

SHIFTS AND LADDERS: COMPARING THE ROLE OF INTERNAL AND EXTERNAL MOBILITY IN MANAGERIAL CAREERS

ONLINE APPENDIX

Predicting Internal and External Moves. Although the central focus of this paper is on the different consequences associated with internal and external moves, we also ran exploratory analyses to understand when respondents were more likely to engage in one kind of move over another. Those analyses are presented in the Table in this Appendix, which reports results of multinomial logit analyses of mobility outcomes. The unit of analysis is a year spent in a job. The four possible outcomes are “no change” (stay in the job), “internal move”, “external voluntary move”, and “external involuntary move”. We include controls for time spent in the job and time spent in the job squared to account for time dependence of mobility. Model 1 explores basic time dependence of mobility. Model 2 then adds job characteristics. Internal moves are the excluded category in the Table.

A striking finding from the table is that for many variables (e.g. time in job, log firm size, and seniority as measured by rank and number of subordinates), the determinants of voluntary external mobility are very similar to the determinants of not moving. Many of these variables relate to the availability of vacancies for movement within an organization: such vacancies should be more common when organizations are larger and employees are more junior, meaning that there are more higher level jobs to move into. We have argued and shown that internal mobility is more likely to be associated with vertical advancement than external mobility. The pattern of findings in this table is also consistent with such a finding: one interpretation is that internal mobility is generally a preferred option for employees, so that external mobility is more likely under those conditions when employees find it more difficult to move internally. We also find that external voluntary moves are more likely out of low paid jobs,

underscoring that people are more likely to move externally if jobs in the current organization are not attractive.

Some of the non-findings in the Appendix Table are also interesting. If the people who move externally are mainly those who do not expect to be promoted internally, then the “Peter principle” suggests that people might first move internally until their responsibilities matched the ceiling of their ability, before making subsequent moves across firms. Model 2 provides little evidence of such an effect: once we control for the position a respondent is in, there is no effect of the number of jobs that they have had on the relative probability of internal versus external mobility. The coefficients on experience also indicate that the probability of voluntary external mobility relative to internal peaks after only 5 years. Voluntary external moves therefore happen throughout the careers in our sample, and not just during the later stages. Indeed, the predictive power of the Table is generally low, with Model 2 only increasing the probability of accurately predicting a voluntary external move from 6.3% to 8.4%. One explanation is that whether a given move takes place internally or externally is strongly shaped by the largely random arrival of opportunities, such as having a higher-level vacancy open when an employee is ready to be promoted, or being contacted by a headhunter at a time when internal opportunities look scarce.

APPENDIX TABLE : MULTINOMIAL LOGIT FOR PROBABILITY OF DIFFERENT FORMS OF MOBILITY (VS INTERNAL MOVES)

	1			2		
	No move	Ext voluntary	Ext invol	No move	Ext voluntary	Ext invol
Experience	0.102*** [0.0150]	0.106*** [0.0241]	0.0881** [0.0282]	0.0874*** [0.0224]	0.0660* [0.0323]	0.0391 [0.0367]
Experience squared	-0.000264 [0.000984]	-0.00652*** [0.00170]	-0.000142 [0.00178]	0.00131 [0.00110]	-0.00516** [0.00179]	0.00131 [0.00189]
Time in job	-0.993*** [0.0654]	-0.496*** [0.0785]	-0.370*** [0.113]	-1.046*** [0.0662]	-0.490*** [0.0809]	-0.331** [0.114]
Time in job squared	0.0914*** [0.00862]	0.0513*** [0.0106]	0.0194 [0.0158]	0.0916*** [0.00835]	0.0488*** [0.0104]	0.0162 [0.0156]
Female	-0.0768+ [0.0455]	0.0352 [0.0684]	-0.0591 [0.0944]	0.00697 [0.0469]	0.0638 [0.0706]	-0.0177 [0.0965]
EMBA	0.338** [0.116]	-0.0179 [0.152]	0.382* [0.175]	0.0887 [0.123]	-0.0242 [0.161]	0.441* [0.182]
Log firm size	-0.0556*** [0.00850]	-0.0805*** [0.0116]	-0.210*** [0.0132]	-0.0487*** [0.00910]	-0.0735*** [0.0126]	-0.193*** [0.0145]
Log earnings				0.0104 [0.0480]	-0.281*** [0.0733]	-0.233** [0.0852]
Number of prior jobs				-0.126*** [0.0248]	-0.000136 [0.0313]	0.0382 [0.0341]
Rank				0.165*** [0.0169]	0.109*** [0.0233]	0.110*** [0.0289]
Log subordinates				0.0910*** [0.0189]	0.128*** [0.0275]	0.039 [0.0345]
Sector dummies	Yes	Yes	Yes	Yes	Yes	Yes
Year dummies	Yes	Yes	Yes	Yes	Yes	Yes
Function dummies				Yes	Yes	Yes
Observations	22270	22270	22270	22270	22270	22270

*** p< .001 ** p<0.01, * p<0.05, + p<0.1.

Each observation is a year spent by a respondent. Dependent variable is form of mobility during that year: No move, internal move, external voluntary move, external involuntary move. Excluded category is internal moves.