

## Editorial

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### Career success: approaches from economics and psychology

“Career success: approaches from economics and psychology” was the title of an international conference that took place in December, 2009, in Nuremberg, Germany. Researchers from diverse fields of study met to discuss the topic and to learn about how different disciplines deal with it. The conference was organized by the Labour and Socio-Economic Research Centre (LASER) at the University of Erlangen-Nuremberg and the Institute for Employment Research (IAB) in Nuremberg. The five articles published in the present volume of the *Journal for Labour Market Research* are a sample of the papers presented at that conference.

Why a conference on the study of career success in economics and psychology? We think that career success is a significant topic from several perspectives and that economics and psychology can both profit from learning more about the approaches in the respective other field. Career success is important from the perspective of individuals as it affects numerous dimensions of well being; it is important from the perspective of organizations which are interested in successful, committed, and well-performing employees; and it is also important from the perspective of a country and its government since having a large share of the population in well-paid employment makes it much easier to finance the welfare state. Depending on the perspective the definition of “career success” varies and

heterogeneous meanings and definitions of “career success” predominate.

The *psychological approach* is concerned with conceptualizations of career success from the perspective of individuals. It is important to note that the meaning of career success has changed over time which can be traced back to more general changes in the meaning of work and employment. Whereas in former times work was a necessary precondition for survival for most people it is nowadays still the major source for earning one’s living though the meaning of work has spread to further values. Today most people want to be employed, and unemployment is a major source of not only poverty but also of depression and other psychological problems (Paul and Moser 2009). Most importantly, people have values which they want to be intrinsic to their work and which they associate with their work (Super 1970). These values concern, for example, achievement, influence and power, personal accomplishments, self-actualization, learning and development, a sense of “calling”, job security, affiliation and social relationships, social motives and helping, to name just a few. Career success from a subjective point of view is closely linked to these work values, and the opportunity to experience the accomplishment of the work values that are important in one’s life.

Psychology has introduced a distinction between “objective” and “subjective” career success. Hughes (1937) defined objective career success as directly observable, measurable, and verifiable by an impartial third party. Examples of such measures of objective career success are money and income, status and position, as well as the number of promotions. Psychology is interested in objective career success measures insofar as research wants to find out psychological determinants of objective career success as well as consequences of objective success for both the individual’s well-being and his/her further career advancement.

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Subjective career success, in contrast, can be defined by an individual's reactions to unfolding career experiences (Heslin 2005). Subjective career success is a rich psychological construct, which can be further subdivided into other-referent vs. self-referent subjective success (Abele and Spurk 2009; Heslin 2005). Other-referent subjective success pertains to one's own career evaluation in comparison to others. People may ask how successful their own career has been so far if they compare themselves with, for instance, colleagues or people of their age. These social comparisons have affective consequences (pride in case of comparisons favourable for the self; anger and sadness in case of comparisons unfavourable for the self) and probably also motivational consequences. Positive feelings may lead to enhanced motivation and enhanced effort expenditure; negative feelings may have a converse effect.

Self-referent subjective success pertains to an individual's own standards of evaluating his/her career. These self-referent evaluations are value-oriented and therefore often differ between individuals. Dries et al. (2008), for instance, differentiated between nine different subjective meanings of career success like performance, advancement, self-development, creativity, security, satisfaction, recognition, cooperation, and contribution.

The psychological approach, furthermore, also taps the perspective of organizations. In this respect career success is often related with employees' commitment to their organization, with their work motivation, and, of course with their job performance. Employees' career success, then, can be an important resource for an organization. Successful employees help to increase an organization's economic success.

The *economic approach* is predominantly concerned with objective indicators of success and with directly measurable outcomes of individuals' careers. From a macroeconomic point of view, the key to economic success in the sense of improving a country's living standard is productivity, and this in turn is strongly influenced by the human capital of the labour force. Human capital also plays a decisive role from a microeconomic point of view since it enables employees to achieve higher productivity and thus higher wages (Becker 1993). Consequently, economists are very interested in wages, wage differentials, wage growth, and promotions (e.g. in internal labour markets) and have devoted a lot of research to these issues. Another important indicator of economic success is employment, reflected by employment and unemployment rates in a macro perspective and by individuals' employment status (full-time vs. part-time work, permanent vs. temporary jobs, etc.) both in a micro and macro perspective.

While wage and employment issues are covered in detail in standard labour economics textbooks such as Cahuc and Zylberberg (2004), "career" is usually not an entry to be found in the subject index of such textbooks. Nevertheless,

career aspects do play a role in economics – albeit probably a lesser role than in psychology. Examples of economic research are investigations of individuals' labour market entries and exits, of employment stability and job switches (including the resulting wage changes), and of career interruptions (and the resulting income losses, e.g. for mothers).

Economists usually try to identify the determinants of success in terms of wages and employment, taking into account not only the characteristics of individuals and workplaces, but also macroeconomic factors such as economic policy and institutional factors, in particular the legal framework of the labour market. The growing availability of large-scale data sets of individuals' working lives and of linked employer–employee data (more and more in the form of panel data), has somewhat reinforced economists' tendency to focus on objective indicators of career success such as wages and employment status. That said, it should not be overlooked that there is also an economic literature dealing with subjective indicators of career success like job satisfaction (e.g. Freeman 1978; Hamermesh 2001) and life satisfaction (e.g. Kapteyn et al. 2009).

Interestingly, while economic and psychological approaches sometimes address similar topics and use the same indicators of career success, economists and psychologists rarely refer to the research undertaken by the other discipline (this is also the preliminary result of a comparative content analysis of economics and psychology journals by Cortini and Zuffo 2009). What is more, there is not much interdisciplinary research on career success. This is somewhat regrettable since both disciplines could benefit from the other discipline's know-how in constructing and interpreting measures of career success, from the different statistical and econometric approaches employed, and from the different interpretations of similar findings offered by each discipline.

As long as economists seek to model the determinants of individual optimizing behaviour, any non-economic mechanism affecting human choices should be of interest and may contribute to a refinement of incentive-based economic theories. In recent years the behavioural approach to economic research, which often uses experimental evidence, added much insight and widened the perspective on how a variety of mechanisms affect economic and optimizing behaviour. Studying the determinants of career choices and career outcomes from a non-economic, psychological perspective may broaden the economic horizon, instigate new types of questions and generate, enrich and refresh traditional research designs.

Similar reasoning applies to psychology. Being concerned with the individual determinants of efficient and successful behaviour in one's career, psychologists have to be aware of contextual factors limiting individuals' capacity to control their outcomes. These contextual factors are

– among others – economic conditions. Again, studying the determinants of career choices and career outcomes from a perspective that combines psychological theorizing with economic approaches may broaden the psychological horizon, instigate new types of questions and generate, enrich and refresh traditional research designs.

The articles compiled in this volume tap different aspects of the overall topic.

*Abele, Spurk and Volmer* (“The construct of career success: measurement issues and an empirical example”) discuss measurement issues in the psychological assessment of career success and demonstrate that the correlation between objective success and subjective success though being positive is relatively low and – most importantly – differs across employment contexts. Especially in state employment objective success is a relatively poor proxy of subjective success.

*Volmer and Spurk* (“Protean and boundaryless career attitudes: relationships with subjective and objective career success”) report on a study that analyzed the relationship of specific career attitudes with objective and subjective success measures. They find that “protean attitudes” which are directed at self-fulfilment and developmental progression are related to subjective success, i.e., people with more protean attitudes feel subjectively more successful, whereas “boundaryless” attitudes, especially organizational mobility preferences are related to objective success measures such as salary. Even though the cross-sectional character of this study does not allow for causal conclusions the findings nevertheless suggest that specific career attitudes may differentially influence career outcomes.

*Dyke and Duxbury* (“The implications of subjective career success”) are concerned with the relationship between different measures of subjective success with job satisfaction, commitment and turnover intentions. They show that all these three criteria are better predicted by subjective success (especially a sense of fulfilling work) than by objective success (organizational level, promotions, and salary).

*Mosthaf, Schnabel and Stephani* (“Low-wage careers”) apply an economic approach and investigate the careers of a special group of employees, namely low-wage earners (defined as full-time employees with wages of less than two-thirds of the median wage). Using linked employer–employee data for eastern and western Germany, they report that just one out of seven low-wage earners in 1998/1999 was able to earn wages above the low-wage threshold in the following years. They show that in addition to individual characteristics such as sex, age, and qualification, the characteristics of the employing firm and workers’ occupations affect low-wage earners’ probability of escaping low-paid work. In particular small firms and firms with a high share of low-wage earners often seem to

be dead ends for low-wage earners. Leaving such dead-end plants and occupations thus appears to be crucial for low-wage workers’ career success.

*Gunz and Mayrhofer* (“Re-Computalizing Career Success: A Contextual Approach”) argue that career success has hitherto been conceptualized in ways that make its operationalization difficult to distinguish from other properties of the person, such as job satisfaction or remuneration. They suggest “social chronology theory” as a new approach to career studies. Social chronology theorizing conceptualizes career success as a statement about the condition of an individual at a particular point in time with reference to this individual’s career development and the context of this career development until now. They also offer some theoretical and methodological implications of this approach.

In summary, while this special issue provides an overview of various approaches from psychology and economics dealing with the important topic of career success, quite a few questions that are relevant from an empirical or theoretical perspective remain unanswered. Therefore, we hope that this special issue will be a starting point for increased exchange and cooperation between economists and psychologists, which might well extend beyond questions of career success.

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