Department of Accountancy
Hong Kong Institute of Business Studies

Lingnan University 嶺南大學 香港 Hong Kong

Postgraduate Seminar Series

Topic Defense–AI Investment, Workforce Restructuring Risk, and Bank Loan Contracting

- **Date:** 18 May 2026
- **Time:** 14:30 – 16:00
- **Venue:** SEK210
- **Presenter**: Sun Yu (PhD student of Accountancy)

Abstract: This study investigates whether and how firm-level AI investment affects bank loan contracting. While prior literature documents that AI adoption generates both growth signals (Babina et al., 2024) and workforce restructuring risks (Hampole et al., 2026), the question of whether these risks are priced into debt terms remains unexplored. I exploit the release of ChatGPT (November 2022) as an exogenous shock to AI adoption costs and employ a difference-in-differences design where firms with higher AI-related job postings constitute the treatment group. I examine three research questions. First, does AI investment alter loan spreads? Second, is the adverse effect amplified among firms with higher ex ante workforce restructuring risk (labor turnover, union coverage)? Third, does employee goal alignment —via ESOPs, satisfaction, and loyalty—attenuate this adverse effect? I posit that workforce restructuring risk operates as an incremental priced factor that creditors incorporate at the margin, particularly for firms with weak internal goal alignment. I predict that the adverse effect of AI investment on loan terms is concentrated among firms with high ex ante workforce risk and attenuated by strong employee-goal alignment. This study contributes to the emerging literature on labor market frictions and debt contracting by providing evidence from a natural experiment linking firm AI investment to bank loan outcomes, by identifying workforce restructuring risk as an incremental priced factor in debt contracting, and by highlighting goal alignment as an internal governance mechanism for managing technology-induced financing costs.

All are welcome

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