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# Discussion of: Careers and Advancements within Firms

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*Careers and Career Transitions: New Evidence for a New Economy*

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# Discuss Three Papers

- ◆ “Promotions, State Dependence and Intrafirm Job Mobility: Insiders vs. New Hires.”
  - Pablo Acosta
- ◆ “Three Forms of Inequality: Advantage, The Absence of Advantage, and Disadvantage.”
  - Nancy DiTomaso, Corinne Post, George Farris, Rene Condero
- ◆ “Career System Practices: An examination of factors affecting the development of managerial capital”
  - Schalon Harrison Newton, Case Western University

# Three Forms of Evidence

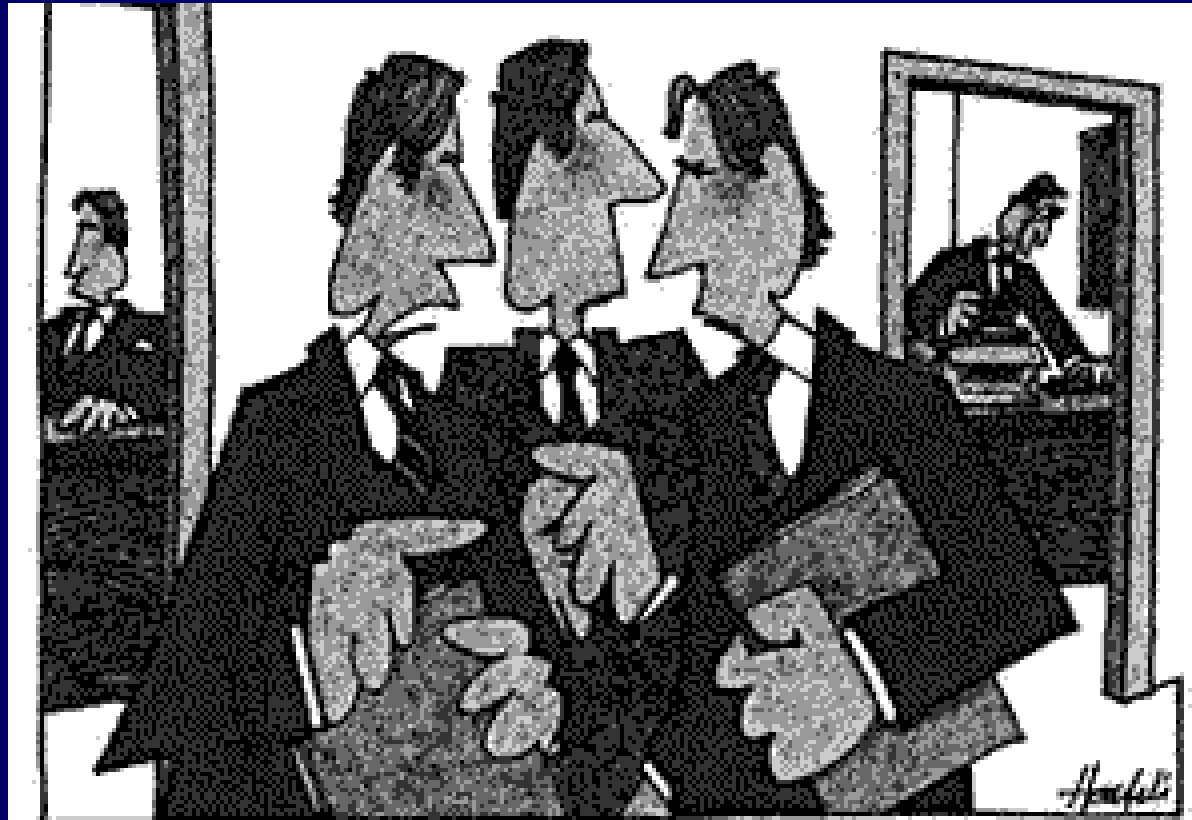
- ◆ “Promotions, State Dependence and Intrafirm Job Mobility: Insiders vs. New Hires.”
  - Detailed personnel records from a single firm
  - 6,428 workers over five years
- ◆ “Three Forms of Inequality: Advantage, The Absence of Advantage, and Disadvantage.”
  - Survey data on 3163 R&D workers and their 690 managers across 24 firms
- ◆ “Career System Practices: An examination of factors affecting the development of managerial capital”
  - In-depth interviews within 3 firms: Senior HR exec + 5 managers

# Three Sets of Insights

## Advancement within firms...

- ◆ Is unrelated to firm-specific human capital [Acosta]
  - Shows no evidence of fast tracks
  - Shows greater mobility for recent hires
- ◆ Is shaped by distinct managerial policies [Newtown]
  - Which are not uniformly good
- ◆ Differs by demographic groups [DiTomaso et. al.]
  - Associated with their numbers, power, status and history
  - Acosta also finds that mobility varies by demographic group

# Three Insights: Summarized



"Do you want to know how Jacobs beat out Isoksen for that promotion? I'll tell you how he did it. Steroids."

Promotions are:

- ◆ Unrelated to firm-specific capital
- ◆ Shaped by distinct managerial policies
- ◆ More common for white men

# Acosta: Intrafirm Job Mobility

- ◆ What are the determinants of being promoted?
- ◆ Results speak to the other papers:
  - Men and youth are more likely to be promoted [DiTomaso et. al.]
    - » This is a predominantly female firm (59%)
    - » And generally middle-aged firm
  - Promotion rates are higher for recent external hires [Newton]
    - » Suggests success when looking to the outside market
    - » Perhaps because firm-specific human capital is unimportant

# DiTomaso: 3 Forms of Inequality

- ◆ “Advantages and disadvantages experienced by different race/ethnic, gender, and nativity groups are associated with the structural positions *they hold in the science and engineering labor force.*”
- ◆ Evidence:
  - US-born white men have a lot of...
  - US-born black women have very little...
  - Others have an intermediate amount of...
- 1. Numbers, power, status and history in science and engineering (Fig. 2)
- 2. Advantages:
  - » Responsibility for their work goals (technical control)
  - » Performance ratings
  - » But fewer mentors [cf Valcour: Supervisor support → promotion]
- ◆ Are the advantages of US-born white men attributable to:
  - Their structural positions within science and engineering? [Acosta]
  - Their structural positions within society? [white male nurses]
  - Discrimination? Ability? Preferences?
  - What plausible hypotheses do the data falsify? [rater-ratee interactions]

# Newton: Career System Practices

- ◆ “The grand tour question that this study seeks to answer is whether or not the investment in CS practices undertaken by organizations is effective in developing and sourcing key managerial vacancies through the use of internal labor markets.” (p.16)
- ◆ But: Should firms want to be effective?
  - Becker
    - » Firms invest in (firm-)specific human capital
    - » Workers invest in general human capital
  - Coase: Make versus buy decision depends on contractibility
  - Implication: Perhaps there are *no* managerial implications
- ◆ If it depends on the firm → Alternative research designs
  - *Why* do firms want to be effective in developing internal labor markets? Or
  - *Comparative* analysis of which firms are successful



