conference in Macroeconomics 2018
Presented by coauthor at Tsinghua, Swiss Finance Institute

Abstract: This paper studies the effects of minimum wages (MWs) on corporate investment decisions using census data of manufacturing firms over the 1998-2008 period in China where the MW policy varies across more than 2,800 counties. We exploit the MW policy discontinuities at county borders and explore how MWs affect firms located surrounding shared borders of any two adjacent counties but subject to different MWs. We find corporate investments increase as a result of MW hikes; the effect is stronger among labor-intensive firms, firms that cannot sufficiently pass labor cost on to consumers, firms with better access to finance, and firms located in regions with better contract enforcement. Our findings are

explained by a capital-labor substitution hypothesis: firms make more investments in fixed assets and adopt new technologies to offset growing labor costs caused by the higher wage floor. We also document a positive effect of MWs on firm's long-term debts, suggesting the increase in investment is externally financed.

"Pleading Standards and Corporate Voluntary Disclosure: Evidence from Legal Changes"

with Joel Houston, Chen Lin and Lai Wei

2nd round Revise & Resubmit at ***Accounting Review***

Abstract: This paper documents that changes in pleading standards affect corporate voluntary disclosure practices. We make causal inferences by exploiting three legal events that change the pleading standards of securities actions for a specific group of firms, which in turn generate exogenous variations in firms' expectations of litigation. Using a matching-based, fixed-effect difference-in-differences design, we find that relative to control firms, the treated firms tend to make fewer (more) management earnings forecasts in a less (more) timely fashion and with lower (higher) precision and accuracy when they expect litigation risk to be low (high). The results are stronger for firms in industries with higher pre-event litigation propensity and are concentrated on earnings forecasts conveying negative news. The results are also robust to the inclusion of industry and regional factors and trends, as well as alternative samples, control groups and disclosure measures (i.e., 8-K filing properties).

"De-politicization and Corporate Transformation"

with Daniel Berkowitz and Chen Lin

Presented at Graduate Institute of Geneva

Presented by coauthor at Harvard (Economics), Harvard Business School, Columbia, Pittsburgh, the ADBI (Asian Development Bank Institute) PRC New Economic Normal conference

Abstract: It is well documented that when firms get favorable treatment from the government primarily because of their political connections, such firms may operate inefficiently because they are more interested in devoting their resources for building connections than for creating economic value-added. There are, however, just a few studies of how firms in developing economies adjust following a substantial weakening of their connections. This paper evaluates the impact of a recent de-politicization reform in China: two years after the enactment connected firms lost their preferential access to external finance and sales (government contracts); and, they became more productive, innovative and transparent, and invested more efficiently, indicating that politically connected firms can quickly adjust to a de-politicization.

Projects in Progress

"Salience Theory and Entrepreneurship"

Abstract: I study the psychological biases underlying people's decision of becoming an entrepreneur. Using the entire universe of entrepreneurs on the largest online shopping platform in the world, I find that people are more likely to become an entrepreneur when observing a successful "superstar" emerging in the neighborhood. The new entries underperform relative to other counterparts in terms of sales, the number of transactions, service quality and exhibit a high probability of exit, suggesting the entry decision is suboptimal. The identification of the "superstars" is based on a regression discontinuity design exploiting the randomness of micro loan granting at an internal cutoff of credit score. The finding is supplemented by an analysis on the offline business creation. Exploiting the arguably exogenous variation in the timing of IPOs in China, I find more business entities are registered in a city shortly after a private firm in the same city goes public, a salient event in the financial market. Overall, the results are most consistent with salience theories of choice and availability heuristic. The findings cannot be explained by demand shocks, regional development or rational learning.

"Housing Price and Entrepreneurship", with Yi Huang, Chen Lin and Zixia Sheng
Abstract: In this paper, we estimate the impact of housing price on traditional entrepreneurial activities (offline business) and internet entrepreneurial activities (online business), respectively. Our study is based on the universe of registration information on Chinese offline business entities (more than 100 million entities) and the universe of transaction-level data (more than 32 million online entrepreneurs) from Taobao, the largest online marketplace in the world. Exploiting an instrument variable based on city-level land supply elasticity, we find housing price appreciation depresses business creation for traditional entrepreneurial activities, especially for retail industry, but leads to more internet entrepreneurial activities, measured by online business entry and exit. Using a large entrepreneur-transaction matched panel, we also document real estate booms spur online business expansion at the extensive margin, gauged by sales growth, for online entrepreneurs who are house-owners. The effect of housing price varies across entrepreneurs with different demographic characteristics. The whole set of results are explained by a "cost" channel: the increased operating costs (rents, wages, etc.) imposed by rapidly rising housing prices accelerate the transition from traditional entrepreneurial activities to new business models.

Other Publications

Does Community Environment Matter to Corporate Social Responsibility? 2016, *Finance Research Letters* 18, 127–135. with Chen Lin and Dejun Wu

Competing by Conducting Good Deed: the Peer Effect of Corporate Social Responsibility, 2016, *Finance Research Letters* 16, 47–54. with Dejun Wu

Funding

Co-Investigator of General Research Fund (No. 17504117, 2017/18)
University Grants Committee, Hong Kong
Title: "Do Managerial Incentives Matter? Evidence from SOE Pay-Cap Reforms in China"
Fund Approved: HKD 473,885

Professional Activities

Referee for *Journal of Comparative Economics* (5x)

Conferences & Presentations

SFS Cavalcade 2017 (presenter)
FIRS 2017 (presenter)
EFA Annual Meeting 2017 (presenter)
SFS Cavalcade Asia-Pacific 2017 (presenter)
China International Conference in Macroeconomics 2018 (presenter, scheduled)
Graduate Institute of Geneva (presenter)
Chinese Academy of Sciences (presenter)

Teaching

Teaching Assistant, Advanced Corporate Finance, 2016-17 (Master of Finance, Prof. C. Lin)
Teaching Assistant, Selected Topics in Financial Economics, 2016-17 (PhD core, Prof. C. Lin)
Teaching Assistant, Advanced Corporate Finance, 2015-16 (Master of Finance, Prof. C. Lin)
Teaching Assistant, Selected Topics in Financial Economics, 2015-16 (PhD core, Prof. C. Lin)

Knowledge Exchange

"Qianhai Cross-border Financial Index", issued quarterly, 2014-2016
in collaboration with Qianhai Institute for Innovative Research
Key project funded by Shenzhen Government

Languages and Skills

English (fluent), Mandarin (native)
Experienced programmer: R, Python, SAS, Stata, SQL, Geographic Information System, Textual Analysis, Web Crawling

Sibo Liu --- List of Completed Ph.D. Courses

Year	Semester	Course Code	Course Title	Result
2014	1	ECON6005	Econometric Theory I	P
2014	1	ECON6017	Financial Economics	P
2014	1	ECON6012	Macroeconomic Theory	P
2014	1	ECON6011	Microeconomic Theory	P
2014	2	ECON6010	Monetary Policy : Theory and Practice	P
2014	2	ECON6053	Selected Topics in Financial Economics	P
2015	1	ECON6881	Economics and Finance Workshops I	P
2015	1	ECON6054	Graduate Seminar	P
2015	2	ECON6882	Economics and Finance Workshops II	P
2015	2	ECON6035	Political Economy of Economic Policy	P
2015	2	ECON6052	Selected Topics in Macroeconomics I	P
2016	1	ECON6883	Economics and Finance Workshops III	P
2016	2	ECON6884	Economics and Finance Workshops IV	P

THE UNIVERSITY OF HONG KONG
香 港 大 學
Transcript of Academic Record
學 業 成 績 表

Issue Date: November 24, 2017

Name: Mr. Liu Sibo 劉思博
Date of Birth: February 8, 1987

University No: 3030026591
H.K.I.D No: M145944(4)

Prizes and Awards — Academic Year
Postgraduate Scholarships **

Curriculum Admitted — Date
Doctor of Philosophy (PhD) — September 2014

Curriculum: PhD - Economics and Finance
Academic Year: 2014-2015

Course Code & Description		Units	Grade
ECON6005	Econometric Theory I		P
ECON6010	Monetary Policy : Theory and Practice		P
ECON6011	Microeconomic Theory		P
ECON6012	Macroeconomic Theory		P
ECON6017	Financial Economics		P
ECON6053	Selected Topics in Financial Economics		P
GRSC6008	Transferable Skills		P
GRSC6020	Introduction to Thesis Writing (The Humanities & Related Disciplines)		P
GRSC6029	Research Ethics for Graduate Students (Faculties of Business & Econ, Education, Law & Soc. Sciences)		P

Curriculum: PhD - Economics and Finance
Academic Year: 2015-2016

Course Code & Description		Units	Grade
ECON6035	Political Economy of Economic Policy		P
ECON6052	Selected Topics in Macroeconomics I		P
ECON6054	Graduate Seminar		P
ECON6881	Economics and Finance Workshops I		P
ECON6882	Economics and Finance Workshops II		P

Curriculum: PhD - Economics and Finance
Academic Year: 2016-2017

Course Code & Description		Units	Grade
ECON6883	Economics and Finance Workshops III		P
ECON6884	Economics and Finance Workshops IV		P

Curriculum: PhD - Economics and Finance
Academic Year: 2017-2018

Curriculum: PhD - Economics and Finance

Field of Study
Finance

SEE BACK PAGE FOR EXPLANATIONS

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Issue Date: November 24, 2017

Name: Mr. Liu Sibo 劉思博
Date of Birth: February 8, 1987

University No: 3030026591
H.K.I.D No: M145944(4)

Mode of Study: Full-time
** The postgraduate scholarship shall be paid for the duration of the normative period of study for qualified full-time Ph.D. candidates.

- END OF TRANSCRIPT -

Certified as correct for the Registrar:

(Signature)

SEE BACK PAGE FOR EXPLANATIONS

Research Statement

Sibo Liu

Research Qualification and Experience

I am a fourth-year Ph.D. candidate in finance at University of Hong Kong (HKU). I have finished all my coursework and my academic training prepares me to be an effective researcher in the areas of the economics of entrepreneurship and entrepreneurial finance. I have developed a portfolio of research projects with good potentials. Some of my working papers on innovation and corporate policies are accepted in conferences such as WFA, SFS cavalcade, EFA, and etc. One another paper is now 2nd round revised and resubmitted at *Accounting Review*.

My skill set includes database techniques (e.g. SQL), natural language processing, geographic information system, web crawling techniques and etc. Those skills are helpful for my previous projects and on-going projects in acquiring the universe of business registration data in China, creating regression discontinuity design exploiting the policy differences at the county border and etc.

The Reasons for the Application

I believe NBER ERBC will provide me with excellent training and the valuable opportunities to interact with leading scholars in this field. I could definitely benefit from the intensive workshop by gaining knowledge of the frontier topics in this field, further developing my research idea, and collecting feedbacks for my projects from professors and participants.

Research Agenda

My current research investigates emerging issues in entrepreneurship with large datasets on entrepreneurial activities by collaborating with a leading company in the industry. The abstracts of these two on-going projects are as follows.

"Salience Theory and Entrepreneurship"

Abstract: I study the psychological biases underlying people's decision of becoming an entrepreneur. Using the entire universe of entrepreneurs on the largest online shopping

platform in the world, I find that people are more likely to become an entrepreneur when observing a successful "superstar" emerging in the neighborhood. The new entries underperform relative to other counterparts in terms of sales, the number of transactions, service quality and exhibit a high probability of exit, suggesting the entry decision is suboptimal. The identification of the "superstars" is based on a regression discontinuity design exploiting the randomness of micro loan granting at an internal cutoff of credit score. The finding is supplemented by an analysis of the offline business creation. Exploiting the arguably exogenous variation in the timing of IPOs in China, I find more business entities are registered in a city shortly after a private firm in the same city goes public, a salient event in the financial market. Overall, the results are most consistent with salience theories of choice and availability heuristic. The findings cannot be explained by demand shocks, regional development or rational learning.

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香港大學
經濟及工商管理學院
香港薄扶林道

December 5, 2017

To Whom It May Concern,

Re: Recommendation for Sibo Liu

It is my great pleasure to write this recommendation letter for Sibo. During the past 10 years, I have taught numerous students in Hong Kong. Many of the PhD students I worked with have received tenure track positions in leading research universities in Europe, HK, Singapore and mainland China. Sibo is among the best, most diligent and most skillful student that I have worked with. In my view, he is a remarkably talented researcher with great enthusiasm about research, superior skills and very rich insights. Furthermore, he has all the ingredients of becoming an excellent and resourceful teaching who can handle courses from undergraduate to PhD level, including MBA and specialized masters.

Sibo is a very productive student. He has developed five working papers during his PhD study. And his papers have been presented in leading conferences (e.g. SFS Cavalcade 2017, SFS Cavalcade 2017 Asia, EFA conference 2017, FIRS 2017) and top universities (e.g. Berkeley, Chicago, Columbia, Harvard, Virginia, etc.). One area of his research focuses on law and finance. Specifically, he explores how changes of pleading standards of derivative suits and class actions affect corporate innovation, insider trading and corporate voluntary disclosure. His studies exploit the exogenous reduction in litigation threat generated by the 1999 ruling of the Ninth Circuit Court of Appeals and the staggered adoption of the universal demand (UD) laws in 23 states from 1989 to 2005. He found that the law changes exert significant impact on managerial incentives in investing in explorative type of innovation, information production and insider trading. One paper (Pleading Standards and Corporate Voluntary Disclosure: Evidence from Legal Changes) is under revision at the *The Accounting Review*. And we plan to submit another paper "Shareholder Litigation and Innovation" to RFS very soon.

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Another line of research of Sibo focuses more on Labor and Finance. In the paper "Minimum Wage and Financial Leverage", he uses a unique database that contains information about minimum wage policies across more than 2,800 Chinese counties and the census data of all Chinese manufacturing firms during the 1998-2008 period to explore how minimum wages affect corporate finance and investment. Using a spatial RD type of technique and focusing on firms located in areas straddling county borders, he finds that financial leverage increases in response to minimum wage hikes, particularly among firms in labor-intensive and competitive industries. This is explained by a capital-labor substitution effect: firms make more investments in fixed assets and adopt new technologies to offset the growing labor costs. To finance these activities, firm adjust the capital structure by raising more long-term debt. The paper is under review at a top finance journal. In another China related paper, he explores how firms change their business strategies after exogenous loss of the political connection of a recent de-politicization reform in China. The paper is under review at a top economics field journal.

Throughout our work together, I have been extraordinarily impressed by his passion about research, his understanding about the literature, his empirical skills and his knowledge about all kinds of data sources. From the papers he has been working on, one can easily infer that Sibo is very familiar with various kinds of datasets related to innovation, litigation, insider trading, labor policies, economic geography, corporate disclosure, and Chinese data as well. In fact, he is also very familiar with all kinds of packages such as R, Python, SAS, STATA, SQL, GIS. He is also good at natural language processing, texture analyses, web crawling and machine learning. His ongoing research also explores how fintech affects entrepreneurship.

Taken together, I view Sibo as having very high potential in teaching and research. Any organization that hires him will discover his value quickly. I strongly recommend him without any reservation. Please let me know if you have any questions about Sibo.

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Best regards,



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