



Temporary Workers, Collective Turnover and Unit Performance

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Using monthly data from 2007 to 2014 from a world leading provider of food, beverage and retail services for travelers, we investigate the performance effects of temporary workers' turnover. Building on strategic human capital, internal labor market and blended workforce theory, the study investigates one of the hidden costs of numerical flexibility through contingent employment: the depletion of human capital resources due to the departure of temporary workers. Extending the CET theory of collective turnover, we hypothesize and find that the departure of workers with temporary contracts is detrimental to unit performance, although to a lesser extent than that of their permanent co-workers, because they bring along with them the human and social capital they developed and accumulated. Consistent with incentive and social status theory, we also find that this negative relationship is lower when permanent and temporary workers are subject to different conditions such as union representation and access to financial incentives. In these cases, collective turnover of temporary workers is less harmful as the social disruption deriving from it is mitigated by the higher segregation and the lower interdependency between the two categories.