

# Summary of ChatGPT and corporate politics

作者: Jha et al. (2024)      阅读: 王梦涵

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## 1. What are the research questions?

- Can ChatGPT help predict corporate future policies?
- If can, does it behave better than existing measures? / have further implications on asset prices and return?

## 2. Why are the research questions interesting?

- Corporate policies, especially investment policies, are importance for corporate and GDP.
  - Investment policies are key to corporate growth.
  - Aggregate fluctuations and aggregate investment is the most volatile component of GDP.
- Tobin's q isn't a sufficient statistic for describing firms' investment opportunities and policies in practice.
- Use ChatGPT to extract firm-level corporate expectations of future investment policies from earnings conference calls.
  - Managers convey their private information to market participants through earnings conference calls.
  - ChatGPT can manage the interactive exchanges typical in earnings calls.

## 3. What is the paper's contribution?

- Contributing to literature on policies and expectations.
  - Prior studies: Most apply textual analysis.
  - Extension: Apply ChatGPT to extract managerial expectations of corporate policies from corporate earnings calls.
- Contributing to literature on corporate expected investment measures.
  - Prior studies: Q measures in classical and extended q-theories.
  - Extension: Provide a new, real-time measure of expected investment better than Q measures.
- Contributing to literature on feedback.
  - Prior studies: Managers learn from prices in making investments and other corporate decisions.
  - Extension: Our findings suggest the market can also learn from managers.
- Contributing to literature on textual analysis.
  - Prior studies: Focus on sentiment, political risk, cyber risk...
  - Extension: ChatGPT can help to extract information about complex concepts.
- This method can be used to expand and complement existing surveys of executives.

## 4. What hypotheses are tested in the paper? list them explicitly

- H1: ChatGPT can help understand corporate policies.
- H2: ChatGPT-extracted expected investment policy provide information beyond existing measures.
- H3: Such information have further implications on asset prices and returns.

### (a) Do these hypotheses follow from and answer the research questions?

Yes

(b) **Do these hypotheses follow from theory or are they otherwise adequately developed? Please explain the logic of the hypotheses (use visualization if possible)**

- Investment-based asset pricing theory predicts firms with lower expected returns invest more.

5. **Sample: comment on the appropriateness of the sample selection procedures**

- It's reasonable to select data from 2006-2020 based on data availability

6. **Dependent and independent variables: comment on the appropriateness of variable definition and measurement (focus on the key dependent variables and independent variables)**

- Assigning a value of zero to the score if ChatGPT generates an answer "no information is provided," is inappropriate.

7. **Regression/prediction model specification: comment on the appropriateness of the regression/prediction model specification**

- Total q and ChatGPT Investment Score as dependent variables may cause multicollinearity.

8. **What difficulties arise in drawing inferences from the empirical work**

- Both the coefficients of Total q and ChatGPT Investment Score are significant

9. **Describe at least one publishable and feasible extension of this research**

- Similar Government videos
- Analyse the abstract extracted by ChatGPT
- Analyze the speech module corresponding to the text related to policy