

The Impact of Organizational Career Management on Objective Career Success in Context

PRESENTERS:

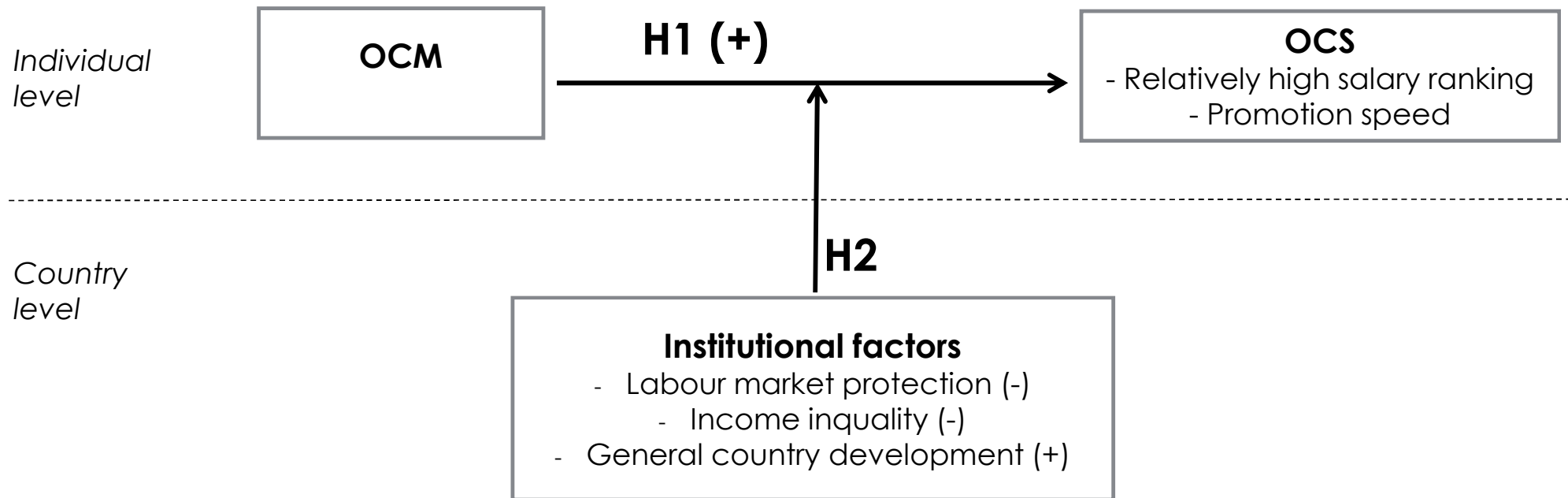
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August 14th, 2018

Research questions and research model

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Is the exposure to larger set of Organizational Career Management (OCM) practices experienced along one's career associated with higher levels of Objective Career Success (OCS), and to what extent is this relationship influenced by institutional factors?



Relevance of the topic for individuals and organizations

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The world has changed... and the career world has changed (e.g. boundaryless careers; SCS career success) but the large majority of **individuals** still work in (multiple) organizations and place a great emphasis on OCS

- ✓ Individuals will have a better understanding on how and where they can take advantage of organizational investments in human capital
- ✓ In managing their career development individuals will benefit from knowing the social, political and economic institutions affecting the opportunity structure in the labour market and the criteria for who is eligible for those opportunities (King, 2001; Blumberg and Pringle, 1982).
- ✓ Organizations will have a better understanding on whether their investments can produce similar effects on individuals in all contexts.

Relevance of the topic for theory

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- ✓ By investigating the cumulative effects on OCS of a set of OCM practices experienced along one's career, in different jobs and organizations, the study contributes to the career literature, which has mainly tested the effects of single practices on OCS
- ✓ By testing the moderating effects of institutional factors, the study contributes both to:
 - the careers literature by providing an empirical evidence of the relevance of context in career studies (Mayrhofer et al., 2007; Tomlinson et al., 2018);
 - the international HRM literature by evaluating the extent to which sets of OCM practices are universally beneficial (or not) to individuals, across different institutional settings (Al Ariss and Sidani, 2016; Brewster and Mayrhofer, 2012).

Theoretical background: Human capital theory

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Human capital theory (Becker 1964; 1994)

- HC refers to individuals' educational, personal, and professional experiences that can enhance their career attainment.
- HC is frequently examined as a predictor of CS
- Generally tested (and proved valid) at organizational level

OCM practices: A subset of HRM practices (Jiang et al. 2012) targeted at supporting and developing employees' careers (Baruch & Peiperl 2000)

- In line with human capital theory, OCM practices can provide employees with the skills (e.g. training, developmental assignments, international assignments, job rotation), motivation (e.g. performance management, assessment centers) and opportunity (e.g. mentoring, networking, job posting, career workshops) to perform (Blumberg and Pringle, 1982; Jiang et al., 2012), and potentially nurturing their OCS.

Hypotheses development

OCM practices and OCS

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Career studies mainly tested the effects of single OCM practices on OCS and in single organizations **BUT:**

1. In analyzing the determinants of OCS we should consider the *entire career* of individuals (Jung & Takeuchi 2018) as a career is “the evolving sequence of a person’s work experiences over time” (Arthur, Hall & Lawrence 1989: 8) and career success is the outcome of one’s career history until that moment (Khapova, Arthur, Wilderom & Svensson 2005)
2. Research has neglected that individuals possess their HC(Becker, 1994) and follow inter-organizational career patterns accumulating their human capital across several jobs and organizations (Garavan et al. 2001)
3. OCM practices work as a *bundle* - see SHRM literature (e.g., Combs et al. 2006; Jiang et al., 2012) and have a complementary role in sustaining the career success of the individual -> the more and the more different, the better

Hypothesis 1a: Having experienced a larger set of OCM practices throughout one’s career is positively related to salary.

Salary progression might be linked to promotions, but not necessarily, because individual performance is not the exclusive criterion nor signal that organizations use to take such decisions

Hypothesis 1b: Having experienced a larger set of OCM practices throughout one’s career is positively related to promotion rate.

Hypotheses development

Institutional factors and OCS

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- Careers are embedded in context (Briscoe, Hall & Mayrhofer 2011; Mayrhofer et al. 2007) and country-level institutional factors play a crucial role in setting conditions for individuals' career development.
- Careers are shaped by “the landscape of the institution or institutions of which the person forms a part” (King, 2001, p. 67). In particular, Tomlinson and colleagues (2018) highlight factors such as education and training systems and welfare regimes among others influencing career opportunities and outcomes.

However so far empirical studies examining the effects of country related institutional factors on career outcomes have been rare (e.g. Chudzikowski et al., 2009; Smale et al., 2018)

Hypotheses development

Institutional factors and OCS

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Labor market protection (the degree of public regulation in the labor market – e.g. legal restrictions on employers' rights to terminate contracts at will, support to unemployment, unionization)

- Labor market protection increases average tenure, reduces employee mobility (Betcherman 2012; Martin & Scarpetta 2012; Young 2003), and has a negative impact on firm hiring (Scherer 2005)

Hypothesis 2a: In countries with greater labor market protection, the positive relationship between aggregate OCM (experience) and OCS (salary and promotion speed) will be weaker.

Hypotheses development

Institutional factors and OCS

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Inequality in income distribution (the extent to which income is distributed in an uneven manner for a particular population)

- Inequality in income distribution contributes to inequality of opportunity in terms of attainments of educational qualifications, social positions (occupations, social class) and income (Blanden 2013; Breen & Jonsson 2015)

Hypothesis 2b: In countries with greater income inequality, the positive relationship between aggregate OCM (experience) and OCS (salary and promotion speed) will be weaker.

Hypotheses development

Institutional factors and OCS

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General country development (the economic and social resources of a country, e.g. GDP, health and education system, welfare regime)

- In highly developed countries individuals benefit from public investments in education and welfare and the average level of HC is higher
- Organizations attract and select more educated people with higher returns from their investments in OCM (Cappelli & Keller 2014)

Hypothesis 2c: In countries higher on human development, the positive relationship between aggregate OCM (experience) and OCS (salary and promotion speed) will be stronger.

The sample

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5C – Cross-Cultural Collaboration on Contemporary Career
Project <https://5c.careers/>

The (sub)sample (8817 individuals); 28 Countries

- Age: 40.6 years, 16 years work experience
- Gender: 51% females
- Profession: managers (41%) and professionals (59%)
- Education: 75.5% tertiary, 22% upper-secondary, 2.5% lower secondary



The variables in the study

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Objective Career Success

- *Promotion speed*: number of promotions by years of work experience (average = 0.22 – one promotion every 5 years)
- *High relative salary rank*: below/above the within-country median salary rank (39% high salary rank)

Organizational Career Management index (10 practices)

- Formal education, job posting, lateral moves, international assignments, written personal career planning, performance appraisal, career counselling, assessment center, mentoring and/or networking, peer and/or subordinate appraisal (average 4.86) (Baruch & Peiperl 2000)

Institutional factors

- Labor market protection - Employment Protection Legislation index (OECD); Inequality in income distribution (UN); Human Development Index (life expectancy, mean years of schooling, gross national income per capita) (UN)

Control variables

- Gender, educational level, managerial position, (work experience)

Results

Main effects

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H1a (promotion speed) – verified ($\gamma = 0.013$, $p = 0.001$)

- effect size of OCM is almost twice the size in comparison with control variables: .131 in comparison to .066 for manager, .055 for gender and .044 for level of education

H1b (relative high salary rank) – verified ($\gamma = 0.144$, $p = .000$)

- An individual experiencing an additional OCM practice 1.155 times more likely to be among those receiving a relatively higher salary. The control variables exhibited stronger effects for salary level: managers 3.11 times, men 2.14 times and those with higher education 1.712 times as likely to be included in the higher relative salary category
- Aggregated/cumulative effect of OCM practice (experience) along one's career and across organizations
- Equifinality of OCM practices: the more, the more different, the better

Results

Moderation effects

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Multilevel models with cross-level interactions predicting **high relative salary ranking**

	Model 9	Model 10	Model 11
Institutional dimension	Income inequality	Employment Protective Legislation	Human Development Index
Threshold	1.44 (.0251)***	1.354 (.0249)***	1.540 (.0317)***
Level 1			
Manager	1.14 (.119)***	1.134 (.127)***	1.140 (.120)***
Gender	.758 (.088)***	.804 (.127)***	.760 (.087)***
Education	.540 (.064)***	.525 (.063)***	.541 (.064)***
Work Experience	.061 (.006)***	.061 (.006)***	.061 (.006)***
OCM	.232 (.006)***	.203 (.064)**	.199 (.006)**
Level 2			
OCM (country mean)	.01 (.045)	.001 (.050)	.030 (.059)
Institutional dimension	0 (.013)	-.037 (.156)	1.156 (.933)
Cross-level interaction			
OCM*OCM (Country mean)	-.018 (.012)	-.010 (.013)	-.011 (.012)
OCM*Institutional dimension	-.005 (.002) *	.029 (.039)	.361 (.115)**
Variance components			
Residual Variance (Between)	.13 (.07)	.078 (.028)**	.116 (.041)**
Slope Variance	.005 (.003)	.005 (.003)*	.005 (.002)*
Intercept-Slope Covariance	.006 (.005)	-.003 (.005)	-.002 (.005)

NO
moderation
effects for
**promotion
speed**

Results

Moderation effects on promotion speed

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Support of a “universalistic” perspective concerning promotion speed

- Promotion systems (e.g. Ferris, Buckley & Allen 1992): the organizational rules are “stronger” than the institutional context. The role of the gatekeepers (King 2001)
- Due to the characteristics of our sample (managers and professionals), career advancements may be less sensitive to collective rules and societal conditions

Results

Moderation effects on high relative salary rank

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H2a - No moderation of employment protection legislation

- Imperfect measurement of LM regulations
 - ✓ Indirect measures (legal rules regulating hiring and dismissals; costs for hiring and dismissals)
 - ✓ Institutional complexity of each national context
 - ✓ Labor markets dynamism
- LM protection affects different workforce segments differently (managers and professionals in our sample)

H2c - Negative moderation of income inequality

- In countries with high income inequality, part of the company financial resources may need to be devoted to providing all the workers with allowances and in-kind services, reducing the resources for increasing salaries for the high-performers.
- High income inequality affects the levels of education and skills of the population, which in turn impose costs on organizations. These costs lower the ability of organizations to compensate employees for their performance in terms of salary.

H2d - Positive moderation of general country development

- In “richer” countries individuals can benefit more from organizational investments
- Complementarity of individual and organizational investments
- Virtuous circle: OCM practices -> human capital attraction and development -> higher organizational (and individual) performance -> high salary (general positive economic conditions) and more investments in OCM practices

Conclusions

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Organizational investments in career development experienced across organizations and accumulate along one's career produce the desired effects on promotions all over the world...

- **but** these investment might not translate in increase in salaries due to the interplay with institutional factors which enhance or reduce the power of these investments

Individuals benefit from these investments across organizations and across the world: those investments are relevant for promotions more than any other factor, including education and gender.

The same does not hold true for salaries which are influenced by individual characteristics and education and by institutional factors.

Limitations

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Cross-sectional research design

- no inference on the causal direction of relationship variables

OCM index

- dichotomous response scale (yes/no)

Institutional variables

- specific index for managers and professionals
- other institutional variables