Coles Seminar Series Spring 2022

KENNESAW STATE UNIVERSITY
COLES COLLEGE OF BUSINESS

JANUARY 14TH, 2022

Reza Vaezi
Associate Professor of Information Systems and Security
Coles College of Business, Kennesaw State University

Topic: *Conscious AI*

FEBRUARY 4TH, 2022

Hamad Qahri-Saremi
Assistant Professor of Computer Information Systems
College of Business, Colorado State University

Topic: *To "Like" or to "Dislike" ? Explaining Online Risk Taking from an Integrative Risk Sensitivity and Prospect Theory Perspective*

FEBRUARY 18TH, 2022

Qi (Flora) Dong
Assistant Professor of Accounting
Coles College of Business, Kennesaw State University

Topic: *Do Cashflow Performance Metrics Incentivize CEOs to be Better Innovators?*

MARCH 4TH, 2022

Nikki MacKenzie
Assistant Professor of Accounting
Scheller College of Business, Georgia Institute of Technology

Topic: *How Do Financial Executives Respond to the Use of Artificial Intelligence in Financial Reporting and Auditing?*

MARTH 18TH, 2022

Rongbing Huang
Professor of Finance
Coles College of Business, Kennesaw State University

Topic: *Are Many IPOs Excessively Underpriced Ex Ante? Evidence from Out-of-Sample Predictions Using Machine Learning*

APRIL 1ST, 2022

Alex C. Hsu
Associate Professor of Finance
Scheller College of Business, Georgia Institute of Technology

Topic: *How Does Firm Investment Respond to Monetary Policy Shocks?*

JANUARY 14TH, 2022

Reza Vaezi
Associate Professor of Information Systems and Security
Coles College of Business, Kennesaw State University

Conscious AI

ABSTRACT

Recent advances in artificial intelligence (AI) have achieved human-scale speed and accuracy for classification tasks. In turn, these capabilities have made AI a viable replacement for many human activities that at their core involve classification, such as basic mechanical and analytical tasks in low-level service jobs. Current systems do not need to be conscious to recognize patterns and classify them. However, for AI to progress to more complicated tasks requiring intuition and empathy, it must develop capabilities such as metathinking, creativity, and empathy akin to human self-awareness or consciousness. We contend that such a paradigm shift is possible only through a fundamental shift in the state of artificial intelligence toward consciousness, a shift similar to what took place for humans through the process of natural selection and evolution. As such, this paper aims to theoretically explore the requirements for the emergence of consciousness in AI. It also provides a principled understanding of how conscious AI can be detected and how it might be manifested in contrast to the dominant paradigm that seeks to ultimately create machines that are linguistically indistinguishable from humans.

FEBRUARY 4TH, 2022

Hamed Qahri-Saremi
Assistant Professor of Computer Information Systems
College of Business, Colorado State University

To "Like" or to "Dislike" ? Explaining Online Risk Taking from an Integrative Risk Sensitivity and Prospect Theory Perspective

ABSTRACT

"Likes" and "dislikes" are respectively positive, and negative paralinguistic digital affordances that are commonly used on social media sites. They motivate various information systems (IS) use behaviors, including technology-mediated dangerous behaviors (TMDBs). Recently, the landscape of these affordances has been drastically changing, with social media platforms (1) masking the number of "likes" on others' posts, thus eliminating a key aspect of social comparisons, and (2) contemplating adding a "dislike" functionality. However, the IS literature has not caught up with these changes. This creates an important gap in what we know about user interactions on social media. In this paper, we tackle this issue by focusing on "toxicity" (i.e., negative downstream effects) of "likes" and "dislikes" in terms of users' responses to them in form of TMDBs. We investigate whether hemostatic violations as a result of receiving too few "likes" or too many "dislikes" can drive intended and actual TMDBs. We also investigate whether losses loom larger than gains in the sense that people are willing to engage in risker TMDBs to avoid excess "dislikes" versus fewer-than-expected "likes". Via three experiments (total n=1315), using an ostensible social media platform with "like" or "dislike" functionalities. Our findings provide important insights for researchers and practitioners by showing that "dislikes" are significantly more toxic than "likes" and pointing to an urgent need to study the new landscape of social media affordances.

FEBRUARY 18TH, 2022

Qi (Flora) Dong
Assistant Professor of Accounting
Coles College of Business, Kennesaw State University

Do Cashflow Performance Metrics Incentivize CEOs to be Better Innovators?

ABSTRACT

Building on prior research that postulates a positive relationship between firms' cash flow and innovation output (Levitas and Macfadyen, 2009; Myers and Majlup, 1984; Schumpeter, 1942), we examine whether the use of cash flow performance metrics in CEOs' compensation contracts has a positive effect on firms' innovation output. We hypothesize and find that firms using cash flow performance metrics in CEOs' incentive contracts show higher innovation output and higher product market pricing power; in addition, the higher innovation output is not effected through higher innovation input but through higher innovation efficiency. We find that the incentive effect of cashflow metrics on innovation output exists in both cash grants and equity grants. Further, we find that the incentive effect is stronger for more capable CEOs, more powerful CEOs, and CEOs receiving higher incentive pay. Our findings are consistent with cash flow metrics being useful as managerial incentives that promote firm innovation.

MARTH 4TH, 2022

Nikki MacKenzie
Assistant Professor of Accounting
Scheller College of Business, Ceorgia Institute of Technology

How Do Financial Executives Respond to the Use of Artificial Intelligence in Financial Reporting and Auditing?

ABSTRACT

Financial reporting quality can benefit from companies and auditors using artificial intelligence (AI) in complex and subjective financial reporting areas. However, this will only happen if managers incorporate AI-based information into their financial reporting decisions, which the popular press and academic literature suggest is not guaranteed. We examine financial executives' responses to AI with a survey and experiment. In the survey, we find managers view AI use by their companies and auditors positively, though they doubt auditor AI will benefit them. In the experiment, managers whose companies use AI are more receptive to proposed audit adjustments for a complex estimate when the auditor uses AI versus does not use AI. Auditor AI use does not affect managers' adjustment decisions in the absence of company AI use. This study highlights the importance of considering the effects of AI use by both parties when evaluating how AI influences auditing and financial reporting.

MARTH 18, 2022

Rongbing Huang
Professor of Finance
Coles College of Business, Kennesaw State University

Are Many IPOs Excessively Underpriced Ex Ante? Evidence from Out-Sample Predictions Using Machine Learning

ABSTRACT

We use machine learning techniques to conduct out-of-sample predictions of the underpricing of U.S. initial public offerings (IPOs) from 1990-2019. Using predicted underpricing based on ex ante information to sort the IPOs into 10 groups, we find that the underpricing averages for the top and bottom groups are 61.9% and 7.2%, respectively. Although pre-pricing public information is predictive, variables based on offering terms have primary predictive power. Our findings suggest that hot IPOs are identifiable ex ante, potentially allowing underwriters to reward their favorite clients with enormous underpricing that cannot be justified by risk premia and information production costs.

APRIL 1ST, 2022

Alex C. Hsu
Associate Professor of Finance
Scheller College of Business, Georgia Institute of Technology

How Does Firm Investment Respond to Monetary Policy Shocks?

ABSTRACT

Monetary policy shocks generate differential response in firm-level investment. Roughly speaking, on average, 10% of firms react positively, 5% of firms react negatively, and rest of the firms exhibit zero sensitivity to interest rate innovations in the 1995 to 2019 sample. Crosssectional regressions suggest that firms with positive sensitivity have higher industry asset share, lower leverage, lower Tobin's q, stronger cashflow, higher profitability, and greater market beta. The market beta result is robust to alternative empirical specifications. We propose a general equilibrium model with heterogeneous firms to demonstrate how positive interest rate shocks can drive down the cost of capital for risky firms with high market beta; thus, causing these firms to invest more.