Ofir Gefen C.V.

Citizenships: Hong Kong resident, a citizen of Israel & Hungary **LinkedIn:** Ofir Gefen

Phone: +65 91972391 **Website:** ofirgefen.net

Emails: ofirgefen@gmail.com | ogefen@polyu.edu.hk

Academic Work Experience

The Hong Kong Polytechnic University June 2023 – Current, Hong Kong

Research Assistant Professor

Education

Ph.D. Business, National University of Singapore 2016 – 2022

LL.M. Master of International Law, Reichman University 2013 – 2015

LL.B. Bachelor of Laws (Cum Laude), Reichman University 2010 – 2014

Research Interests

Financial Accounting, Randomized Field experiments, Disclosure choices

Working Papers

1. **Startups' Demand for Accounting Expertise: Evidence from a Randomized Field Experiment** with David Reeb and Johan Sulaeman

   Status: Forthcoming at the Review of Accounting Studies

   We conduct a randomized field experiment (RFE) to assess whether startup firms perceive accounting expertise as an important investor credential. We send 13,358 unsolicited and unique emails to active startup firms across the US, showing an interest in them with a proposition to meet a bogus investor. The experiment has high response rates, with 4,535 (33.94%) opened emails and 828 (6.19%) website visits, reflecting investors' proliferating practice of outbound origination to contact new startups. Our RFE compares startup reactions to fictitious investors with certified public accountant (CPA) designations versus two control groups: investors without credentials and those with other professional licenses.

   Startup firms are 48% likelier to read unsolicited emails from CPA-bearing investors and 47% likelier to visit their websites, relative to investors with a medical license. We document an analogous preference for CPA-bearing investors even when we separately analyze startups in medical-related industries. This gap persists when investors pose as angels, venture capitalists (VCs), or without professional licenses. The relatively low percentage (2.5%) of email bounces and spam reports makes it unlikely that spam algorithms drive the findings. Further tests reveal that the response rates differ by firm age, which is inconsistent with spam filter explanations but congruent with startup firms' demand for accounting expertise. Finally, we undertake a follow-up experiment with 3,443 new startups to distinguish between accounting and general business expertise using a master's in business administration (MBA). Startups are 13.8% likelier to read emails from a CPA-bearing investor than from an MBA-credentialed investor and 22.6% more likely to visit the CPA-bearing investor's website.

2. **Decoding Startup Culture: The Revealing Power of Voluntary Disclosures** with David Reeb, Johan Sulaeman, and Rachel Zhang

   Status: Under Review

   In our exploration of the relevance of voluntary disclosures in understanding startup culture, we focus on the role of racial preferences in a startup's responses to funding opportunities. The first segment of our study investigates whether startups display racial preferences when approached by potential investors. Due to capital constraints, startups may prioritize financial opportunities and therefore do not exhibit any racial preferences that they may inherently hold. Conversely, racial preferences may be deeply ingrained in a startup's practices and norms, influencing their responses to investors. The second segment of our study delves into whether voluntary disclosures can serve as indicators of a startup's racial preferences. We are particularly interested in discerning whether verified and unverified disclosures offer distinct insights into the startup's culture. The third segment of our research examines racial preferences in startups with solo founders versus team-founded startups, investigating the relevance of disclosures in uncovering these preferences.

   We conducted a randomized field experiment involving 14,308 technology startups. The results indicate significant racial preferences against Black and Asian potential investors among the startups. We also observe that racial prejudice is less pronounced in high-disclosure startups, with verified disclosures characterizing firms with the least racial preferences. Furthermore, team-founded startups exhibit weaker racial preferences than solo-founded startups, with even weaker preferences for those with verified disclosures. Based on our findings, we conclude that voluntary disclosures, particularly verified ones, can serve as valuable tools for outsiders to identify startups with healthier corporate cultures.

3. **Confidential Advertising Expenditures** with Po-Hsuan Hsu, Hsiao-Hui Lee, Hunghua Pan, and David Reeb

   Status: Under Review

   Over 14% of firms without reported advertising expenditures spend at least 5% of pre-tax income on it. We investigate whether managers keep these advertising expenditures confidential to protect shareholders from competitors and whether soft disclosure methods (conference calls) are used to minimize this information gap. We find that firms with the most unproven CEOs are the likeliest to keep advertising expenditures confidential. Confidential-expenditure firms exhibit lower price-to-book equity ratios and Tobin's Q than other firms. Financial analysts have higher forecast dispersions for confidential-expenditure firms than transparent firms. Inconsistent with immateriality arguments, financial analysts ask managers of confidential-expenditure firms more advertising-related questions during conference calls than reporting firms. Yet, executives of confidential-expenditure firms provide sparser answers about these expenditures than their reporting peers.

We also investigate the impact of a regulatory shock, Financial Reporting Release 44, that increased the number of confidential-expenditure firms. These newly minted confidential-expenditure firms had higher analysts' forecast dispersion following this disclosure choice. Insider trading increased in firms that became confidential-expenditure firms after the regulatory shock. Our results are inconsistent with the hypothesis that shareholders benefit from keeping advertising expenditures confidential.

4. **Does Gender Matter in Choosing Startup Investors? A National Field Experiment** with David Reeb and Johan Sulaeman

   Status: Under Review

   A growing body of research examines gender inequality in the startup ecosystem. Yet, an unresolved question is whether founders marginalize women investors, a commonly stated issue in investors' anecdotal reports. We develop and test three gender-based hypotheses concerning startups' selection of potential investors. Leveraging the rapid increase in outbound origination, we test these hypotheses in a national field experiment involving 40,572 startups. We find unsolicited emails sent by fictitious male investors are substantially more likely to be read by startups than identical emails sent by fictitious female investors. Startups are also more likely to visit the male investor's website and subsequently attempt to make contact. Consistent with role incongruity theory, professional certifications increase a male investor's email's likelihood of being read but reduce the corresponding female investor's chances. Additional results suggest an alternative interpretation of the many anecdotal accounts of "Bro Cultures" in tech hubs. Instead of being bias escalators, tech hubs serve as the canary in the coal mine, providing a window into startup preferences for male investors across the country. Our investigation suggests that much of the potential gender-based discrimination remains undocumented and undetected as it arises in the initial contact phases.

5. **Green or Greed? Revealing Startups' Funding Preferences** with David Reeb, Johan Sulaeman, and Rachel Zhang

   Status: Preparing for Submission

   Startups often operate within informationally opaque environments, potentially allowing them to engage in extensive greenwashing. Alternatively, entrepreneurs may indeed possess the green preferences they often advocate. We investigate whether founders value investors' environmental stances over funding needs through a randomized field experiment with technology-based startups in the United States. Our findings show that startups prefer green investors, with a 50% increase in response rates over neutral investors. In contrast, non-sustainable investors experience lower response rates than their neutral counterparts. Additional tests reveal startups' preference for green investors may be superficial, as they avoid green funds that show commitment to sustainable investing and monitor their portfolio firms via a mission statement. When faced with monitoring green funds, startups primarily prioritize funding and support, often leading them to prefer neutral investors that emphasize support and guidance in their mission statements. However, as a mark of its past success, a fund's track record overrides this aversion for green monitoring, indicating that founders find green monitoring palatable when coming from successful sustainable funds. Finally, startups identified as ESG oriented in their self-description show a stronger preference for green investors and a greater distaste for non-sustainable investors, suggesting that their actions align more closely with their stated values. This study contributes to understanding the complex decision-making processes of startups in funding sources and the role of environmental considerations in promoting sustainable growth and success.

Presentations

2023: The Law & Finance of Private Equity and Venture Capital, National Taiwan University, EAA, Disclosure, Information Sharing, and Secrecy workshop, City U

2022: National Central University, National Chungchi University

2021: University of Texas at San Antonio, BizWip, National University of Singapore

2020: National University of Singapore

Teaching Experience

Program: NUS Business School, BBA:

Instructor, FIN2704: Corporate Finance, for Jumana Zahalka, Spring 2020

Taught three tutorial groups, with a combined weighted teaching evaluation of 4.26/5

Nominated for a teaching award by 26% of respondents

Non-Academic Work Experience

Oliver Wyman — 2022 – 2023, Singapore

Management Consultant

Herzog Fox Neeman Law Firm — 2014 – 2015, Israel

Articled Clerk in the High-Tech and Corporate law Departments

Israel Defense Force — 2006 – 2009, Israel

Infantry soldier, First Sergeant (Purple berets brigade)

Fellowships, Honors, and Awards

NUS Graduate Research Scholarship 2016 – 2022
LL.M. Merit Scholarship for Academic Excellence 2013 – 2015
LL.B. Merit Scholarship for Academic Excellence 2010 – 2014

References

David Reeb dmreeb@nus.edu.sg
Mr. & Mrs. Lin Jo Yan, Professor in Banking and Finance +65 9004 8736
Head of the Accounting Department, NUS business school

Johan Sulaeman sulaeman@nus.edu.sg
Dean's Chair and an Associate Professor +65 8430 3270
Department of Finance at the NUS Business School

Andrew Rose bizdean@nus.edu.sg
Dean of NUS Business School, Singapore +65 6516 3075
Professor emeritus at the Haas School of Business, University of California, Berkely

Last updated: June 2023