

## INTERNAL STAFFING AND EMPLOYEE CAREERS

Everyone faces questions about career interests and aspirations throughout his or her working life. Even though not everyone may address them as systematically as just described, one way or another people create and follow careers.

The particular sequence of jobs, organizations, and work roles a person pursues results from conscious choices based on interests, as well as constraints and opportunities encountered throughout the person's work life. Careers include upward, lateral, and downward sequences of work experiences.

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**A** *career* is the evolving sequence of a person's work experiences over time.<sup>4</sup>

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As you saw in Chapter Three on organizations and work, today's companies are undergoing fundamental restructuring. For many, the traditional hierarchy is gone, replaced by flexible teams, fewer levels from bottom to top, increased individual responsibility for career development, and reduced commitments to providing lifetime employment and careers. What is a career today? It is certainly not always an orderly progression of work roles in a single area, each one providing ever more responsibility and supervisory discretion. Future careers are likely to involve work in several different organizations, to span two or three different occupations, and to rely much more heavily on the person's ability to chart a course than on an organization's traditions. Some might call this new world harsher, but for those who can adapt, it portends immense flexibility and opportunities.

We tend to think of careers affecting individuals, but they also are vitally important to organizations and are often a key activity for human resource managers. HR managers must make decisions and enact activities to retain and develop future talent. A world of greater change and flexibility presents particular challenges to HR managers responsible for ensuring a steady flow of talent. Internal staffing decisions determine how employees move between work roles within the organization. HR managers have always played a part in such decisions, but rapid change makes them even more vital today. Like the other staffing activities discussed earlier, these decisions can affect organizations for decades, so the stakes are high. Moreover, internal staffing decisions and policies determine the career progress of employees, and thus affect their status, income level, and satisfaction. This chapter examines how organizations can identify internal staffing opportunities and candidates, how individuals decide whether to accept the opportunities so that the organization can remain competitive and flexible, and the effects of such decisions on the individuals and the organization.

### Setting Objectives for Internal Staffing and Careers

Internal staffing and career choices affect which work roles are assigned to what employees. Thus, internal staffing shares many of the same effects on efficiency and equity as external recruitment, selection, and separation/retention. Whenever people move from one work role to another, the work roles they move into undertake selection and recruitment activities while the work roles they leave are affected by the separation. Again, all the principles from external staffing apply to internal staffing.

## Efficiency

Internal staffing activities incur the costs of attracting applicants for internal opportunities, assessing their characteristics and interests to determine their fitness for internal employment opportunities, moving employees from one assignment to another, and filling the vacancy created in the work role the employee leaves. All of the costs discussed in the chapters on external staffing also apply to internal staffing, but they are incurred while focusing on existing employees. Such costs are not trivial. The executive vice president of Runzheimer and Company, a national consulting firm on employee relocation, estimated that when employees were relocated in 1994, it cost an average of \$50,000.<sup>5</sup> This doesn't even include the activities related to attracting, selecting, and replacing those who moved.

Are such costs justified? As with external selection, this depends on how well internal staffing decisions place the right people in the right work roles at the right time. Research suggests that the difference between accurate and inaccurate placements can amount to millions of dollars over time in large organizations.<sup>6</sup> The effects are especially obvious when you consider that every internal promotion, lateral transfer, or downward transfer creates a vacancy that also must be filled. The sequence of staffing decisions initiated by internal staffing provides immense opportunities to add value or immense opportunities to do damage if they are not considered carefully. They must be integrated with other HR activities to be truly effective. The relationships created through internal staffing are a key glue holding the organization together.<sup>7</sup> Moreover, careers are perhaps the most powerful tool for developing future skills, talent and values. Therefore, decisions about career systems must be closely aligned with organizational goals. As one expert put it, "every hour spent establishing top management's perceived business needs is worth 100 hours spent on program design and development."<sup>8</sup>

## Equity

With external staffing, those not hired usually have little impact on the organization. However, internal staffing activities deal with current employees, so rejected employees are still around and all employees watch the process carefully for clues to the fairness of the organizations's policies. Desirable career opportunities signal to employees that they are doing well, and career progressions affect employees' status and rewards. Therefore, employees regard career decisions with the same equity concerns as they have for their pay and benefits. Also, employees are usually concerned that they have some self-direction and control, that career decisions balance work and family, and that the organization provides honest and helpful information for making career decisions.<sup>9</sup>

Internal staffing affects progress toward equal employment opportunity (EEO) and affirmative action. These effects have been the subject of immense press coverage and even a special U.S. Labor Department study of the glass ceiling keeping women and minorities from reaching the top of organizations. Indeed, the affirmative action program in the San Francisco Fire Department has tempted some firefighters to falsely claim to belong to a minority group in hopes of getting extra consideration in promotion decisions.<sup>10</sup>

Finally, labor unions are keenly interested in internal staffing policies because they affect the employment security and pay levels of their members. Rules governing allowable and nonallowable internal staffing decisions are a basic issue in most collective bargaining agreements.

## INTERNAL EMPLOYEE MOVEMENT IS PART OF THE STAFFING PROCESS

Internal employee movement involves how employees are promoted, demoted, and transferred within the organization. Most organizations focus on what causes individuals to want to move from one position to another, or on how well the movers do in their new jobs. We take a broader view, recognizing that internal staffing is part of the larger staffing process, and that it must be integrated with external staffing (recruiting, selection, and separation/retention). Evidence suggests that 99 percent of organizations use internal candidate sources; many firms consider them more effective than external sources.<sup>11</sup> External selection is often used *only* after internal sources have been explored.

### External Staffing and Internal Staffing Create Career Systems

In Exhibit 9.2, we show how the relationship between external staffing, development/career management, and exit differs depending on the nature of the organization. The vertical dimension reflects how open the staffing system is to external candidates, with more open systems at the top and more closed systems near the bottom. The horizontal dimension reflects how much individual competition there is for internal staffing opportunities. The *Academy* (lower right, similar to a college faculty) involves a fairly closed system with entry typically only possible at entry levels early in a person's career. This system emphasizes a high degree of training and career development, based on individual merit. The *Baseball Team* (upper right, similar to sports teams) involves a very open system, with entry possible at all career levels, as well as high individual competition for internal staffing opportunities. This produces a higher degree of turnover and career paths that often span more than one organization. The *Club* (lower left, similar to a fraternity, sorority, or country club) involves low openness, with entry typically possible only at entry levels and low competition for opportunities among individuals. Career advancement is determined by standard steps at defined intervals. The *Fortress* (upper left, where those inside compete primarily with those attempting to join from the outside) has low competition among individuals for internal staffing opportunities, but high openness to external staffing at all levels. This system often characterizes industries with shortages in some areas, but surpluses in others due to rapidly changing market demands. Notice how external selection, internal development, and exit are interrelated depending on the conditions faced by the organization.

### Internal Staffing Reflects Both Internal Selection and Separation

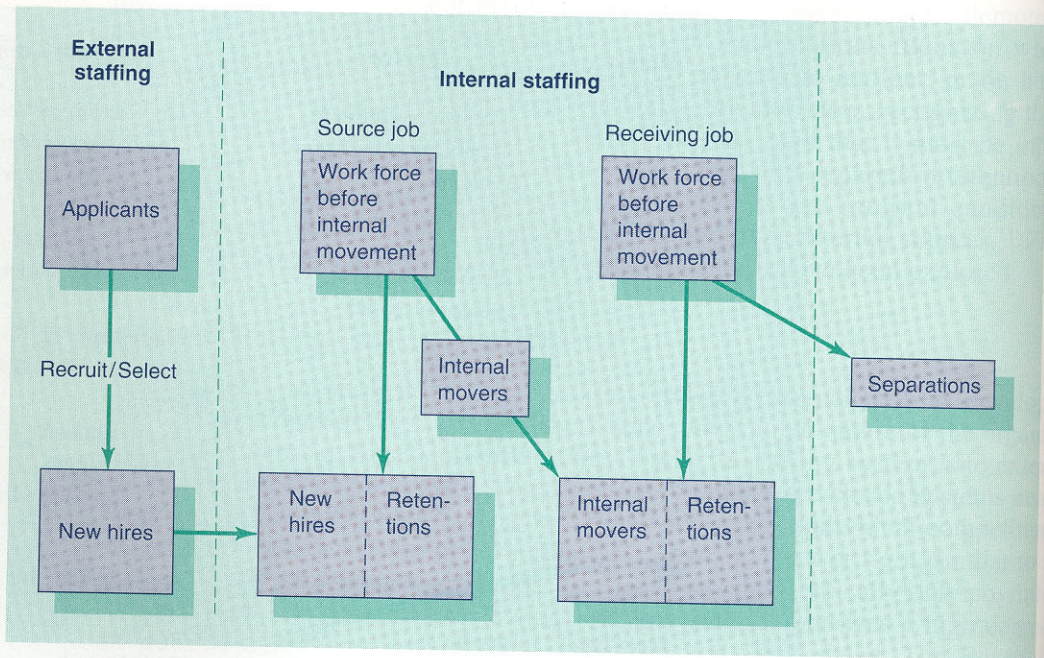
We often overlook the fact that when organizations move people between work roles, there are consequences not only for the roles people move into but also for the roles they move out of.<sup>12</sup> We illustrate these relationships for two work roles in Exhibit 9.3. These work roles might be jobs or they might be assignments to teams, task forces, and so on. The vertical dotted lines represent the organization boundary. The two boxes inside the lines represent two jobs within the organization, with the source job providing employees to the receiving job. The top set of boxes shows the situation prior to the employee movements; the bottom set of boxes shows the situation after the employee movements. The process begins on the right, with the receiving role experiencing

## EXHIBIT 9.2 Four Career System

<b>Highly open</b>	<b>Fortress</b>	<b>Baseball Team</b>
	<p><i>Entry:</i> Passive recruitment Applicant self-selection</p> <p><i>Development:</i> Retain core talent</p> <p><i>Exit:</i> Frequent layoffs Seniority-based</p> <p><i>Examples:</i> Airlines Hotels Retailing</p>	<p><i>Entry:</i> High activity level Emphasizes credentials Select at all career levels</p> <p><i>Development:</i> Informal training Little career management</p> <p><i>Exit:</i> High turnover Careers cross employers</p> <p><i>Examples:</i> Entertainment Advertising Law/consulting firms</p>
<b>Openness to external selection</b>	<b>Club</b>	<b>Academy</b>
	<p><i>Entry:</i> Early career Emphasizes tenure</p> <p><i>Development:</i> Builds general skills Slow career paths Required steps Emphasizes commitment</p> <p><i>Exit:</i> Low turnover Retirement is common</p> <p><i>Examples:</i> Utilities Banks</p>	<p><i>Entry:</i> Strictly early career Emphasizes growth potential</p> <p><i>Development:</i> Highly emphasized activity Extensive job training Tracking and sponsoring high-potential employees Elaborate career paths</p> <p><i>Exit:</i> Low turnover Retirement is common Dismissals are common</p> <p><i>Examples:</i> IBM Kodak General Motors</p>
<b>Low openness</b>	<b>Low competition</b>	<b>High competition</b>
<b>Promotion Competition among Individuals</b>		

Source: Adapted from Jeffrey A. Sonnefeld and Maury A. Peiperl, "Staffing Policy as a Strategic Response: A Typology of Career Systems," *Academy of Management Review* 13, no. 4 (1988), pp. 588–600.

### EXHIBIT 9.3 How Internal Movement Fits the Staffing Process



separations of employees who leave the organization. The receiving role's retained workforce is now smaller than before, so vacancies can be filled. The vacancies are filled with internal movers from the source role, so that the receiving role's workforce after the movements, is a mix of retentions and internal movers. These internal movements have the same effect on the source role as separations, so the source role workforce is smaller than before. Source role vacancies are filled through external recruitment and selection, so that the source role's workforce after the movements is a mix of retentions and new hires. These relationships obviously become more complex with more than two work roles and when more than one role is experiencing external separations. The key is that internal movement encompasses aspects of recruitment, selection, and separation/retention; thus, it uses the same models as external staffing. Research suggests decisions that affect the retention and selection process can have million-dollar consequences, depending on how it is managed.<sup>13</sup> Let us see how.

### Internal Staffing Affects Workforce Quality

Because internal staffing decisions serve both as rewards to employees and as strategies to enhance workforce value, they have important effects on workforce quality. In Chapter Eight we showed how different separation patterns affected the value of the workforce. In Exhibit 9.4, we have expanded the example to include a new piece of information. The last column now shows how well we expect each of the employees to perform if promoted to the job of sales manager. Ratings range from a low of 2 to a high of 10. Suppose the organization has five sales manager vacancies.

EXHIBIT 9.4 Internal Staffing Information about a Workforce

Salesperson	Annual Sales	Years of Seniority	Minority	Predicted Managerial Performance (points)
Jeremy	\$40,000	8	No	10
Rudolfo	40,000	8	No	6
Maggie	40,000	2	Yes	10
Manuel	40,000	6	Yes	8
Herbert	40,000	6	No	6
Karl	30,000	8	No	8
Donald	30,000	4	Yes	10
Lindsey	30,000	8	Yes	6
Ralph	30,000	6	No	10
Beuford	30,000	4	No	6
Arthur	20,000	8	No	10
Dorothy	20,000	2	Yes	4
James	20,000	6	No	8
Bertram	20,000	4	No	4
Jesse	20,000	4	Yes	4
Oliver	10,000	2	No	8
Anne	10,000	2	Yes	4
Enrique	10,000	2	Yes	6
Fred	10,000	6	No	8
Barney	10,000	4	No	4
Total	<u>\$500,000</u>	<u>100</u>		<u>4</u>
Average	\$ 25,000	5		7

One way to promote would be purely on seniority; labor unions might favor this as being objective and fair. Using seniority, Jeremy, Rudolfo, Karl, Lindsey, and Arthur would be promoted. Their average sales manager performance would be 8 out of a maximum of 10. One minority gets promoted (20 percent), the minority composition of the retained group of salespersons goes up to 47 percent (7 out of 15), and the combined sales of the retained group total \$340,000. Although seniority-based promotions seem objective, high sales performers Maggie, Manuel, and Herbert may wonder whether it's worth working so hard or remaining with this organization if they have to wait up to six years to be promoted.

We might instead decide to promote the highest sales performers, to show that high performance gets rewarded. Jeremy, Rudolfo, Maggie, Manuel, and Herbert would be promoted. The average predicted sales manager performance would still be 8. The minority promotion rate is doubled to 40 percent (2 out of 5), and the minority representation rate of the retained salespeople remains what it was before (40 percent, or 6 out of 15). However, yearly sales among the retained group drops to a total of \$300,000, well below the average of the group before the promotions. Lindsey and Arthur may now wonder if they will ever get promoted, after seeing less-senior employees pass them.

Finally, we might promote based simply on the employee's ability to do the sales manager job. Now, Jeremy, Maggie, Donald, Ralph, and Arthur would be promoted. The average predicted sales manager performance of this group is 10. As with performance-based promotions, the minority promotion rate is 40 percent, so the minority representation in the retained group remains 40 percent. However, this promotion pattern still removes several high-performing salespeople. It promotes two low-tenure employees (Maggie and Donald) over others with up to eight years of seniority. Finally, it promotes lower performers Donald, Ralph and Arthur over top-performing Rudolfo, Manuel, and Herbert. The high-tenure and high-performing salespeople may not find this very attractive, especially if the younger or lower performers end up as their supervisors!

### WHAT DO YOU THINK?

Frequently, the best performer in a current job is not the best promotion candidate. If you had to tell a high performer they didn't get the promotion, how would you approach it? What support/assistance should HR provide?

In actual decisions, multiple work roles may compete for promising employees, and the validity of future performance predictions may vary. The best performer in a source job is not always the best candidate for the destination job. Finally, employees may or may not accept the internal movement opportunities. Clearly, internal staffing decisions and policies must constantly balance equity and efficiency goals for both the destinations and the sources of employees. This example used promotions, but the principles apply to lateral movements, movements between teams or task forces, redeployments, and downward movements.

## BALANCING EMPLOYEE AND EMPLOYER CONCERNS: CAREER MANAGEMENT AND CAREER PLANNING

Because careers affect the ongoing relationship between individuals and their organizations, both play a role in managing careers. Careers develop through the interaction of employee choices to pursue their aspirations and organization choices to provide opportunities that advance organizational goals. This dual focus is reflected in the relationship between *career development*, *career planning*, and *career management*.

**C**areer development encompasses career management and career planning.

*Career planning* is the process through which individual employees identify and implement steps to attain career goals.

*Career management* is the process through which organizations select, assess, assign, and develop employees to provide a pool of qualified people to meet future needs.<sup>14</sup>

Note the different responsibilities of employees and employers in managing careers in Exhibit 9.5. The top portion illustrates how the employee, manager, and organization contribute to effective career planning, ensuring that careers match employee abilities and interests. The bottom portion illustrates how each party contributes to effective career management, ensuring that internal staffing decisions assign individuals to roles that contribute to the organization's goals.

Career development applies to all employees, although most career development activities traditionally have focused on upper-level managers. This is changing as organizations restructure to emphasize the skills and contributions of employees in nonmanagerial jobs. When attitude surveys indicated that nonempt employees at Corning Glass felt underutilized and overlooked, Corning

## EXHIBIT 9.5 Integration between Career Planning and Career Management

## Career Planning Activities

**Employee's responsibilities:**

- ◆ Self-assess abilities, interests, and values.
- ◆ Analyze career options.
- ◆ Decide on development objectives and needs.
- ◆ Communicate development preferences to manager.
- ◆ Map out mutually agreeable action plans with manager.
- ◆ Pursue agreed-upon action plan.

**Manager's responsibilities:**

- ◆ Act as catalyst; sensitize employee to the development planning process.
- ◆ Assess realism of employee's expressed objectives and perceived development needs.
- ◆ Counsel employee and develop a mutually agreeable plan.
- ◆ Follow up and update employee's plans as appropriate.

**Organization's responsibilities:**

- ◆ Provide career-planning model, resources, counseling, and information needed for individualized career planning.
- ◆ Provide training in career development planning to managers and employees, and career counseling to managers.
- ◆ Provide skills training programs and on-the-job development experience opportunities.

## Career Management Activities

**Employee's responsibilities:**

- ◆ Provide accurate information to management as needed about skills, work experiences, interest, and career aspirations.

**Manager's responsibilities:**

- ◆ Validate information provided by employees.
- ◆ Provide information about vacant job positions for which the manager is responsible.
- ◆ Use all information provided by the process to (1) identify all viable candidates for a vacant position and make a selection and (2) identify career development opportunities (job openings, training programs, rotation assignments) for employees and place them accordingly.

**Organization's responsibilities:**

- ◆ Provide information system and process to accommodate management's decision-making needs.
- ◆ Organize and update all information.
- ◆ Ensure effective usage of information by (1) designing convenient methods for collecting, analyzing, interpreting, and using the information; and (2) monitoring and evaluating the effectiveness of the process.

Source: Frank J. Minor, "Computer Applications in Career Development Planning," in *Career Development in Organizations*, ed. Douglas T. Hall and Associates (San Francisco: Jossey-Bass, 1986), pp. 205-6.



implemented the Career Planning and Information System to help individuals understand and take more responsibility for their career planning. The system includes computer programs such as *Who am I?*, *How am I seen?* and *How can I achieve my goals?* as well as videos and informational books listing all Cornell positions and their requisite skills.<sup>15</sup>

Do such programs induce more career planning? One study of employees in Singapore suggested that career planning was not affected by career development programs and other organizational factors, but was affected by individual factors such as the need for achievement and career commitment.<sup>16</sup> It seems likely that HR managers must show employees the personal value of career planning for such programs to work. Several trends illustrate the importance of individual career planning today. The partnership illustrated in Exhibit 9.5 is becoming more complex as organizations become more flexible and environments become more volatile.

### The New Employment Contract: In Business for Yourself

*You have to accept that no matter where you work, you are not an employee; you are in a business with one employee—yourself.*

—Andrew Grove, CEO, Intel, September 1995<sup>17</sup>

Chapter Three and Chapter Fifteen discuss the changing employment contract. No one owes you a job, a career, or future security. Globalization and faster change mean that you alone will be responsible for charting a successful career. Competencies and flexibility have become the currency on which careers are built while hierarchical advancement, tradition, and loyalty are less important. That means that employees must take a greater role in charting careers, amassing the knowledge and other credentials that make them attractive for future work roles, and identifying the right career experiences to gather those credentials. Where you start may be less important than where you finish, lucrative offers that don't fit your career goals may be seductive, and the best thing that can happen is often a failure or two. Indeed, the day may be coming when the whole idea of a "job" may be passé. Some researchers have suggested that promotions should be modeled more like future stock purchase "options," with candidates' value changing with the market as well as their own development, and the probability of promotion depending on many factors beyond the candidate's control.<sup>18</sup>

### The New Career Path: Twists and Turns, Not Straight and Narrow

In the television show *Leave it to Beaver*, Ward Cleaver went to the office every day, undoubtedly to some sort of managerial job. Cleaver's job was part of a career within a well-defined corporate hierarchy, with each successive promotion being very predictable. Promotions occurred at regular intervals in the same functional area (e.g., marketing, finance, or human resources); they involved supervising ever larger groups of people or units, and they represented rungs up a stable hierarchy. Chapter Three showed how outmoded such systems are in many of today's organizations. Pyramids are giving way to parallelograms, or simply to webs of networked alliances. Therefore, the right career move is now defined more by the capabilities it imparts than the hierarchical

## WHAT DO YOU THINK?

*Fortune* magazine trumpets “famous failures” such as Sergio Zyman, who left Coca-Cola in 1986 after the disastrous introduction of New Coke, only to return in 1993 as a top marketing manager. Coca-Cola had experienced a “change in our thinking,” deciding that risk taking is good.<sup>21</sup> What HR and career management processes could lead to such a decision? What effect do you think this had on other managers?

status it bestows. Lateral movements become more important, and work roles such as team leader, task force coordinator, and network liaison may become more critical than supervisor or manager. The new corporate ladder may be horizontal instead of upward, with rotational assignments being the plum opportunities, and it probably involves multiple employers.<sup>19</sup> For example, Hong Kong human resource managers have lamented the 30 percent turnover rates among their young professionals. The sheer density and growth of Hong Kong means that you can change employers simply by moving across the hall or down a causeway. With all that mobility, some Hong Kong banks track their most promising prospects and hire them back in a few years after they have obtained valuable experience. The idea of “industry communities” that agree to form multiemployer career paths has even been suggested.<sup>20</sup>

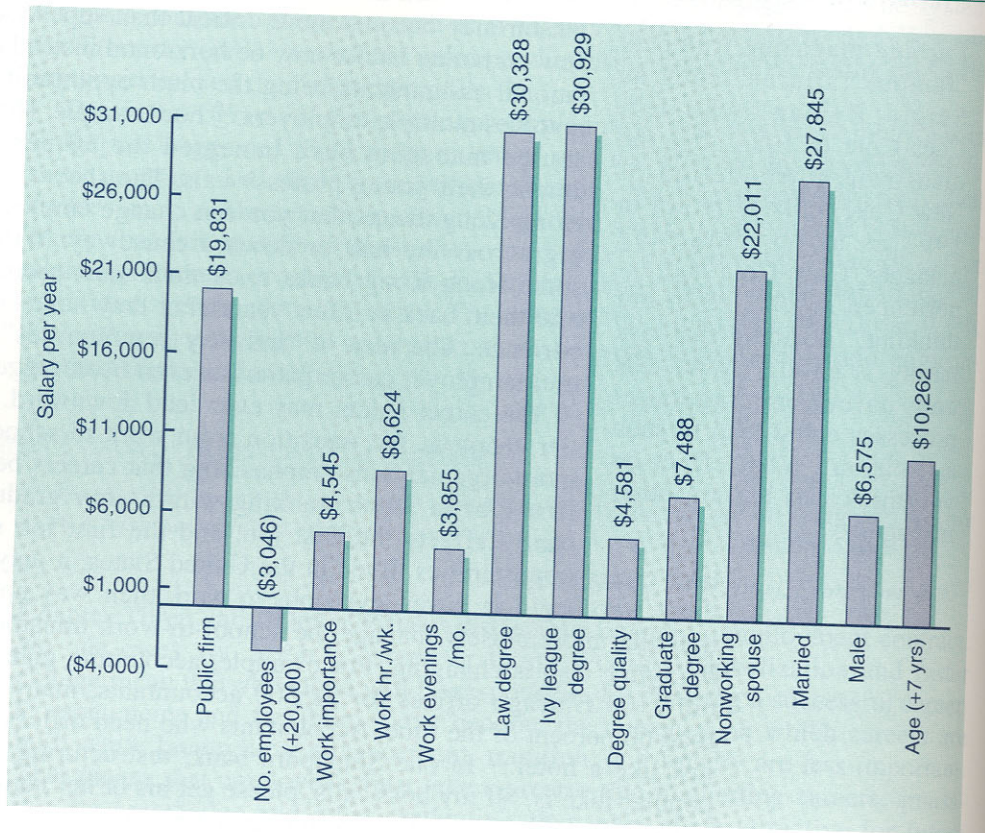
The career ladder may even lead downward. As you read in earlier chapters, the transition from work to school is changing, with more organizations emphasizing that careers begin even before the first job. In Japan, ranking within your graduating class significantly affects the first job, and the first job significantly affects

later career opportunities. Even in the United States, it may be much harder for those who begin in lower-level jobs to work their way up than in other countries that more closely manage the school-to-work transition.<sup>22</sup> The concept of *the office* also is changing. For example, accounting giant Ernst & Young has only 100 Chicago offices for its 500 accountants, many of whom are on the road 60 percent of the time. Accountants who need offices call to reserve them, just like a hotel.<sup>23</sup> In one Singapore bank, restructuring is so common that a popular joke is, “If my boss calls, please get his or her name.”

Even the changing path is up for debate because seniority still counts for big privileges among flight attendants and others, and economic studies seem to suggest that job tenure hasn’t changed much in 20 years. In 1993, the proportion of workers—20 percent—who worked more than 20 years for the same employer was precisely the same percentage as in 1973. Even middle management, long the target of cost cutting, is back in vogue.<sup>24</sup> Exhibit 9.6 shows the results of a study of more than 1,300 top U.S. executives, indicating how much each factor is associated with their annual pay. The results suggest some traditional patterns: Older married men with spouses who stay at home, and who work longer hours and more evenings earn more; the amount of education is a significant plus; and as Cornell University professors, we were pleased to learn that an Ivy League degree pays off (no data on how many of these executives had taken our classes). There are also some surprises: Those working in smaller firms earn more, and tenure with the organization or occupation was not a significant factor in earnings.

Does the blurring of traditional career paths mean careers are less important? Quite the contrary. Career progressions that build needed capabilities and flexibility are becoming even more important to both companies and individuals. Even using a contingent workforce can enhance careers. One research study found that organizations that hired more temporary workers had slower mobility for lower-level jobs that employed the temporary workers, but faster upward mobility among the permanent group of workers in higher-level jobs. The contingent workforce created a hidden escalator for the core employees.<sup>25</sup>

## EXHIBIT 9.6 Factors Affecting the Pay of Top U.S. Executives



Source: Timothy A. Judge, Daniel M. Cable, John W. Boudreau, and Robert D. Bretz, "An Empirical Investigation of the Predictors of Executive Career Success," *Personnel Psychology*, 1995, vol. 48, p. 505.

Therefore, while the terrain is becoming complicated, the value of career planning and career management is increasing. For employees, this means being more vigilant in charting their own careers to match their goals, which brings us to career planning.

### CAREER PLANNING: EMPLOYEES FINDING AND PURSUING THEIR GOALS

In the opening exercise, you chose the corner of the room in which you'd like to be. That exercise illustrates the process of identifying the kinds of experiences you might find rewarding in a career. Researchers have identified two concepts to help explain the patterns of these career interests and how they may change over a person's lifetime: *career orientation* and *career stages*.

#### Career Orientation: Who Do You Want to Be?

Your career aspirations and interests form patterns similar to those illustrated in Exhibit 9.1. People seem to be oriented toward certain kinds of competencies and experiences. These orientations reflect underlying motives and abilities

**A** *career anchor* is a self-concept based on differing work motives and abilities. This self-concept guides, stabilizes, and integrates a person's work experience.

formed before beginning work and during early work experiences. One study of adolescents found that the career interests they favored at age 13 were usually still favored 15 years later.<sup>26</sup> Research has suggested that these patterns reflect career anchors.

People tend to pursue work roles that remain anchored around their self-concept, although, like a ship, they may move around the anchor as well. Changing to a new anchor involves effort and some fundamental rethinking of career motives. Five career anchors have been identified.<sup>27</sup>

1. *Technical/functional competence.* The primary orientation of these people is the actual work they do and their wish to continue using and developing their existing skills. They avoid positions removing them from areas of established competence or pushing them into general management, preferring growth through increasing skill instead of increasing organizational level. A good example is an engineer who wishes to design semi-conductors and has no wish to supervise others.
2. *Managerial competence.* The primary orientation of these people is to develop managerial abilities of interpersonal competence, analytical competence, and emotional competence required at high levels of management. Aspirations to manage have been found to be strongly related to managerial career anchors and with specific activities such as developing career contacts, developing organizationally specific skills, and accommodating the boss's expectations.<sup>28</sup>

Perhaps because these studies were carried out with business school graduates, these two anchors occurred most. Even here, however, three other anchors emerged:

3. *Security.* An orientation toward working for a particular organization or in a specific geographic area.
4. *Creativity.* An orientation toward creating something that is entirely their own—whether it be a product, a company, a work of art, or a personal fortune.
5. *Autonomy/Independence.* An orientation to avoid working under the constraints of organization life, with many of these people leaving to become consultants or start their own businesses.

Understanding the career orientations of individuals makes it easier to understand which internal staffing opportunities appeal to them. It also helps individuals better evaluate potential career paths. Research suggests that individuals make decisions based on whether occupational and organizational characteristics are similar to their personal view of themselves, and that those who fit better enjoy greater eventual career success and satisfaction.<sup>29</sup> Of course, as any student in the job market knows, career choices are also influenced by pragmatic concerns. Research on Australian college students showed that in addition to career orientation, money, status, and gender influenced career preferences. Among Singaporean job seekers, career choices are influenced by their government's decisions regarding which industries receive subsidies and other federal support.<sup>30</sup> It seems likely that with the flexibility and change of future opportunities, individuals may well pursue a variety of career interests.

## Career Cycles and Stages

Traditionally, we think of careers in biological terms. A young person begins with exploration, progressing to becoming established in an organization and occupation, next enters a maintenance period of stable and productive accomplishment, and finally enters a period of decline or transition out of the work environment into retirement. However, age and tenure don't fully describe modern career paths.<sup>31</sup> A more modern and accurate view suggests that careers move through cycles through time, and every person may progress through these stages several times in one career. Exhibit 9.7 illustrates this cyclical pattern and the factors that determine career changes and success. Career change is triggered by a variety of opportunities or stresses; it also is determined by the person's personality and tolerance for change. The "career routine" also determines whether the person becomes aware of his or her choices. Once aware, the person goes through the stages of information (much like exploration), subidentity transition and establishment, increased adaptability and self-confidence (much like becoming established), and then the process begins again. Today, the stages are more likely to be played out across multiple work roles in multiple organizations. For example, *Business Week* suggested the new career path involves: *Starting big* by learning corporate skills in a large organization; *broadening skills* by moonlighting and developing contacts and a reputation outside the organization; *branching out* to start a new company or move to a new industry; *taking a break* to go back to school, build new credentials, or pursue a totally different kind of work; *temping*, or moving from project to project as a temporary and independent contractor with valuable skills.<sup>32</sup> The stages of Exhibit 9.7 may be accelerated or even repeated several times. Research suggests that people may have different levels of decidedness about their careers. *Developmentally undecided* means having little experience upon which to make a decision. *Situationally undecided* means being unsure because of a new situation, such as a merger. *Chronically undecided* means being uncertain because of general anxiety or fear. *Vigilant* means being settled on a decision after rationally weighing the alternatives and gathering information. *Hypervigilant* means rushing to make a decision without full analysis, perhaps due to anxiety.<sup>33</sup> Though being undecided has a negative connotation, it may be the most common and, perhaps, the most appropriate state of mind in today's volatile career environment. Research also suggests that people who switch both employers and occupations have greater increases in satisfaction and mental health than those who don't switch or only switch employers.<sup>34</sup>

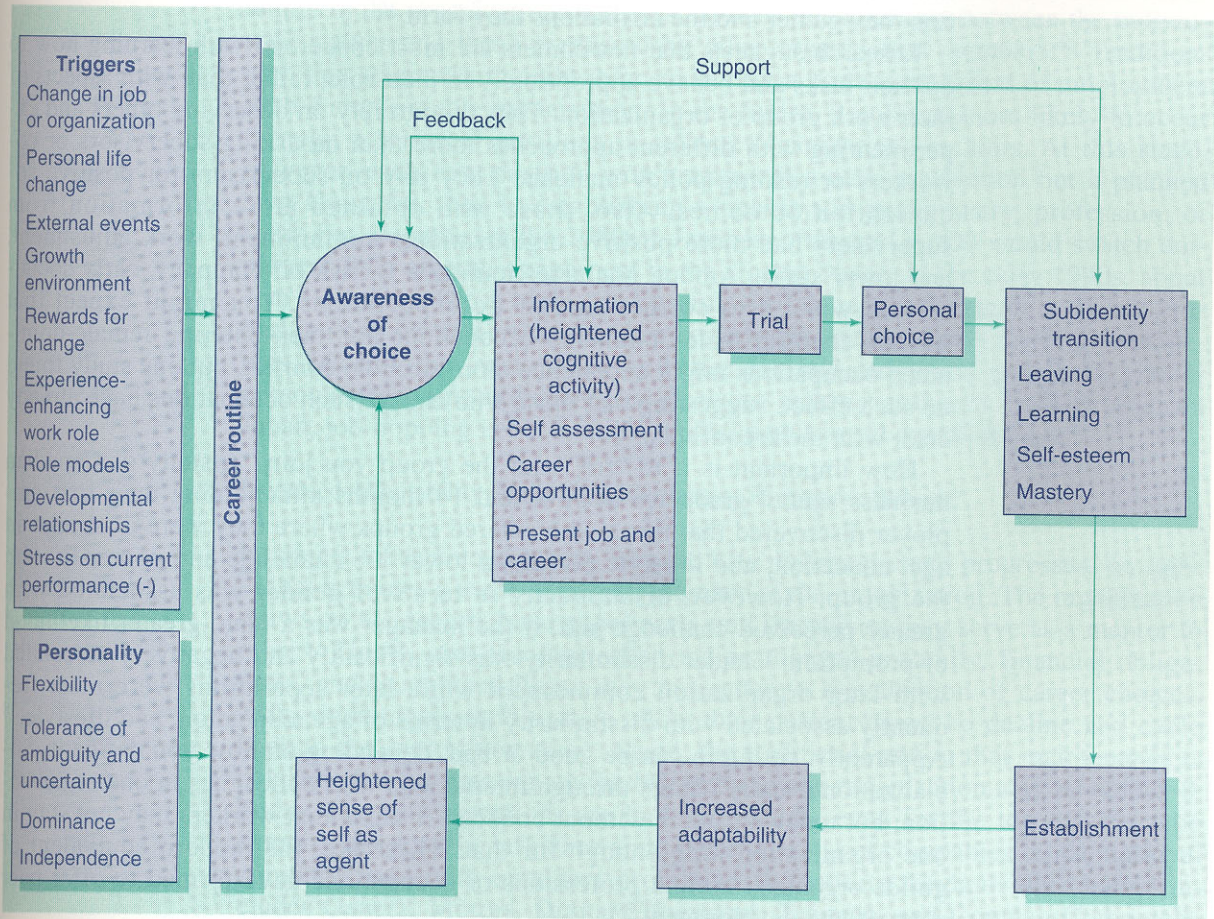
### WHAT DO YOU THINK?

How many organizations do you believe you will work for in the first 15 years of your career? Do your career plans reflect the cycle in Exhibit 9.7? Why should today's managers spend time helping people manage careers, if the trend is for people to spend less of their career in one organization? How can career development pay off?

### Deciding to Explore

In the information stage, a person explores activities, tries out different work roles, clarifies interests and skills, builds skills through education and training, and (in the case of young people) reduces dependence on family and school. For college students, internships with companies can help crystallize career interests. Factors such as the level and type of education, early career experiences, and even a father's occupation may relate to ultimate career choices and success.<sup>35</sup> Earlier, we saw the techniques for exploration, including Web-based job banks and tests of vocational and career interests and skills. In Exhibit 9.7, these processes are shown in the awareness of choice, information, and trial stages.

## EXHIBIT 9.7 The Cycle of Career Changes



Source: Douglas T. Hall, "Unplanned Executive Transitions and the Dance of the Subidentities," *Human Resource Management*, Spring, 1995, p. 75.

### Socialization: Learning the New "Identity"

Once a person has entered a new job, role, organization, or occupation, he or she embarks on a period of socialization and orientation. In Exhibit 9.7, this is called "subidentity transition" because the person is discovering his or her identity in the new situation.

Socialization occurs not only with respect to the organization, but also with respect to the work group. In both cases, the newcomer is assimilated into the

**S**ocialization involves learning to understand and make sense of a new setting, and deciding how to fit into the accepted social relationships.

**O**rientation involves becoming aware of the social and organizational rules and expectations.

new organization or group while having a reciprocal impact on its norms, culture, and perhaps structure. Most research has focused on socialization into the organization, often depicting it as a coercive process (e.g., Marine Corps boot camp) or as an administrative activity (e.g., processing the paperwork to establish membership). More

recent work recognizes the interactive nature of socialization and the key role that individuals play in directing their own assimilation by the kind of information they gather and the affiliations they form.<sup>36</sup>

Research suggests that newcomers are most concerned with learning how to do their tasks and behave appropriately in their role, rather than with aspects of their work group or organization. They tend to rely on observing others and experimenting with different approaches more than on asking supervisors or coworkers or reading policy manuals. They rely on supervisors for positive socialization outcomes. Also, those who obtained more information from supervisors had more positive organizational commitment, work adjustment, and lower stress. Among graduates joining a British oil company, early socialization worked to correct unrealistic expectations. You might expect that women entering male-dominated occupations and men entering female-dominated occupations might experience more sex-role conflict, but one study found no such effect, suggesting that those who choose such occupations have already dealt with these conflicts.<sup>37</sup>

How important is it to “fit” with the group you join? A study of Canadian business school graduates at 3, 9, and 14 months after joining their first employer discovered that those who entered groups where they were dissimilar in age, education, and lifestyle perceived lower job challenge and poorer fit with the group. However, dissimilarity in terms of gender was associated with greater perceived challenge and, if the manager was a man, greater likelihood of promotion. Gender dissimilarity was significantly and negatively associated with later organization commitment while later separations were most frequently associated with dissimilarity in terms of age, education, and lifestyle.<sup>38</sup> Apparently, fitting in can be good or bad, depending on how you define it. Socialization usually occurs through interactions with colleagues in one organization, but today’s careers without boundaries mean that workers may not stay in one organization long enough for that. Therefore, the modern equivalent of guilds organized around professions or occupations have formed to offer peer support and development.<sup>39</sup>

What affects how well people learn new jobs? A study of 300 Navy officers suggested that these factors positively affected learning: time on the job, perceived self-efficacy, job challenge, competence of subordinates, and the job’s similarity to previous jobs. Learning was less when the job was the first of a two-job tour and when the officer was married.<sup>40</sup> How important is being a good learner? It depends on your early career success. A study of managers in a U.S. oil company showed that cognitive ability was more strongly related to career success for those who started lower in the organization than for those who had early career success. For individuals without the advantages of early stardom, cognitive ability apparently makes a bigger difference in later success.<sup>41</sup>

The exploration stage is usually followed by a period of relatively permanent employment leading to the establishment stage.

### **Mastery and Establishment: Making Your Mark**

Once having entered a new career role, the individual proceeds to become established, to master his or her role, and to achieve a position of influence and competence. The keys to success may not hold much mystery. As Exhibit 9.6 shows, pay is associated with higher education and more devotion to work, among other factors. A study of MBA students in early careers found that those

with higher cognitive ability (see Chapter Seven) and greater motivation achieved significantly higher pay and promotions. Research also shows that as tenure in the organization increases, so does the similarity between the individual's values and those expressed by other organization members.<sup>42</sup> Traditionally, this stage was thought to occur during a prolonged period of employment with a single stable organization. In the future, it is much more likely to occur through a series of positions in several organizations or units. At this stage, however, each new position won't represent a new exploration but a planned step along the road to establishing a position in the industry, profession, or field. For example, in the 1980s 1 Japanese manager in 100 would switch employers following an assignment in the United States. In the early 1990s, about 1 in 10 did so. These highly successful, well-educated managers were not embarking on new careers or entering exploratory positions with their new companies. Instead, they were lured by better pay and promotion prospects, greater personal freedom, and increased decision-making authority.<sup>43</sup> Thus, even in Japan, job-hopping is becoming a typical path toward establishment.

### Increased Adaptability: Building a Platform or Hitting the Plateau?

**Increasing influence and stature** As the establishment stage progresses, an individual becomes a more important member of the organization. The organization draws on the accumulated experience, and the person may serve as a mentor to others. This is also the time when major changes in family, financial obligations, and recognized limits may precipitate a reevaluation of career choices. Many individuals at this stage allow their current career to decline and cycle back to the exploration stage. Again, the traditional notion that maintenance is reached after progressing up the hierarchy in one organization may be outdated. Today, more organizations are looking outside, even for the top officers who exercise the greatest influence and power. The list of companies replacing loyal company men with outsiders promising to institute fundamental change includes General Motors, Digital Equipment, Tenneco, and Compaq Computers. Research suggests that poor-performing organizations are more likely to look outside for CEOs.<sup>44</sup>

**Plateaued careers and skill obsolescence: Getting beyond the dead end** "Plateaued," "entrenched," "obsolescent," "trapped"—these are words used to describe people who have reached a limit to their career progress, measured either by upward movement or by growth in their work skills. *Career entrenchment* consists of a high level of "career investments" that would be lost if one changed careers, high "emotional costs" that would occur if changing careers, and "limited alternatives" for alternative careers.<sup>45</sup> For these individuals, the rewards of career progression are limited. They are likely to be among those retained or left behind as others are promoted. Yet, they may be capable of making important contributions. Plateauing can happen when older people lose interest, or when young talented people see their upward mobility blocked by superiors who are only a few years older. One study divided 30 engineering managers with equal tenure into two groups: those actively and enthusiastically involved in the organization and those who were passive. Passive managers weren't actively dissatisfied, but had no particular enthusiasm for their jobs or the company. What accounted for the difference between the groups? The active man-



agers reported early job assignments connected to the mainstream of the company's activities, while the passive managers did not. A second important factor was that the passive managers reported less openness and candor from the company about their career prospects. When superiors provide clear and honest feedback, employees may maintain their commitment and productivity.<sup>46</sup>

A study of over 2,000 Canadian managers found that the actual plateau (how long they had been in their current job) was not related to attitudes, but that *feelings* of being plateaued were related to work satisfaction. A study of senior managers found that their satisfaction tended to go down in the year before they moved, to rise significantly in the year after a move, only to fall back again if they stayed in that position—a kind of “honeymoon” and “hangover” effect.<sup>47</sup> How you feel about plateauing may depend on whether you think about the *content* of your work (does your job seem routine or exciting?) or the *hierarchical level* you have reached. A study of more than 1,000 U.S. managers found that perceived plateauing was reduced among those who believed they had support from top management, had training and skill development opportunities, were engaged in greater career planning and exploration, and were involved in their jobs. Interestingly, the correlation between the two perceptions (hierarchical and content plateaus) was only .17, indicating that they don't occur together.<sup>48</sup> You can be limited in your upward mobility and still find opportunities to grow in your work. Thus, the changing nature of organizations may help solve this problem.

As careers are defined less rigidly, more options exist to give people meaningful responsibilities. A promotion may not be possible, but movement to a key task force or team may be. This may be just the kind of mainstream experience that can rejuvenate a flagging career. One danger of career plateauing is that skills become obsolete. Again, providing a variety of ways to combat skill obsolescence can meet varied employee needs. A study of professionals in the Israeli high-technology industry found that obsolescence was perceived as a threat to their self-esteem, their social image, and their marketability. The professionals dealt with this threat differently at different career stages; younger employees used more structured methods while older employees used more informal methods.<sup>49</sup>

### Decline or Renewed Career Exploration?

The last part of the cycle in Exhibit 9.7 depicts the career exploration process starting again. Some characterize the period after establishment as a time of declining involvement which, as we have seen, is not confined to those reaching retirement age. Moreover, even among those over age 55, the process often begins again as they explore new opportunities. Whether it occurs at the beginning, middle, or end of a career, this is often the stage where the individual and the human resource manager must work most closely to achieve their mutual goals.

### Implications for HR Management and Career Development

Individual career aspirations and interests change with career orientation and career stage. Different kinds of opportunities and assistance are effective for people with different orientations and stages. For example, matching career counseling information with the career anchor and career stage can make it more effective in helping individuals plan their next moves. Career planning

concepts can help the organization recruit, select, and retain promising candidates for internal movement opportunities. It may do little good for an organization to construct career opportunities that reflect a managerial career anchor and expect effort commensurate with the establishment career stage if the pool of internal candidates generally has a technical/functional orientation and the candidates are still in the exploration stage of their careers. It may also be important to shake up the career system occasionally to counteract the tendency to become hidebound as a larger number of people with similar skills and aspirations join organizations that they fit.

At McDonnell-Douglas Space Systems, the company gives managers and potential managers different career rotations through various jobs depending on their career stages: Rotation across units for those in the exploration stage, rotation across functions for those in the establishment stage, and rotation through upper-level corporate positions for those in the maintenance stage.<sup>50</sup> By reflecting individual career planning needs in its career system, McDonnell-Douglas hopes that it can improve the effectiveness of organizational career management activities designed to provide a pool of qualified people to meet future needs.

Increasingly employees bear the risk in managing their careers. Companies do not guarantee that certain actions will lead to continued employment, and more of them emphasize that it is the employees' responsibility to seek out their own best career moves. Therefore, both employee and employer must understand how the organization constructs and manages its career system. This brings us to the other side of career development—the organization's attempts to manage careers through internal recruitment, selection, and retention.

## RECRUITMENT IN CAREER MANAGEMENT

As with external staffing, internal movement candidates must be identified and attracted to apply for opportunities. Because internal staffing focuses on existing employees, the attraction/identification process is ongoing, with two-way communication throughout the individual's employment. The organization and the employee are much more active participants in building a suitable pool of applicants. Organizations can emphasize announcing employment opportunities in hopes that interested employees pursue them, or they can track or build employee characteristics and invite only the most promising candidates to apply. Combinations of these two approaches are also possible. In Exhibit 9.8, we show several approaches to internal recruitment along with their advantages and disadvantages. The techniques near the top of the chart are often quicker and cheaper, but they may miss good candidates. Techniques near the bottom are more expensive and time consuming, but they may increase the chances of attracting or creating the best candidates. The "informal staffing" method is commonly used, but it has significant pitfalls. The following sections discuss the other methods in turn.

### Job Posting

With the job posting method, the organization announces position openings through bulletin boards and company publications. These publications may resemble the help-wanted sections of newspapers and can include work