



The relationship between external job mobility and salary attainment across career stages

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ARTICLE INFO

Article history:

Received 5 April 2011

Available online 11 May 2011

Keywords:

Job mobility

Salary

Career stage

ABSTRACT

The current study examines the relationship between external job mobility and salary for employees in different career stages. Based on career stage and career timetable theories, we predict that external job mobility would generate the greatest salary benefits for early-career employees whereas external job mobility would generate fewer salary benefits for employees in mid- and late career stages. Data collected from multiple industries in Hong Kong and the United States consistently show that, as expected, highly mobile early-career employees earn significantly greater salaries than their less mobile peers do. The positive effects of external job mobility on salary were stronger for early-career workers than for mid- and late-career workers.

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Job mobility refers to patterns of intra- and inter-organizational transitions over the course of a person's work life (Hall, 1996; Sullivan, 1999). As job mobility has become a more salient feature of employees' career paths (Arthur & Rousseau, 1996), the study of job mobility has become more central to researchers' understanding of how individuals' careers unfold (Ng, Sorensen, Eby, & Feldman, 2007). Researchers have become particularly interested in the role of *external job mobility* (changing organizations) in shaping people's careers. Specifically, previous research suggests that individuals who have greater external job mobility are more likely to earn higher salaries than those with less external job mobility (Brett & Stroh, 1997; Dreher & Cox, 2000; Lam & Dreher, 2004).

However, there is less evidence on whether the mobility–salary relationship is equally strong across the course of employees' careers. Exploring that possibility has both theoretical and practical importance. Because job mobility has been a strategy more commonly pursued by early-career employees, how job mobility affects mid- and late-career workers' salary progression has received less attention. At the same time, the average age of individuals in the workforce has continued to increase. It is theoretically important and timely, then, for researchers to explore whether the conventional wisdom that external job mobility leads to higher salaries extends to the experiences of mid- and late-career employees as well. Practically speaking, an aging workforce places additional demands on managers to help mid- and late-career subordinates plan for job changes in their careers, too.

The purpose of the current study is to examine the sign and magnitude of the relationship between external job mobility and salary across different career stages. Our core premise is that external job mobility will generate greater salary benefits for workers in the early career stage than for workers in mid- and late-career stages. Career stage and career timetable theories (e.g., Lawrence, 1988; Super, 1980) will be used as the theoretical guide.

Theoretical background

External job mobility and salary earned

Based on Ng et al.'s (2007) work, we define external job mobility as voluntary job changes which involve changing employers. In the current dynamic career landscape (Arthur & Rousseau, 1996; Feldman & Ng, 2007; Sullivan & Arthur, 2006), employees are

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more likely to seek out external job mobility since they no longer adhere to the traditional career model of long-term service to one employer (Cheramie, Sturman, & Walsh, 2007; Hall, 1996). Besides, external job mobility represents a career strategy that has often been found to increase salary (Murrell, Frieze, & Olson, 1996).

Human capital theory (Becker, 1964) clearly supports this prediction. This theory suggests that more diverse work experiences are generally rewarded highly in the labor market. By working in a variety of organizations, individuals gain a wider range of job-related knowledge and skills and diverse perspectives which prove valuable to potential employers. These enhancements in knowledge, skill, and ability help mobile workers bid up their wages higher in the external labor market.

Social capital theory (Burt, 1992; Granovetter, 1973) also predicts that external job mobility leads to greater salary. Social capital is the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships developed by an individual (Nahapiet & Ghoshal, 1998). Individuals who have worked in multiple organizations are more likely to have established greater numbers of social links with others in their industry. This heightened visibility in the labor market, in turn, helps highly-networked employees obtain higher-status higher-pay jobs (Lai, Lin, & Leung, 1998; Seibert, Kraimer, & Liden, 2001).

A positive relationship between external job mobility and salary has received general support in previous empirical research (e.g., Amuedo-Dorantes & Serrano-Padial, 2007; Sturman, Walsh, & Cheramie, 2008; Topel & Ward, 1992). At the same time, though, several studies have provided only mixed support for such a positive relationship (e.g., Fuller, 2008; Grand & Tahlin, 2002; Murrell et al., 1996), suggesting that there are other factors which affect salary as well.

The most frequently investigated of these other factors are demographic characteristics like gender and race (e.g., Brett & Stroh, 1997; Dreher & Cox, 2000). The theoretical rationale underlying these studies has been that gender and race are observable “surface-level” characteristics (Harrison, Price, Gavin, & Florey, 1998) which may evoke negative stereotypes and lead to pay discrimination. Extending this line of reasoning, we argue that career stage (which, through its strong correlation with age, mirrors a “surface-level” characteristic) is also likely to affect the strength of the mobility–salary relationship.

Moderating effects of career stage

Super's (1957, 1980, 1990) life-span, life-space model suggests that individuals go through multiple stages of career development over the course of their lives: exploration and establishment (early career), maintenance (mid-career), and eventual disengagement (late career). *Early career* is the time period during which individuals enter the labor market and initially explore different career opportunities and work activities (Cohen, 1991; Super, 1957). *Mid-career* refers to the time period during which individuals achieve some level of stability and some measure of achievement in their careers (Super, 1957; Williams & Savickas, 1990). *Late career* is the time period during which individuals have passed the peak of their career achievements and are preparing for lower work involvement or the transition to retirement (Greller & Simpson, 1999; Super, 1957).

Guided by Super's (1957) work on career stages, then, we define early career individuals as having work experience of less than 10 years, mid-career individuals as having 10 to 20 years of work experience, and late career individuals as having more than 20 years of work experience. There is no clear consensus among researchers as to how career stages should be operationalized (Cohen, 1991; Morrow & McElroy, 1987). Nonetheless, in general, the number of years of work experience has been viewed as a reasonable and objective indicator of career stage for most employees (Kumar & Giri, 2009; Tesluk & Jacobs, 1998).

Career timetable theory, proposed by Lawrence (1988), suggests that there are social norms regarding where an individual should be in his/her career path at any given time. In other words, we hold general expectations about the level of career achievement which is appropriate for individuals to have attained at different points in their lives. These generalized expectations, in turn, gradually develop into norms about whether individuals are to be considered “on track” or “off track” in their careers (Shore, Cleveland, & Goldberg, 2003). While “fast trackers” are likely to be viewed more favorably by organizations, those who have fallen behind the typical career timetable often fare worse in terms of obtaining organizational rewards (Shore et al., 2003).

Consistent with career timetable theory, we propose that there are social norms regarding how much mobility is considered appropriate for individuals in different career stages. Specifically, early-career workers are expected to have more job changes than mid- and late-career workers. Because early-career individuals are still experimenting with different “futures” and trying to find the right fit for themselves (Cron & Slocum, 1986; Super, Savickas, & Super, 1996), greater external job mobility is more attractive to them. Moreover, to the extent that early-career employees have fewer children or elderly parents, external job mobility is also a more feasible career strategy for them.

By the time individuals enter mid-career, though, they have often reached some level of career achievement and have secured positions in which they have some competence and with which they can identify (Gibson, 2003; Super, 1980). Many mid-career employees have also developed at least moderate levels of identification with their companies and occupations (Slocum & Cron, 1985) and this, too, makes changing employers or career paths more difficult and undesirable. Supporting this contention, previous research suggests that job attitudes are typically higher among employees with greater work experience (Barrick & Zimmerman, 2009; Eichar, Brady, & Fortinsky, 1991).

Another reason why the amount of external job mobility might decline over time is the formation and stability of “career anchors” (Schein, 1990). As individuals gain more work experience in their fields, they become clearer in their own minds about the tradeoffs they are willing to make in managing their careers. Over time, these “career anchors” guide experienced workers toward jobs that are more likely to be fulfilling and steer them away from job situations which are likely to be poor fits (Feldman & Bolino, 1997; Ng & Feldman, 2007). As such, these career anchors may predispose mid- and late-career workers away from engaging in external job mobility.

In sum, for the reasons discussed, there appear to be differences in social norms regarding external job mobility across career stages. Namely, mid- and late-career workers are expected to have significantly less external job mobility than early-career

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