



UNIVERSITY  
OF ALBERTA

# CPA Speaker Series:

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Adaptation to Climate -induced Regulatory  
Risk: A Labor Perspective

Friday, October 25, 2024

2:00 PM - 3:30 PM

Location: BUS 306

### ABSTRACT

We investigate the impact of climate -induced labor regulations on technology adoption and employment at the plant level, focusing on the Heat Illness Prevention Standard (HIPS) implemented in California and Washington. This standard, designed to protect outdoor workers from heat -related risks, varies in impact across occupations and industries. Employing a difference-in-differences approach, we find that following the implementation of HIPS, plants in these states with greater labor exposure significantly increase their information technology (IT) intensity compared to those with lesser labor exposure and those in states without HIPS. This increase in IT capital is accompanied by a reduction in employment levels. These strategic responses mitigate regulatory pressures and enhance labor productivity, eliciting a positive reaction from investors when the automation level is sufficiently high.

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