

ABSTRACT:

**INTERNAL LABOR MARKETS:
A WORKER FLOW APPROACH**

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3 November 2020 from 02.15-03.30 p.m.
via Zoom

This paper provides a new method to study how workers' career and wage profiles are shaped by internal labor markets (ILM) and job hierarchies in firms. Our paper tackles the conceptual challenge of organizing jobs within firms into hierarchy levels by proposing a data-driven ranking method based on observed worker flows between occupations within firms. We apply our method to linked employer-employee data from Norway that records fine-grade occupational codes and tracks contract changes within firms. Our findings confirm existing evidence that is primarily based on case studies for single firms. We expand on this by documenting substantial heterogeneity in the structure and hierarchy of ILMs across a broad range of large firms. Our findings on wage and promotion dynamics in ILMs are consistent with models of careers in organizations.

(with Ingrid Huitfeldt, Andreas Kostol, and Andrea Weber)