Human Resources Turnover as an Asset Acquisition, Accumulation and Divesture Process

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Abstract:
This paper sheds further light on the drivers and consequences of turnover in human resources within a firm. We take a novel perspective by synthesizing views from the corporate finance literature and the Resource-Based View (RBV) of the firm which deal with the purchase, sale and improvement of assets. Our empirical analysis employs an event study using panel data from a group of listed clubs in the UK soccer industry. Rather than focusing only on the impact of changes in top management, which has been extensively studied over the years with mixed results, we consider also the effect of turnover in other key ingredients of the human capital mix. Specifically, our results show that the acquisition (sale and loan) of soccer players is associated with negative (positive) abnormal club stock returns around the date of the event after controlling for sporty performance, heteroscedasticity, autocorrelation and cross-sectional dependence. These asymmetric wealth effects lend support to nonsynergetic theories of human resources turnover. They also suggest that investors may be myopic or that they consider that soccer player labor markets are not fully efficient.

Keywords: Human resources turnover, Asset acquisition and divesture, Football industry, Event study

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