

Lab 1, AI task: check what the AI wrote

(Write your answers in a Word document or on paper.)

A student pasted our demo regression into a chatbot and asked it to write the results paragraph. This is what came back. **It contains at least three mistakes that would cost marks in a report.** Find them, say why each is wrong, and write the corrected sentence. Use only our output and what you know: no chatbot.

Our output (pooled OLS with year effects, standard errors clustered by firm):

ln_fin	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
ai_firm	.3007456	.156736	1.92	0.055	-.0067141	.6082053
ln_emp	.4210508	.0643936	6.54	0.000	.2947338	.5473679
ln_cap	.4908312	.020946	23.43	0.000	.4497427	.5319197

Number of obs = 8,822 R-squared = 0.32

The AI's paragraph:

Adopting AI increases a firm's financial expenses by 30.1 per cent, holding employment and capital constant, and the effect is statistically significant at the 5 per cent level. Because the standard errors are clustered by firm, the coefficient is unbiased even if AI-adopting firms differ from other firms in ways we do not observe. The R-squared of 0.32 shows that the model is correctly specified.

Your answers (two or three lines each, in your own words):

1. Mistake 1, and the corrected sentence:
2. Mistake 2, and the corrected sentence:
3. Mistake 3, and the corrected sentence:
4. Anything else: