

WU

WIRTSCHAFTS
UNIVERSITÄT
WIEN VIENNA
UNIVERSITY OF
ECONOMICS
AND BUSINESS

International Workshop on
Career Success – Approaches from Economics and Psychology
December 3-4, 2009

Institute for Employment Research, Nürnberg, Germany



Career transitions and career success: An empirical study of business school graduates in Austria

Katharina Chudzikowski, Michael Schiffinger, Wolfgang Mayrhofer

Interdisciplinary Group of Management and Organisational Behaviour

WU Vienna

Career context

- Globalisation, increased competition, major changes in global and local labour markets (Sullivan, 1999)
- Consequences for careers: changes in employment security declines in response to mergers and acquisitions, and downsizing of industries, establishment of new ways of organizing (Hirsch & Shanley, 1996)
- New perspective on careers labelled as boundaryless (Arthur & Rousseau, 1996), protean (Hall, 1996), nomad (Cadin, Bender, de Saint Giniez, & Pringle, 2000), chaotic (Peterson & Anand, 2002; see also Gunz, Evans, & Jalland, 2002), spiral (Brousseau, Driver, Eneroth, & Larsson, 1996), post-corporate (Peiperl & Baruch, 1997) or chronically flexible (Mayrhofer et al., 2002).



Characteristics of 'new' careers

- Higher career mobility - more career transition within an occupational career (Feldman & Ng, 2007)
- Boundaryless career concept postulates a shift from vertical to multidirectional moves (Arthur et al., 1996)
- Increase of transitions across and decrease within organizational boundaries (Peiperl et al., 1997)
- Objective career success has less of priority, increasing importance of subjective criteria
- Flatter organisations and the elimination of managerial layers (Hillmert, Kurz, & Grunow, 2004)
- Possibilities for vertical movements are more limited in new career contexts, more focus on horizontal moves (Brousseau, Driver, Eneroth, & Larson, 1996a).

Career Success

- Framework of success (Hughes, 1937)
 - Objective career success - verifiable attainments, such as pay, promotions, and occupational status.
 - Subjective career success - individual's reactions to his or her unfolding career experiences
- Objective success has a positive influence on subjective success (e.g., Korman, Wittig-Berman, & Lang, 1981)
- Objective career success is positively related to subjective career success (Judge, Cable, Boudreau, & Bretz, 1995; Korman et al., 1981)
- “Subjective success follows objective success as a direct outcome of it – people who do well feel good” (Nicholson & De Waal-Andrews, 2005: 143).

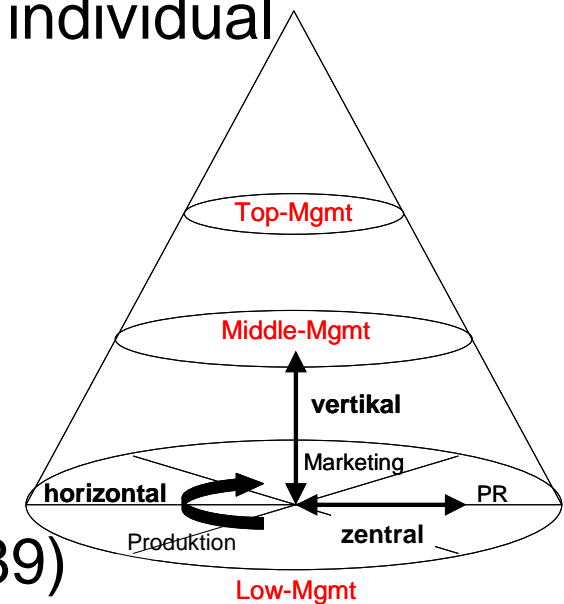
Aim of this study

- Focus on career transitions and their outcomes
 - Individuals move along different career tracks, are located in different organisations, and career fields
 - Career transitions lead to different objective as well as subjective career success
- Looking at two cohorts of business school graduates (1970 and 1990) representing traditional and new career context
 - (1) How have the frequencies of transitions changed across two cohorts from 1970 and 1990?
 - (2) What effects do movements along the vertical, horizontal, and organisational dimension resulting from a career transition have on income and career satisfaction?
 - (3) Do these effects differ between the 1970 and 1990 cohorts i.e., is there an interaction between type of transition and cohort in terms of both career success indicators?



Dimensions of career movements

- Career transition: one move from one to another job or position
- 3 dimensions of career movements for individual career transitions
- Within Organisations (Schein, 1971)
 - Vertical movements
 - Horizontal movements
- Between organisations (Nicholson, 1989)
 - Organisation within or across industries



Method

- Level of analysis: individual career transitions
- Mixed linear models for longitudinal data: effect of career transitions on change in objective (income) and subjective (career satisfaction) career success
- Two models with different sets of predictors:
 - Model 1: dimension of transitions, cohort, year of career and dimension of transition x cohort interaction
 - Model 2 in addition: gender, personality traits (Emotional Stability and Conscientiousness; Borkenau & Ostendorf, 1993; Openness for Social Contacts and Flexibility; Hossiep & Paschen, 1998), social origin by occupational prestige of the father (Socio-Economic Index of Occupation (ISEI) Ganzeboom & Treiman, 1996), the hours of work, and position of the organisation within the industry.

Sample

- 291 business graduates studied at the WU Vienna
- 1970 cohort
 - 83 persons
 - Proportion of females 9.6 %
 - Mean age 63 years (± 3 years)
- 1990 cohort
 - 208 persons
 - Proportion of females 36.5%
 - Mean age 43 years ($\pm 2,9$ years)

Variables

- Dependent Variables:
 - Δ Income in % of the average career income of the sample
 - Δ career satisfaction
- Effect of transitions on career success
- Effect of each cohort
- Interaction of cohort x transition

Independent variables

Transitions

- Vertical move
(upward, no change in number of subordinates, downward)
- Horizontal move
(change of departments vs. no change)
- Organizational move
(intra-organizational, inter-organizational, inter-organizational + change in industry)

Time

- Work experience (years of careers)
- Cohort (graduates of 1970 and 1990)

Individual predictors

- Gender
- Personality traits
(Neo FFI: Emotional Stability, Conscientiousness)
(BIP: Openness for social contacts, Flexibility)
- Social background (ISEI occupational background of the father)

Structural predictors

- working hours (change to fulltime or part time job)
- performance of organization within the industry

Variables

Dependent variables

Objectives career success
Income

Subjective career success
Career satisfaction

Findings: Frequency of Transitions

- 1990 cohort had more transitions in the first 15 years than the 1970 cohort (1970: 2.3 (\pm 1.5); 1990 3 (\pm 1.7)), the difference being statistically significant
- The average number of career transitions per person along the three dimensions: (1) vertical, (2) horizontal, and (3) organizational during the first 15 years by cohorts and gender
 - No change in overall pattern across
 - Significant difference for upward mobility (measured by the gain of average number of subordinates)
 - 1990 (3,0)
 - 1970 (7,2)

Findings: Frequency of Transitions II

		1970						1990					
		female	%	male	%	in total	%	female	%	male	%	in total	%
vertical	lower number of subordinates	0.38	15.0%	0.31	14.1%	0.31	14.2%	0.39	14.9%	0.49	17.2%	0.46	16.4%
	equal number of subordinates	0.75	30.0%	0.67	30.7%	0.67	30.6%	1.00	37.6%	0.93	32.5%	0.96	34.3%
	larger number of subordinates	1.38	55.0%	1.20	55.2%	1.22	55.2%	1.26	47.5%	1.45	50.4%	1.38	49.4%
	vertical in total	2.50	100.0%	2.17	100.0%	2.20	100.0%	2.66	100.0%	2.87	100.0%	2.79	100.0%
horizontal	No functional change	1.75	87.5%	0.67	36.2%	0.77	41.6%	0.97	40.0%	0.97	36.7%	0.97	37.8%
	Functional change	0.25	12.5%	1.17	63.8%	1.08	58.4%	1.46	60.0%	1.67	63.3%	1.60	62.2%
	horizontal in total	2.00	100.0%	1.84	100.0%	1.86	100.0%	2.43	100.0%	2.64	100.0%	2.57	100.0%
organizational	intraorganisational	0.75	33.3%	1.00	50.7%	0.98	48.8%	1.36	55.1%	1.44	51.5%	1.41	52.7%
	inter-organisational	0.38	16.7%	0.36	18.2%	0.36	18.1%	0.42	17.1%	0.64	23.0%	0.56	21.0%
	interorg. and change of industry	1.13	50.0%	0.61	31.1%	0.66	33.1%	0.68	27.8%	0.71	25.5%	0.70	26.3%
	organizational in total	2.25	100.0%	1.97	100.0%	2.00	100.0%	2.46	100.0%	2.80	100.0%	2.67	100.0%

Vertical transitions: effects on income (*in*) and career satisfaction (*cs*)

- vertical career transitions are relevant for income (Francesconi, 2001)
- *H1c(in): Career transitions resulting in a larger number of subordinates lead to a higher growth in income for graduates from the 1970 than for graduates from the 1990.*
- *H1c(cs): Career transitions resulting in a larger number of subordinates lead to a higher increase in career satisfaction for graduates from the 1970 than for graduates from the 1990.*

Findings: vertical transition effects on income

H 1c(in): cohort x transition: **

transition:
n=235

1970: **
n=64

1990: **
n=171

	1970		1990	
<i>Δ income € (corrected for inflation)</i>	%	<i>in €</i>	%	<i>In €</i>
lower number of subordinates	22.7	(5.044)	20.3	(3.930)
equal number of subordinates	25.3	(5.047)	15.8	(2.746)
lager number of subordinates	49.9	(10.442)	26.2	(5.073)

Findings: vertical transition effects on career satisfaction

transition:

n=280

1970: ** n=80

1990: * n=200

H 1c(cs): cohort x transition: n.s.

<i>Δ career satisfaction (11-pole scale)</i>	1970	1990
lower number of subordinates	-0.136	0.420
equal number of subordinates	0.455	0.641
larger number of subordinates	1.296	1.009

Summary of findings: vertical transition

- 1970 cohort: upward moves lead to a higher gain in income, even if number of subordinates stays the same
- 1990 cohort: no income difference between upward or downward moves, only in comparison to no change in number of subordinates
- Within both cohorts: differences between the level career satisfaction
- 1970 cohort: less satisfaction for downward moves

Horizontal transition effects on income (*in*) and career satisfaction (*cs*)

- Traditional organisations are divided according to specific functions such as marketing, logistics etc. Meanwhile, most organisations have reduced these strong horizontal boundaries (Ashkenas, Ulrich, Jick, & Kerr, 1998)
- New career concepts suggest horizontal transitions are not necessarily linked to financial benefits (Baruch, 2004a: 111)
- *H 2c(in): Transitions with a horizontal movement lead to a higher growth in income for graduates from the 1970 cohort than for graduates from the 1990 cohort.*
- *H 2c(cs): Transitions with a horizontal movement lead to a higher increase in career satisfaction for graduates from the 1970 cohort than for graduates from the 1990 cohort.*

Findings: horizontal transition effects on income

transition:
n=230

1970: * n=60

1990: n.s. n=170

H 2c(in): cohort x transition: *				
	1970		1990	
Δ income € (corrected for inflation)	%	in €	%	in €
No change in function or department	31.8	(6.394)	19.5	(3.730)
change in function or department	44.4	(9.417)	22.0	(4.113)

Summary of findings: horizontal transition on income

- Horizontal transitions are significant predictors for income in the 1970 cohort only.
- Significant interaction effect between cohort and the type of moves
- Higher increase in career satisfaction, but not significant for either cohort

Conclusion

- Overall increased number of career transitions on each dimension
- Career transitions on the vertical dimension lead to different subjective and objective career success for both cohort
- Results suggest that vertical advancement is still a major part of managerial career paths
- Horizontal transitions influence income in the 1970 cohort only
- Limitations
 - Self-reported data
 - Retrospectively asked

Literatur

- Arthur, M. B., & Rousseau, D. M. (Eds.). 1996. ***The boundaryless career. A new employment principle for a new organizational era.*** New York: Oxford University Press.
- Ellig, J., & Thatchenkery, T. J. 1996. Subjektivism, Discovery, and Boundaryless Careers: An Austrian Perspective. In M. B. Arthur, & D. M. Rousseau (Eds.), ***The boundaryless career.*** 171-186. New York: Oxford University.
- Hall, D. T. 2002. ***Careers in and out of organizations.*** Thousand Oaks, CA: Sage.
- Hall, D. T. 2004. The protean career: A quarter-century journey. ***Journal of Vocational Behavior***, 65(1): 1.
- Hall, D. T. 1996. Protean careers of the 21st century. ***Academy of Management Executive***, 10(4): 8-16.
- Peiperl, M. A., & Baruch, Y. 1997. Back to square zero: The post-corporate career. ***Organizational Dynamics***, 25(4): 7-22.
- Mayrhofer, W., Meyer, M., Steyrer, J., Iellatchitch, A., Schiffinger, M., Strunk, G., Erten-Buch, C., Hermann, A., & Mattl, C. 2002. Einmal gut, immer gut? Einflussfaktoren auf Karrieren in "neuen" Karrierefeldern. ***Zeitschrift für Personalforschung***, 16(3): 392-414.
- Nicholson, N., & West, M. 1989. Transitions, work histories, and careers. In M. B. Arthur, D. T. Hall, & B. S. Lawrence (Eds.), ***Handbook of career theory.*** 181-201. Cambridge: Cambridge University Press.
- Schein, E. H. 1971. The individual, the organization, and the career: A conceptual scheme. ***The Journal of Applied Behavioral Science***, 7(4): 401-426.

Metaphor

“Well, in our country” (of traditional careers), said Alice, “you'd generally get to somewhere else – if you run very fast for a long time, as we've been doing.”

“A slow sort of country!” said the Queen. “Now, here, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!”



Future Research

- One questions for future research: What types of boundaries do people cross in career transitions?

Ergebnisse Effekte von Einkommen und Karrierezufriedenheit

Einkommenseffekte

- Vertical transitions w/ more subordinates
→ increase, largest for 1970
- Functional transition
→ increase for 1970 cohort, marginal for 1990
- Kein Einkommenseffekt: radial transition and organizational transition

Karrierezufriedenheit

- Vertical trans. w/ more subordinates
→ largest increase in satisfaction
- No career satisfaction effect: radial, functional and organizational transition

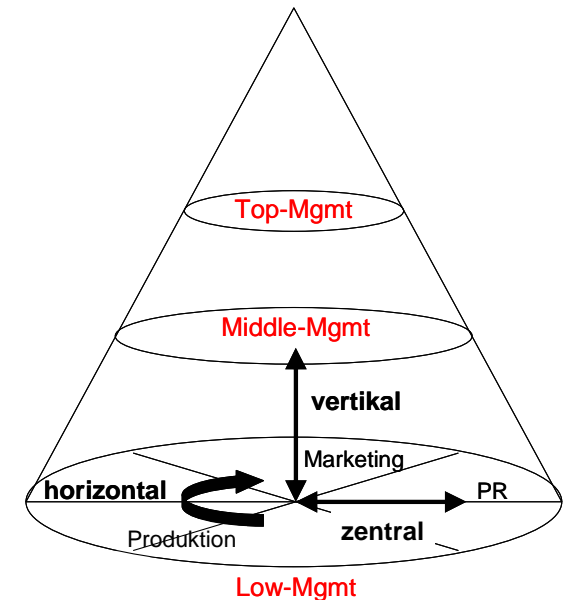


Dimensions of career movements

3 dimensions of career movements for individual career transitions:

- Within Organisations (Schein, 1971):

- Vertical movements
- Horizontal movements
- Centrality movements



- Between organisations (Nicholson, 1989):

- Organisation within or across industries

Operationalisations of transition dimensions

dimensions	operationalisations
vertical	<p>Δ number of subordinates used as a basis:</p> <ul style="list-style-type: none"> –more subordinates –equal number of subordinates –less subordinates
Circumferential/ horizontal	<p>”Did the new job include a change in function or department?”</p> <ul style="list-style-type: none"> –yes –no
organisational	<p>”Did the new job include a change of organisation?” additional variable: industry of organisation</p> <ul style="list-style-type: none"> –if not → intra-organisational transition –if yes → inter-organisational transition –if yes and change in industry → inter- organisational transition and change in industry

Traditional vs. Boundaryless concept

Traditional career	„Boundaryless“ career
Normative: A single, externally determined view defines what a good career is.	Subjective: Actors derive the worth and significance of a career by interpreting and attaching subjective value to it.
Task orientation: Larger jobs separated into discrete units, which result in the proliferation of highly specialized jobs.	Outcome orientation: People use whatever competencies are needed to achieve the right outcome, often blending generalist and specialist roles.
Universal career competencies: Career requires competencies in a narrow field of expertise.	Contextual career competencies: Career requires diverse competencies that vary from situation to situation.
Vertical advances: Progress is measured in terms of how quickly one climbs the hierarchical ladder of position, power, and responsibility.	Multidirectional growth: Actors seek careers that are intrinsically rewarding, regardless of hierarchical movements.
Separation of organisational and personal mission: Professional or work life separate from personal or family life, except for small entrepreneurs, who tend to merge the two missions.	Integration of organisational and personal mission: Proliferation of autonomous entities within the large firm allows employees to act like business owners, enables integration of personal and organisational missions.

Traditional and new perspectives

Issues	Traditional careers	New careers
Responsibility for careers	Employer, organisation	Individual
Career aspirations	advancement	gain of freedom
Career success	objective criteria e.g. earning money is a high priority, hierarchical position within the organisation	subjective criteria e.g. career satisfaction, psychological success, fulfilment and enjoyment are primary career choice drivers
Forms of movements	vertical advancement	not necessary advancement, horizontal career moves
Level of mobility	low	high
Commitment	loyal to employer	not loyal to one employer

Assumptions

- These concepts advocate two assumptions:
 - Most individuals nowadays follow non-linear, unpredictable career paths inadequately explained by existing models of career development
 - More and more people are thinking like “free agents”, and consequently, traditional career types are no longer wanted by employees.
- Recent studies question the portability of these assumptions beyond the US context (e.g., Arnold, 2008),
 - Cultural importance people attribute to security
 - Value of promotions, long-term loyalty, job security, upward mobility and material success for employees worldwide
- Changes have effects on different career aspects



- Career transitions (Feldman & Ng, 2007)

Findings: Frequency of Transitions I

- 1990 cohort had more transitions in the first 15 years than the 1970 cohort (1970: 2.3 (\pm 1.5); 1990 3 (\pm 1.7)), the difference being statistically significant.
- The following table shows the average number of career transitions per person along the three dimensions: (1) vertical, (2) horizontal or functional, and (3) organisational during the first 15 years by cohorts and gender