Table A1

Explanatory variables	
Worker board representation	A dummy variable indicating that a firm has a worker board representation
Worker director board seats (share)	Share of board seats held by worker directors
Union-member worker directors (share)	Share of worker directors who are labor union members
Worker directors who are managers (share)	Share of worker directors who are managers
Managers and professionals with worker director peers (share)	Share of professionals and managers who are or have themselves been worker directors or have or have had a peer connection to a worker director
Worker director positions	Average number of different positions held by worker directors during their employment with the focal employer
Worker director manager or professional positions	Average number of different positions at the professional or management level held by worker directors during their employment with the focal employer
Worker director manager positions	Average number of different management positions held by worker directors during their employment with the focal employer
Baseline controls	
Position level (ln)	Ranking of the position's wage among the wages of other managers in the firm (1 = highest level below the CEO)
Woman	Dummy indicating that the position is filled by a woman
Part-time position	Dummy indicating that the position is part-time
New managerial hires (%)	Percentage of newly filled management vacancies (as % of all management positions) in the specific year
Workers (ln)	Number of workers in the firm (ln)
Firms in business group	Number of firms in multi-firm business group (0 when firm is not part of business group).
Worker exits (%)	Proportion of workers that exit the firm in the specific year
Value added per worker	Value added per worker
Gross profit per worker	Gross profit per worker
Leverage (%)	Sum of short-term and long-term debt divided by total assets (%)
Group 1	*Basic governance*
Firm age (ln)	Age of the firm in years (ln)
Family firm	Dummy for organizations in which directors (directors and CEO) hold close family ties.
Private firm	Dummy for privately held firms
Group 2	*Employer-employee relations*
Workers in labor unions (%)	Percentage of workers who are members of conventional labor unions.
Workers in prof. labor unions (%)	Percentage of workers who are members of service-oriented unions that are generally not engaged in collective bargaining.
Wage-tenure slope	Firm wage-tenure slope
Part-time managers and professionals (%)	Percentage of managers and professionals who are employed part-time.
Group 3	*Internal pool*

Lateral transfers (%)	Average number of moves of individuals across management positions in the firm (as a % of all managers).
Manager/professional pay ratio	Ratio of the average salary of managers to that of professionals.
Manager/professional ratio	Ratio of the number of managerial positions to professional positions
Group 4	*External pool*
External candidate pool (ln)	Number of professionals in other local firms (ln)
Internal candidate pool (ln)	Number of professionals in the firm (ln)

Table A2: Correlation table

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(1) Worker board representation	1.000													
(2) Workers in labor unions (%)	0.349*	1.000												
(3) Workers in prof. labor unions (%)	-0.315*	-0.735*	1.000											
(4) Value added per worker	0.157*	-0.062*	-0.078*	1.000										
(5) Managerial positions filled internally (%)	0.085*	0.137*	-0.154*	-0.039	1.000									
(6) New managerial hires (%)	-0.108*	0.046*	-0.089*	-0.131*	-0.036	1.000								
(7) Worker exits (%)	-0.265*	-0.295*	0.178*	-0.388*	-0.061*	0.364*	1.000							
(8) Lateral transfers (%)	0.033	0.061*	-0.043*	-0.064*	0.094*	0.160*	0.058*	1.000						
(9) Gross profit per worker	0.125*	-0.160*	-0.015	0.845*	-0.055*	-0.058*	-0.254*	-0.053*	1.000					
(10) Workers	0.185*	0.068*	-0.095*	0.013	0.076*	0.036	0.062*	0.122*	0.016	1.000				
(11) Leverage (%)	-0.143*	-0.013	0.005	-0.239*	-0.029	0.178*	0.262*	-0.001	-0.152*	-0.047*	1.000			
(12) Family firm	-0.263*	-0.023	0.088*	-0.129*	-0.021	-0.078*	0.069*	-0.006	-0.149*	-0.086*	0.000	1.000		
(13) Part-time managers and prof. (%)	-0.107*	-0.200*	0.127*	-0.226*	-0.042*	0.144*	0.391*	0.041	-0.171*	0.156*	0.073*	0.058*	1.000	
(14) Wage-tenure slope	-0.097*	-0.282*	0.072*	0.023	0.046*	-0.020	0.192*	-0.017	0.065*	0.035	0.037	-0.058*	0.151*	1.000
(15) Wage-tenure slope (sq)	0.021	0.034	-0.022	0.019	0.020	-0.010	-0.039	0.039	0.017	-0.007	0.003	0.006	-0.005	-0.622*

Notes: For variable explanation, see Table A1. * $p<0.05$.

Table A3-A: Democratic organizing, information sharing and internal promotion (OLS, expanded set of controls)

	Internal promotion		
	(1)	(2)	(3)
Worker board representation × Worker director positions	0.033		
	(0.006)**		
Worker board representation		0.005	
× Worker director manager positions		(0.002)**	
Worker board representation			0.007
× Worker director manager or professional positions			(0.002)**
Worker board representation	-0.013	0.042	0.035
	(0.014)	(0.008)**	(0.008)**
Position level (ln)	0.058	0.057	0.057
	(0.003)**	(0.003)**	(0.003)**
Woman	0.000	0.000	0.000
	(0.006)	(0.006)	(0.006)
Part-time position	-0.148	-0.150	-0.150
	(0.018)**	(0.018)**	(0.018)**
New managerial hires (%)	0.006	0.006	0.006
	(0.000)**	(0.000)**	(0.000)**
Workers (ln)	0.037	0.038	0.039
	(0.004)**	(0.004)**	(0.004)**
Firms in business group	0.002	0.002	0.002
	(0.001)*	(0.001)*	(0.001)*
Worker exits (%)	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)
Value added per worker	0.000	0.000	0.000
	(0.000)**	(0.000)**	(0.000)**
Gross profit per worker	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)
Leverage (%) (%)	-0.001	-0.001	-0.001
	(0.000)**	(0.000)**	(0.000)**
Firm age (ln)	-0.001	-0.001	-0.000
	(0.004)	(0.004)	(0.004)
Family firm	-0.004	-0.003	-0.004
	(0.010)	(0.010)	(0.010)
Private firm	0.073	0.063	0.063
	(0.009)**	(0.009)**	(0.009)**
Lateral transfers (%)	0.010	0.010	0.010
	(0.000)**	(0.000)**	(0.000)**
Manager/professional pay ratio	0.008	0.008	0.008
	(0.008)	(0.008)	(0.008)
Manager/professional ratio	-0.001	-0.001	-0.001
	(0.000)**	(0.000)**	(0.000)**
Workers in prof. labor unions (%)	0.003	0.003	0.003
	(0.001)**	(0.001)**	(0.001)**
Workers in labor unions (%)	0.003	0.003	0.003
	(0.000)**	(0.000)**	(0.000)**
Wage-tenure slope	3.331	3.300	3.322
	(0.311)**	(0.312)**	(0.312)**
Wage-tenure slope (sq)	0.265	0.254	0.256
	(0.034)**	(0.034)**	(0.034)**
External candidate pool (ln)	0.007	0.013	0.012
	(0.014)	(0.014)	(0.014)
Internal candidate pool (ln)	-0.014	-0.015	-0.016
	(0.003)**	(0.003)**	(0.003)**
R^2	0.24	0.24	0.24
N	29114	29090	29090

Notes: Worker director positions is the average number of different positions (vertical and lateral) held by worker directors during their employment with the focal employer. Worker director manager positions is the average number of different management positions held by worker directors during their employment with the focal employer. Worker director manager or professional positions is the average number of different positions at the management or professional level held by worker directors during their employment with the focal employer. Position level is the ranking of the position's wage among the wages of other managers in the firm, where 1 corresponds to the highest level below the CEO. Firms in business group indicates the numbef of firms in a multi-firm business group (and is 0 for firms not part of the business group). Worker exits (%) is the proportion of workers that exit the organization in a specific year. New

managerial hires (%) is the percentage of newly filled management vacancies (as % of all management positions) in the specific year. Workers in labor unions (%) is the percentage of workers who are members of conventional labor unions. Workers in prof. labor unions (%) refers to workers who are members of service-oriented unions that are generally not engaged in collective bargaining. Lateral transfers (%) is a proxy for the average number of moves of individuals across management positions in the firm (as a share of all managers). Family firm is a dummy for organizations in which directors (directors and CEO) hold close family ties. Manager/professional pay ratio is the ratio of the average salary of managers to that of professionals. Manager/professional ratio is the ratio of the number of managerial positions to professional positions. External candidate pool is the number of professionals in other local firms; internal candidate pool is the number of professionals employed in the firm. For definitions of other variables, see Table A1 of the appendix. Sector and region effects are included. Robust standard errors in parentheses. Constant not reported. * p<0.05; ** p<0.01.

Table A3-B: Democratic organizing, representation proximity and internal promotion (OLS, expanded set of controls)

	Internal Promotion		
	(1)	(2)	(3)
Worker board representation × Worker directors who are managers (share)	0.010		
	(0.014)		
Worker board representation × Managers and professionals with worker director peers (share)		0.144	
		(0.032)**	
Worker board representation	0.047	0.036	0.035
	(0.008)**	(0.008)**	(0.008)**
Position level (ln)	0.058	0.058	0.057
	(0.003)**	(0.003)**	(0.003)**
Woman	0.000	0.001	0.000
	(0.006)	(0.006)	(0.006)
Part-time position	-0.151	-0.151	-0.150
	(0.018)**	(0.018)**	(0.018)**
New managerial hires (%)	0.006	0.006	0.006
	(0.000)**	(0.000)**	(0.000)**
Workers (ln)	0.038	0.039	0.039
	(0.004)**	(0.004)**	(0.004)**
Firms in business group	0.002	0.002	0.002
	(0.001)*	(0.001)*	(0.001)*
Worker exits (%)	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)
Value added per worker	0.000	0.000	0.000
	(0.000)**	(0.000)**	(0.000)**
Gross profit per worker	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)
Leverage (%)	-0.001	-0.001	-0.001
	(0.000)**	(0.000)**	(0.000)**
Firm age (ln)	-0.000	0.005	-0.000
	(0.004)	(0.004)	(0.004)
Family firm	-0.003	-0.001	-0.004
	(0.010)	(0.010)	(0.010)
Private firm	0.066	0.075	0.063
	(0.009)**	(0.009)**	(0.009)**
Lateral transfers (%)	0.010	0.010	0.010
	(0.000)**	(0.000)**	(0.000)**
Manager/professional pay ratio	0.007	0.009	0.008
	(0.008)	(0.008)	(0.008)
Manager/professional ratio	-0.001	-0.001	-0.001
	(0.000)**	(0.000)**	(0.000)**
Workers in prof. labor unions (%)	0.002	0.002	0.003
	(0.001)**	(0.001)**	(0.001)**
Workers in labor unions (%)	0.003	0.003	0.003
	(0.000)**	(0.000)**	(0.000)**
Wage-tenure slope	3.278	3.175	3.322
	(0.312)**	(0.312)**	(0.312)**
Wage-tenure slope (sq)	0.251	0.238	0.256
	(0.034)**	(0.034)**	(0.034)**
External candidate pool (ln)	0.017	0.026	0.012
	(0.013)	(0.014)	(0.014)
Internal candidate pool (ln)	-0.015	-0.015	-0.016

	(0.003)**	(0.003)**	(0.003)**
R^2	0.24	0.24	0.24
N	29114	29114	29090

Notes: Worker directors who are managers (share) is the share of worker directors who are managers. Managers and professionals with worker director peers (share) is the share of professionals and managers who are or have themselves been worker directors or have or have had a peer connection to a worker director. Position level is the ranking of the position's wage among the wages of other managers in the firm, where 1 corresponds to the highest level below the CEO. Firms in business group indicates the numbef of firms in a multi-firm business group (and is 0 for firms not part of the business group). Worker exits (%) is the proportion of workers that exit the organization in a specific year. New managerial hires (%) is the percentage of newly filled management vacancies (as % of all management positions) in the specific year. Workers in labor unions (%) is the percentage of workers who are members of conventional labor unions. Workers in prof. labor unions (%) refers to workers who are members of service-oriented unions that are generally not engaged in collective bargaining. Lateral transfers (%) is a proxy for the average number of moves of individuals across management positions in the firm (as a share of all managers). Family firm is a dummy for organizations in which directors (directors and CEO) hold close family ties. Manager/professional pay ratio is the ratio of the average salary of managers to that of professionals. Manager/professional ratio is the ratio of the number of managerial positions to professional positions. External candidate pool is the number of professionals in other local firms; internal candidate pool is the number of professionals employed in the firm. Robust standard errors reported in parentheses. Constant not reported. * p<0.05; ** p<0.01.

Table A4: First stage regression (position level, firm FE)

	Probability of filling a management position through internal promotion
Position level (ln)	0.057
	(0.003)**
Woman	0.009
	(0.005)*
Part-time position	-0.139
	(0.013)**
New managerial hires (%)	0.006
	(0.000)**
Workers (ln)	-0.064
	(0.008)**
Firms in business group	-0.001
	(0.001)
Worker exits (%)	-0.001
	(0.000)**
Value added per worker	0.000
	(0.000)
Gross profit per worker	0.000
	(0.000)
Leverage (%)	-0.000
	(0.000)
R^2	0.33
N	54049

Notes: Position level is the ranking of the position's wage among the wages of other managers in the firm, where 1 corresponds to the highest level below the CEO. Firms in business group indicates the numbef of firms in a multi-firm business group (and is 0 for firms not part of the business group). Worker exits (%) is the proportion of workers that exit the organization in a specific year. New managerial hires (%) is the percentage of newly filled management vacancies (as % of all management positions) in the specific year. Regression includes sector-time and region-time effects. Robust standard errors reported in parentheses. Constant not reported. * p<0.05; ** p<0.01.

Table A5. Robustness, interaction with external opportunities (second stage, firm FE)

	Internal Promotion (firm FE from stage 1)			
External opportunities	(1)	(2)	(3)	(4)
Worker board representation (period dummy)	0.032			
× Professional hires in sector	(0.018)#			
Worker board representation (period dummy)		0.021		
× Professional hires in sector-region		(0.013)		
Worker board representation (period dummy)			0.024	
× External professional hires in sector-region			(0.013)#	
Worker board representation (period dummy)				0.036
× External professional hires in sector				(0.018)*
Professional hires in sector	-0.070			
	(0.036)*			
Professional hires in sector-region		-0.038		
		(0.017)*		
External professional hires in sector-region			-0.048	
			(0.017)**	
External professional hires in sector				-0.079
				(0.033)*
Worker board representation (period dummy)	-0.195	-0.073	-0.084	-0.219
	(0.155)	(0.091)	(0.086)	(0.149)
Firm age (ln)	0.007	0.009	0.008	0.007
	(0.009)	(0.008)	(0.008)	(0.008)
Family firm	0.021	0.020	0.019	0.021
	(0.017)	(0.017)	(0.017)	(0.017)
Private firm	0.044	0.049	0.047	0.042
	(0.026)	(0.025)	(0.025)	(0.025)
Workers in labor unions (%)	0.001	0.001	0.001	0.001
	(0.001)	(0.001)	(0.001)	(0.001)
Workers in prof. labor unions (%)	-0.002	-0.002	-0.002	-0.002
	(0.001)	(0.001)	(0.001)	(0.001)
Wage-tenure slope	1.938	1.982	1.991	1.927
	(0.535)**	(0.536)**	(0.534)**	(0.534)**
Wage-tenure slope (sq)	0.208	0.212	0.214	0.206
	(0.066)**	(0.066)**	(0.066)**	(0.066)**
Part-time managers and professionals (%)	0.001	0.001	0.001	0.001
	(0.001)	(0.001)	(0.001)	(0.001)
Lateral transfers (%)	0.007	0.007	0.007	0.007
	(0.001)**	(0.001)**	(0.001)**	(0.001)**
Manager/professional pay ratio	-0.021	-0.022	-0.022	-0.021
	(0.016)	(0.016)	(0.016)	(0.016)
Manager/professional ratio	0.001	0.001	0.001	0.001
	(0.001)*	(0.001)*	(0.001)*	(0.001)*
R^2	0.21	0.21	0.21	0.21
N	1551	1550	1550	1551

Notes: Worker board representation (period dummy) takes a value of 1 if worker board representation is observed in the firm for more than half of the period 2002–2017, and 0 otherwise. Professional hires in sector is the number of professionals hired by other firms in the same sector; Professional hires in sector-region is the corresponding number in the same sector-region. External professional hires in sector and External professional hires in sector-region restrict these counts to professionals recruited externally. Family firm is a dummy for organizations in which directors (directors and CEO) hold close family ties. Workers in labor unions (%) is the percentage of workers who are members of conventional labor unions. Workers in prof. labor unions (%) refers to workers who are members of service-oriented unions that are generally not engaged in collective bargaining. Part-time managers and professionals (%) is the percentage of managers and professionals who are employed part-time. Lateral transfers (%) is a proxy for the average number of moves of individuals across management positions in the firm (as a share of all managers). Manager/professional pay ratio is the ratio of the average salary of managers to that of professionals. Manager/professional ratio is the ratio of the number of managerial positions to professional positions. All regresssions include sector and region effects. The firm-level variables correspond to period-level averages. For definitions of other variables, see Table A1 of the appendix. Robust standard errors in parentheses. Constant not reported. # p<0.1; * p<0.05; ** p<0.01.

Table A6. Robustness: internal-candidate ability and inclusion of firms with fewer than five managerial hires

Columns (1a)–(1b): Internal-candidate ability and wage dispersion; Columns (2a)–(2c): No five-hire restriction

	Internal Promotion (firm FE from stage 1)				
	(1a)	(1b)	(2a)	(2b)	(2c)
Worker board representation (period dummy)	0.052 (0.016)**	0.035 (0.016)*	0.051 (0.015)**	0.051 (0.016)**	0.033 (0.016)*
Firm age (ln)	0.015 (0.009)	0.012 (0.009)	0.011 (0.008)	0.015 (0.009)	0.011 (0.009)
Family firm	0.031 (0.020)	0.020 (0.020)	0.033 (0.017)	0.022 (0.020)	0.014 (0.020)
Private firm	0.051 (0.026)*	0.058 (0.025)*	0.057 (0.025)*	0.042 (0.027)	0.050 (0.025)*
Workers in labor unions (%)	0.002 (0.001)*	0.001 (0.001)	0.001 (0.001)	0.002 (0.001)*	0.001 (0.001)
Workers in prof. labor unions (%)	-0.000 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.000 (0.001)	-0.001 (0.001)
Wage-tenure slope	1.791 (0.582)**	1.810 (0.585)**	1.979 (0.552)**	1.956 (0.588)**	1.876 (0.585)**
Wage-tenure slope (sq)	0.240 (0.066)**	0.250 (0.072)**	0.204 (0.063)**	0.251 (0.064)**	0.240 (0.066)**
Part-time managers and professionals (%)	0.002 (0.001)*	0.001 (0.001)	0.001 (0.001)	0.002 (0.001)*	0.001 (0.001)
Lateral transfers (%)	0.007 (0.001)**	0.008 (0.001)**	0.007 (0.001)**	0.007 (0.001)**	0.007 (0.001)**
Manager/professional pay ratio	-0.017 (0.027)	0.004 (0.028)	-0.030 (0.016)	-0.019 (0.027)	-0.004 (0.027)
Manager/professional ratio	0.002 (0.001)	-0.000 (0.000)	0.002 (0.001)	0.002 (0.001)	-0.000 (0.000)
Internal candidate pool (ln)	0.032 (0.006)**	-0.010 (0.008)	0.024 (0.006)**	0.030 (0.006)**	-0.010 (0.008)
External candidate pool (ln)	-0.051 (0.017)**	-0.031 (0.016)*	-0.054 (0.016)**	-0.047 (0.017)**	-0.030 (0.016)
Manager wage dispersion	-0.000 (0.000)	-0.000 (0.000)*		-0.000 (0.000)	-0.000 (0.000)
Professional wage dispersion	-0.000 (0.000)	-0.000 (0.000)		-0.000 (0.000)	-0.000 (0.000)
Professional ability estimate	-0.003 (0.032)	-0.035 (0.031)		0.003 (0.032)	-0.031 (0.032)
Workers (ln)		0.063 (0.013)**			0.062 (0.013)**
Firm assets (ln)		0.021 (0.008)*			0.019 (0.008)*
R^2	0.25	0.29	0.21	0.24	0.27
N	1262	1262	1682	1329	1329

Notes: Worker board representation (period dummy) takes a value of 1 if worker board representation is observed in the firm for more than half of the period 2002–2017, and 0 otherwise. Family firm is a dummy for organizations in which directors (directors and CEO) hold close family ties. Workers in labor unions (%) is the percentage of workers who are members of conventional labor unions. Workers in prof. labor unions (%) refers to workers who are members of service-oriented unions that are generally not engaged in collective bargaining. Part-time managers and professionals (%) is the percentage of managers and professionals who are employed part-time. Lateral transfers (%) is a proxy for the average number of moves of individuals across management positions in the firm (as a share of all managers). Manager/professional pay ratio is the ratio of the average salary of managers to that of professionals. Manager/professional ratio is the ratio of the number of managerial positions to professional positions. Internal candidate pool is the number of professionals employed in the firm; external candidate pool is the number of professionals in other local firms. Manager wage dispersion and Professional wage dispersion measure wage dispersion at the management and professional levels, respectively. Professional ability estimate measures individual worker ability following Abowd et al. (1999). All regressions include sector and region effects. For definitions of other variables, see Table A1 of the appendix. Robust standard errors reported in parentheses. Constant not reported. * p<0.05; ** p<0.01.

Table A7. Interview participants

Worker directors were identified through public registers of worker-elected board members and labor union networks, and firms' websites. HR professionals were identified through firms' websites. Worker-director interviews averaged 32 minutes (22–47 minutes), and HR-professional interviews averaged 27 minutes (17–43 minutes). All interviews were recorded, transcribed, and coded. The full set of thematically organized quotations is presented in Table A8 of the appendix. We asked worker directors to describe their interactions with managers and HR professionals, their views on internal mobility, and their involvement in the hiring process. Our qualitative sample contained WBR firms, so no comment was made on differences between firms with and without WBR. HR professionals were asked to describe the hiring process, and to comment on the role of internal actors, such as worker directors, in it. We informed the interviewees that our goal was to understand the process of internal mobility and staffing of management positions, providing no further information on theory or empirical results.

Panel A. Worker directors

	Gender	Tenure in the firm (years)	Tenure as worker director (years)	Position in the firm	Member of the Cooperation Committee	Trade union member	Interview duration (minutes)
1	Female	10	4	Manager	No	Yes	33
2	Male	9	7	Specialist	Yes	Yes	44
3	Male	8	5	Manager	Yes	Yes	31
4	Male	9	7	Specialist	No	No	27
5	Female	14	3	Specialist	No	Yes	47
6	Female	10	6	Manager	Yes	Yes	41
7	Male	28	19	Specialist	Yes	Yes	26
8	Female	8	3	Skilled worker	Yes	Yes	23
9	Female	12	4	Skilled worker	No	No	37
10	Female	10	6	Operator	No	No	25
11	Male	7	2	Specialist	Yes	No	26
12	Female	13	11	Specialist	No	Yes	39
13	Male	20	9	Skilled worker	Yes	Yes	22
14	Male	8	5	Manager	Yes	Yes	23
15	Female	5	1	Operator	Yes	Yes	38

Panel B. HR professionals

	Gender	Tenure in the firm (years)	Tenure as HR manager in the firm (years)	Current position title	Responsibility for management hiring and promotion	Cooperation Committee in the firm	Interview duration (minutes)
1	Female	7	7	HR Director	Yes	Yes	24
2	Female	11	5	HR Manager	Yes (shared)	Yes	33
3	Female	4	4	HR Manager	Managers only	No	21
4	Female	8	8	Talent Manager	Yes (shared)	Yes	29
5	Male	16	11	Talent Manager	Yes (shared)	Yes	19
6	Male	7	6	HR Manager	Yes	Yes	43
7	Female	2	2	HR Director	Yes	Yes	30
8	Male	5	5	Talent Manager	Yes (shared)	Yes	19
9	Female	20	17	HR Manager	Yes	Yes	17
10	Male	7	7	HR Manager	Yes	No	32

Notes: Panel A reports the characteristics of the 15 worker directors interviewed; interviews lasted 32 minutes on average. Panel B reports the characteristics of the 10 HR professionals interviewed; interviews have lasted 27 minutes on average. All HR professionals were employed in firms with worker board representation and were responsible for, or directly involved in, managerial recruitment and promotion.

Table A8. Qualitative insights

Panel A. Evidence relevant to the information mechanism (H2)

Theme	***Worker directors***	***HR professionals***
Candidate- and position-relevant information held by workers in the organization.	"In large organizations, internal talent is sometimes overlooked – and that's where we can help identify potential candidates." (WD6) "I've several times been asked whether an internal candidate would be a good match – whether they understand how things work here." (WD1) "Only the recruitment of the CEO is formally part of my role as a worker director, but I've often been consulted about internal candidates for manager positions - whether they're a good fit for the organization." (WD13)	"Employee representatives often know internal candidates in ways that HR cannot. They can provide useful information about credibility, collaboration, and leadership potential." (HR9) "Worker directors often provide information that management simply does not have. They know how internal candidates are perceived across the organization and whether they fit the company's culture." (HR4)
Relevance of internal information for the evaluation of candidate's organizational fit	"It's important that managers come from within the organization and understand its culture and values. I've also pointed this out when qualified internal candidates have been bypassed." (WD2)	"Worker representatives are especially helpful when we discuss whether a candidate is a good fit for the organization and its management culture." (HR8)
Information intermediaries	"Being a worker-elected board member has given me a close relationship with the CEO. I've discussed internal candidates and sometimes shared early information about upcoming positions with colleagues." (WD13) "It definitely happens that we as worker directors share information about job openings, sometimes even with specific candidates we think are suitable." (WD10) "If an opening is forthcoming and it's public knowledge I might encourage someone to apply." (WD10) "I stay in close contact with colleagues across the firm… that way I understand their profiles and challenges." (WD4) "In large organizations, information gaps can mean internal talent is overlooked, and that's where worker directors can help identify potential candidates." (WD14)	"Their role is mainly to complement our assessment with perspectives that come from everyday interaction across the organization." (HR1)
Process transparency	"The company now publishes internal statistics showing how many workers have been promoted versus hired externally, across all job categories - and we as worker directors pay close attention to those figures." (WD7)	"Where employee representation is well established, there is more dialogue between HR and employee representatives throughout the recruitment process." (HR2)
Mechanism-enhancing conditions	"My input on manager candidates is mostly informal, while CEO discussions happen formally in the boardroom." (WD7) "Discussions about internal manager candidates mainly happen with worker directors who are themselves managers." (WD6)	"Some employee representatives become trusted advisers because they know the organization well and have broad internal networks." (HR1)

Panel B. Evidence relevant to workers' retention and related incentive mechanism (H3)

Theme	***Worker directors***	***HR professionals***
The relevance of internal career opportunities for workers' motivation/incentives (standard assumption of ILM theory)	"Career opportunities have been a recurring topic during my time as a worker director, not only promotion into management roles but also development into specialist positions." (WD3) "Career opportunities matter a great deal to my colleagues. Many aspire to move into leadership or further specialization." (WD15) "There's a clear link between promotion opportunities and worker retention, especially outside major cities. It's been a strong focus area." (WD1)	"Employees pay close attention to whether management positions are filled internally because it signals whether career opportunities really exist." (HR6) "We have seen employees leave after being passed over for management positions, particularly when they expected to be promoted." (HR1)
The role of democratic organizing in representing and protecting workers' interests: transparency and procedural fairness	"I haven't shared information about open positions, but the worker directors have worked hard to make recruitment more transparent and less biased. That's important for workers' sense of fairness." (WD5)	"Worker-elected directors have consistently pushed for more transparent recruitment processes." (HR5) "Greater transparency increases employees' confidence that promotions are based on fair criteria rather than informal networks." (HR10) "When workers perceive the process as transparent and fair, they are more likely to remain with the firm." (HR9)
Worker motivation	"Workers, as well as trade union representatives and cooperation committees, care deeply about whether internal candidates are chosen and whether enough women are being promoted." (WD15)	"Frequent external recruitment can discourage employees who expected internal career opportunities." (HR7)
Democratic organizing and retention and attraction of internal candidates	"There is visibility around the worker-elected directors within the firm. Workers are aware of us and appreciate that. So, I believe it also contributes to attracting and retaining talent." (WD5)	"Where worker-elected directors have a visible and meaningful role, workers have greater confidence that decisions are made fairly. That strengthens trust in the organization and contributes to worker retention." (HR8) "Visible employee representation contributes to retention because employees feel that their concerns are taken seriously." (HR2)

Panel C. Alternative power explanation

Theme	***Worker directors***	***HR professionals***
Formal authority of worker representatives	"Formally, HR manages the recruitment of managers, and I don't have a formal role as an employee director. But I've been asked informally about internal candidates." (WD9)	"Employee representatives do not formally decide who is hired. Those decisions remain with HR and the hiring managers." (HR3)
Informal influence	"The board has discussed internal recruitment and talent development practices. It was initiated by the chair and led to the creation of a steering group on talent development, which I joined as an employee representative." (WD5)	"The influence of worker-elected directors comes less from formal authority than from the organizational knowledge they bring into discussions. They ensure that workers' perspectives are heard when important decisions are made." (HR8) "Their influence comes primarily through advice and organizational knowledge rather than through formal authority." (HR5)
CEO versus managerial recruitment	"Worker-elected board members were only informed, not consulted, in the process leading up to the hiring of the most recent CEO. In contrast, there have been informal conversations about internal candidates for manager roles." (WD6) "As worker directors, we take part in CEO recruitment on equal footing with the other board members. For the rest of the C suite, we're mostly informed, while at the manager level we're often consulted." (WD8)	"At the CEO level, recruitment is more formalized, while managerial vacancies leave more room for employee representatives to be consulted." (HR7)
Limits of worker influence	"In a large company like ours, worker representation doesn't directly expand individual career opportunities. We're only three or four worker directors for about 4,000 employees." (WD11)	"In some cases, employee representatives play no role at all in the recruitment of managers. Their involvement varies considerably across firms." (HR1)

Figure A1: Kernel Density Plot: Internally promoted (as % of internally promoted and externally hired newly appointed managers) in all firms and separately in those with worker board representation (With WBR) and without worker board representation (No WBR), period average

