Essays on Executive Search

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Abstract
My dissertation focuses on how the market values different attributes of top managers and the role of market intermediaries in shaping firm and individual outcomes. I draw on a unique dataset from an executive search firm, which allows me to track the progress of nearly 1,700 top managers who emerged as candidates for around 400 executive roles spanning multiple industries. In Chapter 2, I explore the mixed signals sent by the frequency of moves between employers and tenure with their current employer at the time a candidate is being considered for a senior management job with a new employer. I argue that while frequently changing employer may decrease a candidate's attractiveness to potential employers by signaling that the candidate is a serial job hopper, it may also increase attractiveness by signaling the accumulation of a breadth of experience typically valued in top managers. Also, while potential employers may view longer tenure with a current employer as a negative signal regarding a candidate's level of cultural flexibility and adaptability, it may also provide opportunities for upward mobility with the firm, which is a visible signal of competence. I find empirical support for these relationships. In Chapter 3, I use the topic modeling technique to parse job descriptions to understand how clients' preferences affect candidate selection and explore gender prejudice. I find evidence that is line with role congruity theory, as firms are more likely to select male candidates when agentic qualities are emphasized. In Chapter 4, I investigate how employee mobility affects the broker (the executive search firm) who has facilitated the process, specifically in its ability to work for the firm that lost its employee to the broker's client. The effect I find is positive and is stronger for poached firms that are located outside the city where the search firm is located, suggesting that the poaching event may help the search firm increase its saliency towards its potential clients. These studies together provide a better understanding of the executive labor market and the role of market intermediary.

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ESSAYS ON EXECUTIVE SEARCH

Shinjae Won

A DISSERTATION

in

Management

For the Graduate Group in Managerial Science and Applied Economics

Presented to the Faculties of the University of Pennsylvania

in

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To my father
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A college professor of mine once told me that being an academic is like walking through a desert. I only discovered the truthfulness of that analogy after I started at Wharton: it is impossible to walk through this “desert” alone, especially when you have just stumbled into it. And I am extremely privileged to have had the best team of people by my side at every step of this journey.

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ABSTRACT

ESSAYS ON EXECUTIVE SEARCH

Shinjae Won
Peter Cappelli
Matthew Bidwell

My dissertation focuses on how the market values different attributes of top managers and the role of market intermediaries in shaping firm and individual outcomes. I draw on a unique dataset from an executive search firm, which allows me to track the progress of nearly 1,700 top managers who emerged as candidates for around 400 executive roles spanning multiple industries. In Chapter 2, I explore the mixed signals sent by the frequency of moves between employers and tenure with their current employer at the time a candidate is being considered for a senior management job with a new employer. I argue that while frequently changing employer may decrease a candidate’s attractiveness to potential employers by signaling that the candidate is a serial job hopper, it may also increase attractiveness by signaling the accumulation of a breadth of experience typically valued in top managers. Also, while potential employers may view longer tenure with a current employer as a negative signal regarding a candidate’s level of cultural flexibility and adaptability, it may also provide opportunities for upward mobility with the firm, which is a visible signal of competence. I find empirical support for these relationships. In Chapter 3, I use the topic modeling technique to parse job descriptions to understand how clients’ preferences affect candidate selection and explore gender prejudice. I find evidence that is line with role congruity theory, as firms are more likely to select male candidates when agentic qualities are emphasized. In Chapter 4, I investigate how employee mobility affects the broker (the executive search firm) who has facilitated the process, specifically in its ability to work for the firm that lost its employee to the broker’s client. The effect I find is positive and is stronger for poached firms that are located outside the city where the search firm is located, suggesting that the poaching event may help the search firm increase its saliency towards its potential clients. These studies together provide a better understanding of the executive labor market and the role of market intermediary.
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CHAPTER 1: OVERVIEW

Executive- and top management-level employees have long received attention because of their implications for firm performance and organizational effectiveness (Gupta & Govindarajan, 2000; Virany & Tushman, 1986). As the minds and hands of organizations, who they are and what they do have been found to have a critical impact on organizational outcomes. There is limited work, however, on another important actor in this market: executive search firms who assist their clients in filling executive vacancies (Khurana, 2002). Such a gap is surprising given their phenomenological prevalence. According to a report by Association of Executive Search Consultants (AESC) (2011), about half of all the executive placements are processed by hiring search firms. In addition to their prevalence, they are also important because they allow researchers to investigate important theoretical questions.

While the studies of executive search firms are few and far between, those that do exist differ in how they approach the context. To better make sense of the usefulness of the search context and to help researchers identify gaps and constructively develop future streams of research, I propose three different perspectives on the functions of executive search firms: search firms as windows, gatekeepers, and brokers. The first approach emphasizes the value of the search context in answering generalizable questions about the

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1 Management scholars oftentimes view each firm as a single decision-making entity when analyzing its behaviors, but others have noted the importance of taking into account the individuals in the firm who are in charge of processing internal and external information and executing on them (Hambrick & Mason, 1984). Although it may at times be difficult to identify who exactly is in charge of the formulation and implementation of firm strategy (Child, 1972), it is fair to assume that the CEOs and the top managers are closest to the minds and hands in most organizations.
executive selection. The second approach focuses on the role that executive firms play in shaping the labor market outcome for individuals. The third approach pays attention to the triadic nature of the relationship between the search firm, individual executive and the client firm and studies the dynamics between the different actors. Previous studies using the search firm context fall into one of these three categories, and I roadmap different questions and gaps that stem from each.

I also highlight the theoretical and empirical advantages of using data from search firms to answer important questions around executive selection, executive career, and dynamics of a mediated market. For example, search firms accumulate information on the vacancies (such as position and pay) and the considered candidates for those vacancies, including unsuccessful as well as successful candidates. This gives researchers theoretical advantage by allowing the parsing of the supply and demand-side of the selection mechanism, which is difficult to do when only the successful candidates are observed. The empirical advantage comes from the fact that a single search firm facilitates searches across a number of clients in various industries. These unique advantages allow researchers to induce generalizable insights that can be applied to the broader context.

After introducing the three different perspectives and advantages of search firm data, in following chapters 2 through 4, I explore and tackle the following questions empirically: In chapter 2, I study the selection of senior managers as a function of the candidate’s past career record, specifically focusing on the frequency of interorganizational moves and the tenure at the current firm. I show how different career strategies may emerge from workers’ choices in this era of boundaryless career and how
potential employers perceive mobility signals such as workers’ frequency of moves and the tenure at the current employer in conjunction with the diversity of functional experiences and records of internal promotions.

In chapter 3, by using the topic modeling method, I investigate how a client’s mental model of an ideal candidate translates into preference for certain concrete characteristics of candidates. By taking advantage of the variation in what is emphasized in the candidate requirement, which is a proxy for clients’ mental model about an ideal candidate, I look at whether it impacts the selection of candidates with certain observable characteristics such as gender and type of work experiences and how the selection differs between the client firm and the search firm.

In chapter 4, in order to understand the role that search firms play as brokers in shaping the executive labor market, I explore the dynamics of relationship formation between search firms and potential clients. Specifically, I focus employee departures that are facilitated by the search firm. What happens in an organization after a search firm helps hire an employee away from that organization?

Before reviewing the organizing the related literature under the three perspectives, I provide an overview of what executive search firms do and explain why they exist in the market for executives.
Background

What are Executive Search Firms?

In essence, executive search firms are a type of a labor market intermediary that mediating between employers and individual executives (Autor, 2009). They are the “matchmakers” according to the proposed taxonomy of labor market intermediaries described by Bonet and her colleagues (2013), in that they seek out potential candidates and screen them on behalf of the client. Among the five main HR functions – (1) staffing, (2) retention, (3) development, (4) adjustment, and (5) managing change (Cascio, 1986, p. 6) – they specialize in staffing, especially on recruiting, and then helping clients select candidates to fill vacancies. These practices are not only among the most important functions but also are central to the internal practices of the organization.

Basic vacancy-filling model

It will be helpful to sketch out how firms independently conduct searches (without the help of search firms) in order to understand what executive search firms do differently. When the firm decides to fill the vacant position externally, the firm will first put together a job description – who they are, what the position entails and what they are looking for in candidates. Then, they will create a pool of candidates. This entails choosing a recruiting channel, either posting the job or using their networks or both. This is also the stage where the firm might decide to restrict the search to the internal labor market (Windolf, 1986). After a pool is created, the firm will set out to screen them, initially from the submitted materials (e.g., CVs) and eventually by interviewing a subset of the promising candidates. They will select the best candidate and extend an offer. The terms
will be negotiated, and the offer will be accepted. If not, they will move on to the next best candidate. Some firms will choose to fill the vacancy on a rolling basis – that is, they will not wait to screen the candidates until they have created a substantial pool of candidates. Instead, they will start screening the candidates as they apply, and will extend an offer if they find a candidate who is above the threshold that they have set.

Executive search firms help their clients in all of these processes from building a job description to creating a candidate pool and conducting initial screening. The final selection is made by the client firms, but search firms also help mediate the terms of the contract when the candidate they identify is hired by their client firm (Khurana, 2002).

**Why Do Firms Hire Executive Search Firms?**

Firms constantly face “make or buy” decisions in many aspects of their operations, and previous work has noted how many of the HR functions of firms are now commonly outsourced (Lepak & Snell, 1998) including those that are close to core competencies such as training and development (Gainey & Klaas, 2005; Greer, Youngblood, & Gray, 1999). When the need to fill an executive vacancy arises, firms would first look within to identify and reallocate employees (H. C. White, 1970). When there isn’t an obviously fitting candidate within the organization, the firm will have to choose to “buy” rather than “make” the executive. To facilitate this “buying,” the firm then has to make another “make” or “buy” choice with regard to how to bring in an external executive. They have the choice of (1) using their existing recruiting personnel to find a candidate, (2) hiring
new recruiting personnel with executive hiring capabilities, or (3) hiring external search firms to complete the task outside the firm. The decision tree is depicted in Figure 1.1.

-- Insert Figure 1.1 Here --

Hence, from the client’s point of view, whether to hire a search firm or not in the first place is essentially a question of where to draw the firm boundary regarding the task of hiring top executives. A firm using the first two options is ultimately building those capabilities in-house, whereas the third option keeps those capabilities outside and making a short-term spot contract with an outside contractor – an executive search firm – who has the needed capabilities to carry out the task of finding the candidates for the vacancies. In that regard, the existing literature on firm boundaries may help shed some light on why firms may prefer to hire external search firms rather than relying on their internal resources or procuring experts to carry it out in-house. Why do they decide to push this crucial task outside the firm boundary?

**Explanations from TCE perspective**

Transaction cost economics (TCE) is one useful lens to understand this question regarding the firm boundaries. It clearly sets out criteria – the frequency of exchange, uncertainty, and specificity (O. E. Williamson, 1985) – for assessing whether performing a transaction is more efficiently conducted in-house or in the external market. The assumption is that vendors are opportunistic, hence, when the frequency, uncertainty, and specificity are high, they are likely to take advantage of incomplete contracts and make it more inefficient than in-house operations. These criteria are theorized at the task level,
deciding whether or not a certain operation will be outsourced to an outside vendor. That is the frequency, uncertainty and specificity of the executive search vary by certain vacancies. For the purpose of this exercise, though, I will evaluate an “average” executive position against the three criteria, and then also discuss how it can vary at the firm and vacancy level.

First, in terms of frequency, there are typically a limited number of executive positions in organizations; hence, the hiring for those positions happens rarely. Consequently, it would not be cost efficient for the firm to create a separate team of personnel to search given that they would not be needed very often. This aspect becomes more prominent if each executive search is different in the job requirements and where the supply of applicants would be found. For example, firms at times need to tap into pools of potential candidates that it does not know well and has not maintained close or frequent contact with. For example, if a firm wants to hire a “diversity” candidate, usually meaning a female or ethnic minority, it may need to seek out a search firm that has access to a bigger pool of such candidates (Bonet et al., 2013).

Second, the uncertainty in this context is whether the client firm is able to assess the performance of the search firm (Masters & Miles, 2002). Although the search is considered to be successful when it is completed, there is neither a continuous measure to gauge the success of the placement nor a metric to assess the quality of the process of the search. The performance of hired executives will be revealed sooner or later after the placement, though, and although this will not affect the fee that is already paid for, it will impact whether the client firm chooses to use the search firm’s service again.
Third, the task of executive selection requires a high level of asset-specificity, which necessitates the recruiter to possess a deep understanding of the organization in order to find the best candidate.

Even though the high level of uncertainty and asset-specificity argues against using executive search firms, the process used by search firms (i.e., managing only a certain part of the entire search process) seems to let the client firm bypass high levels of uncertainty and asset-specificity. For example, it is common for a search firm to temporarily exit the picture once it has helped the client firm revise its job description, screened the initial pool of candidates, and created a shortlist of candidates. Then the client firm interviews those candidates, after which they will give an offer to one of the candidates. Indeed, the issue of “control” is said to be an important factor that determines the success of outsourcing (Barthelemy, 2003), and in this context, the client firm is able to maintain a certain level of such control. Hence, the job of filling an executive vacancy seems to lean towards the “buy” option according to the TCE criteria.

The TCE framework, however, is limited in that it assumes away the difference in terms of general knowledge other than firm- (or asset-) specific knowledge. In fact, search firms may have more information on potential candidates and be in a better position to accurately check the information on potential candidates. This is because specialization allows recruiters at search firms to harness skills in executive recruiting, and because sometimes candidates from previous searches are considered again for subsequent searches (Benner, Brownstein, Dresser, & Leete, 2001; Bull, Ornati, & Tedeschi, 1987; King, Burke, & Pemberton, 2005). These arguments suggest that search
firms are able to carry out the job better than in-house recruiters because of the superior general skills and knowledge base in executive recruiting. This would be true assuming that they are also able to thoroughly learn the clients’ preferences and what the positions entail, so that they can find the best match for the vacancy.

**Explanations from the “middlemen” perspective**

Yet another set of arguments points to another reason to choose the “buy” option. Some have argued that search firms are not only able to carry out the job better, but also have an incentive to do so. Biglaiser (1993) draws out a theoretical model to show that middlemen have incentives to invest in the capabilities to discern the quality of a good and report this information truthfully because of the scale and reputation concerns. Although these works are in the context of middlemen who facilitate trade between buyers and sellers in the market for goods (such as jewelry or art dealers), it provides useful insight for the search firm-mediated labor market. The scale argument is similar to the frequency argument in the TCE framework. Search firms will process more executive searches than an average firm and hence have the incentive to invest in capabilities and resources, such as hiring expert recruiters and investing in technologies and platforms to manage the data, as well as building and maintaining relationships with potential candidates. The reputation argument is also relevant in the executive search context in that ensuring high-quality search and customer satisfaction is likely to bring

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2 One critical difference in the executive search context and the models in these papers (base on Shapiro, 1983) is that the supplier is able to choose between the production of low- and high-quality goods. In our context, the supplier is the individual candidate, whose quality is exogenously given. The high type candidate has an option to exert low effort after getting hired, but the incentive to keep the job is likely to curb such behavior.
additional business either from the satisfied client itself or other clients. Additionally, it is common for search firms to guarantee a redo of a search at no additional cost in case the candidate is fired early on. Knowing this, the search firm is unlikely to behave opportunistically by compromising the quality of search even if the quality is not immediately observable when the search closes.

*Explanations related to legitimacy*

While the first set of reasons laid out above – from the TCE perspective and the “middlemen” perspective – is related to the issue of the economic cost and efficiency, the second set of reasons goes beyond the efficiency argument. Khurana (2002) suggests that engaging a search firm provides legitimacy to the process in the eyes of internal and external stakeholders. According to him, even when the client firm has sufficiently identified potential internal candidates and has knowledge of their qualities, it is common for the client firm to work with a search firm in order to demonstrate that they have consulted the professionals and used the most objective means to evaluate and select candidates, free of vested interest. Although the hiring committee from the client firm should act as a representative of the firm, the individuals who are on the committee may act in their own interest that is not aligned with the firm. Hence, the firm is able to ensure its stakeholders that it monitors and prevents such self-dealing behaviors by hiring an outside expert.

An interesting argument from previous literature is that search firms allow firms to “legitimately” poach from competitors (Khurana, 2002). The argument is that the
client firm who has hired a search firm is able to bypass the “social norm” of the market by framing it as the mere result of the search firm trying to fulfill the contractual obligation. Khurana argues that by employing a search firm, the client firm is able to appeal to the idea of a “free market,” rather than its social aspects. Yet, when discussing the “social norm,” it is unclear which audience he is referring to. Naturally, the firms that could potentially be raided will be opposed to other firms hiring away its employees because it creates the direct cost of turnover. But hiring from competitors not only hurts the sender firms but also other firms in the market – including the receiver firms – because the competition to hire ultimately allows workers to have bargaining power over their wages (Coff, 1997). Hence, poaching from a competitor is, in essence, a good practice from worker’s point of view.

In fact, a 2009 lawsuit claimed that several companies in Silicon Valley – Adobe Systems, Apple, Google, Intel, Intuit, and Pixar – conspired to keep their employee wage artificially low by agreeing to not poach from each other (“anti-poaching,” “no-hire” or “no-solicitation”) 3. It turns out that even though the agreement between these tech giants was only verbal, the companies enforced it by punishing the people in charge when there was an attempt to hire. For example, Eric Schmidt, who was a CEO of Google at that time, promptly fired a Google recruiter who approached an Apple employee by email when Jobs forwarded this email to Schmidt (Wallace, 2014). The court eventually ruled that this is a violation of the Sherman Antitrust Act of 1890 and asked the defendants to

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3 A similar phenomenon is the non-compete agreement which sanctions employees from moving to a competitor of the former employer (Marx, 2011). Non-compete agreements are not enforceable in California, which partially explains why anti-poaching collusions emerged between the major actors in Silicon Valley.
compensate the affected workers in this scheme (Reich, 2015). The antitrust law was originally written to protect customers from paying higher prices because of lack of competition, but the same principle also applies for employees receiving lower wages.

As such, an agreement between two companies to not poach from each other is illegal, but could the market for the sender firm punish the firm that poached from the competitor? On the one hand, it is hard to imagine that the market will punish the receiver firm. If the receiver firm was able to poach from its competitor, it is likely to work to their advantage and have a positive impact on the firm’s performance. The sender firm, on the other hand, may act antagonistically towards the firm that poached away its employee, and may retaliate by poaching or via other means. As Khurana suggested, the sender firm may be less aggravated if the poaching was facilitated by a search firm rather than the competitor firm directly targeting them because it can be framed as the result of having the search firm search for the best talent. Whether or not this is actually true calls for further investigation.

Khurana also argues that it is more acceptable for candidates to receive calls from search firms than from competitor firms. Although he did not explicitly specify which party finds it acceptable or not, I suspect that both the current employer and potential employers will be judging such move made by the candidate. Although the non-competes act protects the employer to certain extent, moving to a competitor is more likely to lead to the loss at the sender firm compared to a move to a non-competitor firm. Hence, when a candidate accepts a call from a competitor, the candidate is agreeing to cause such harm to the current employer. When the candidate explores opportunities with the search firm,
however, the candidate hears about the opportunity before knowing the identity of the new employer, so the audience can be more understanding that the harm caused is more of a byproduct of a career change.

**Explanations related to confidentiality**

Lastly, executive search firms facilitate employees’ mobility between employers by ensuring confidentiality on both the candidate side and the client side until the search process has matured. For candidates, search firms discretely help them conceal the fact that they are seeking outside opportunities. This is a big concern for candidates since it may lead to negative dynamics with colleagues at the current firm should they fail to move to the new employer. Such reassurance will be more salient with a more reputable search firm that may have established the reputation to handle the process carefully. In comparison, individual firms do not have much incentive to take caution in keeping confidentiality and it is hard to establish such a track record because of the volume of executive search is small. The candidates may be more willing to explore the new opportunity if they are convinced that information about their searching activity will be safe kept, and this is going to help search firms dip into a wider pool of passive candidates.

In addition, search firms allow them to consider a broader pool of candidates from other firms, including their competitors whom they may be sanctioned by for poaching directly from (Khurana, 2002). Until the candidate is also interested in the position, the name of the client firm will not be revealed, guaranteeing that the information about the
search may stay within a selected group of people – the candidates who are qualified and seriously considering the position – until it is consummated. Hypothetically, the above example about Google firing a recruiter for a mere email to an Apple employee about an opportunity may have been avoided if a search firm handled the process. The name of the client is usually not revealed in the earlier stage, and should the Apple employee be not interested or qualified after initial screening, Apple would not have found out that Google was trying to recruit its employee away⁴.

Although the rise of other means of search such as LinkedIn is said to be threatening this industry by making it easier for employers to conduct external searches on their own, many of the aforementioned functions of search firms are not easily replaceable by such other means. LinkedIn, for example, may help firms to quickly locate potential candidates, but it may overwhelm them with the sheer number of potential candidates. The firm will still need to allocate its internal resources to winnow them down, conduct background searches on a smaller set of candidates and carry out the initial interviews. More importantly, confidentiality will not be addressed, and the firms may not take advantage of the “mediated contact” that frees them from the stigma of poaching from their competitors. They also will not be able to benefit from the extra legitimacy that search firms confer. These reasons together explain the prevalence and significance of search firms in executive hiring.

⁴ But of course, the poaching will be revealed if the Apple employee made it to the final round and received an offer from Google.
**Explanations from the networks perspective**

Another lens through which we can understand the existence of executive search firms is the literature on brokerage. In essence, search firms occupy the “structural holes” (Burt, 2000) that exist between the potential candidates and the firms with vacancies in their executive-level positions. Burt suggests that the occupants of the structural holes possess power as long as the threat of triadic closure – creation of a direct tie between the two actors who have previously had only indirect relationship through their respective relationship with the broker – is low. Bielby and Bielby also stressed the structural advantage that core agencies have over other actors in the market (1999). What is unique about this context is that the search firms as brokers facilitate the match itself as well as bridge information. Therefore, the structural hole will only disappear if the clients directly (evaluate and) hire the candidates without the help of the search firm. Clients still may not be able to directly hire the candidates even if they have the information about them. The confidentiality and legitimacy arguments above suggest that search firms also play an important role as a facilitator of matching (even after putting the information and efficiency arguments aside), meaning the threat of such triadic closure is low. Because search firms are connected with parties that are otherwise hard to connect to from the clients’ perspective, bridging the gaps between those two parties allows the search firms to capture some of the value that is created from this match.

Although the network position gives search firms the bargaining power with both client firms and potential candidates because of the essential role it plays in matching these two parties, they are always vulnerable to the entry of other search firms that could
play a similar role. To the extent that other search firms can replace their service, the client firm is expected to have an upper hand in this relationship (Brandenburger & Stuart, 1996). Hence, I believe that the degree of power that they share will vary by the market depending on the density of search firms. The search industry is dominated by ten top players who capture 10% of the entire market, and there are also many smaller companies as well as mom-and-pop boutiques that are more specialized in terms of the industry or geography. Because there are only a few big players, these players will be able to enjoy a certain degree of bargaining power to both client firms and workers. The client firm will especially be subject to the power of a prominent search firm when it is concerned with the legitimizing function of the search firm. Otherwise, when the use is purely for functional reasons such as cost and informational advantage, they are more likely to hire the firm where the trusted consultant is currently employed. As with many other professional services firms such as law or consulting firms, the core competency of the business lies at the heart of each of the consultants.

### Summary

All of these factors that explain why search firms exist can be used to predict which firms are more likely to hire search firms. For example, firms that do not

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5 One interesting feature about this industry that makes such co-existence of big and small firms possible is the “off-limits agreement.” It means that the search firm and the client firm enter into a contract that prohibits the search firm from considering candidates from that client firm in their future searches for other clients. Usually the agreement lasts for approximately two years, and the boundary of the “limits” (e.g., the entire firm, a specific department or specific group of people with certain job titles) is also agreed upon at the time of drafting the contract. The existence of this agreement implies that the bigger firms with more clients face bigger limitations in terms of where they can source the candidates, compared to smaller firms with a smaller client base. This, combined with the fact that there is a relatively low barrier to entry, allows the industry to be populated with a lot of small players along with a few giants.
frequently experience turnover or are smaller in size will also find it more cost-efficient to work with contractors rather than bring in the capability in-house. Also, younger firms with fewer years of experience and lacking external networks in the industry may want to tap into a broader pool by working with the experts. Similarly, firms that recently suffered from poor performance may want to convince their stakeholders that they are filling the vacancy in the best way possible. Also, the factors help predict whether a particular search will be more likely to call for a search firm or not. For example, TCE would suggest if the hiring process is not costly to monitor, or if the position is low in asset-specificity, using an outside contractor may be effective. Also, a specific vacancy may require the firm to tap into a pool outside of the existing networks. Finally, some positions may be strategically important for firms that it may hurt to broadcast the search to outside firms since the search activity may reveal strategic directions the firms might take. These variations exist within firms, and some vacancies may benefit more than other vacancies from working with search firms.

-- Insert Table 1.1 Here --

**Overview of Existing Literature on Executive Search Firms**

Existing academic research on executive search firms is limited, despite the prevalence of their services in the executive labor market. There are a few initial qualitative works that have helped us better understand the workings of the industry, followed by more recent empirical studies that delve into specific aspects of this context. This existing research
largely addresses three types of questions: First, what can we learn about who gets selected for these jobs that can be generalized beyond the mediated search context? For example, what kinds of track records are valuable in this market, such as employment at a reputable employer or prestigious degree? Does it help to be a specialist or a generalist? How do demographic characteristics (gender, ethnicity, age) play a role in executive selection? Second, how do search firms impact executive selections and shape the executive labor market independent of what would happen in any case? Third, how does the brokered nature of the relationships between the candidate, firm and the client affect their behaviors and outcomes of each of the involved parties?

I call the first type of question the “search firms as windows,” the second type of question the “search firms as gatekeepers” and the third type of question the “search firm as brokers.” I explain each of these approaches in further detail below.

-- Insert Table 1.2 Here --

**Search Firms as Windows vs. Gatekeepers**

Given the important role that top executives play in modern organizations, it is important to understand the process organizations use to fill those crucial vacancies, and who gets selected into these jobs. How does the organization process executive selection, and who are getting these jobs? What kind of characteristics and type of experiences matter in getting these jobs? Does education still matter? Are gender and ethnic minorities disadvantaged? Do firms want executives to be specialists or generalists? Does a record of being a job-hopper hurt?
These questions have been tackled to different degrees in the existing literature, but most works could not effectively parse supply-side and demand-side forces due to limited data availability (Fernandez & Sosa, 2005). This problem applies to any research question that hopes to answer why differences in labor outcome (access to high rank, high paying jobs) exist between different demographic groups or people with different backgrounds. For example, the fact that we see fewer women in the C-suite can be due to the fact that their competence is discounted at the time of hiring, or because fewer women applied in the first place. The former case will speak to the biases that firms have that leads to gender discrimination, and the latter case will need more investigation into what kind of behavioral and structural barriers keep women from applying for these positions (given that there is a critical amount of female candidates who are qualified for executive jobs). These have different theoretical and practical implications.

This is the exact theoretical challenge that search firm data can help overcome. It allows researchers to parse the supply-side and demand-side mechanisms because search firms accumulate information on successful as well as unsuccessful candidates for each search. Knowing who is the decision maker in this process and having information on the consideration set for the selection allows us to understand the selection process.

Compared to other settings that researchers can use to study executive selection, the search firm context also has an empirical advantage. Although top executives themselves are highly visible in sizeable public companies, the selection process of those executives is commonly enclosed in a black box. For example, it is difficult to know who gets considered for the job and who gets ahead in the process, without relying on
 qualitative case studies from a single or a limited number of companies. Most previous works in this arena either used few case studies with rich accounts of the selection process (Gouldner, 1954) but lacked power to find statistically significant patterns, or relied on archival data with a number of data points on the outcome (the selected CEOs or the managers) but lacked detailed information about the selection process itself (Koyuncu, Firfiray, Claes, & Hamori, 2010). In the latter case, as explained above, it is impossible to tell if the observed statistical patterns are conceived from employers’ or candidates’ preferences. Hence, the executive search data in effect combines the advantages from each of these two settings to quantitatively study executive selection across a number of companies.

Before answering the question of “who gets selected” using search firm data, however, it is important to think about whether or not the search firm influences the selection outcome of the recruitment process, in a way that is different from how the client would have handled the search. One approach (“the windows”) assumes away such difference while another approach (“the gatekeepers”) focuses on the difference between the search firm and the client firm.

On the one hand, Khurana’s work (2002) suggests that the search firm only minimally influences the outcome and credits the search firms mostly for their legitimacy-conferring function. This idea is quite salient in his extreme example where the client firm has already selected a candidate internally but works with a search firm to merely legitimize the process. In this case, adding the service of the search firm would not have impacted the mechanics of the search outcome at all. Although such an extreme
case seems to be rare in most searches conducted by the search firm (after all, the client pays a hefty fee for their service), one could also think that the objective of the client firm and the search firm is well-aligned since the search firm will only be able to secure future businesses from the client when the client is sufficiently satisfied with its service. If that is the case, we safely abstract the search firm and the client firm into a single entity that processes the search. Then we could think that the search firm context is analogous to a “window” through which researchers can study executive selection in general. It serves as a window because it provides a great empirical setting into the details of the matching of firms and candidates including both the successful and unsuccessful candidates, as described above.

On the other hand, other works propose that the search firm may play a role in shaping the selection process and outcomes that affect individuals’ employment opportunity and the pay that the employees receive from the new employer. Fernandez-Mateo and King (2011) suggest the possibility that agents may not share the same selection criteria with the hiring firm, that they engage in “anticipatory sorting” by sorting female candidates into queues for lower-paying jobs with the expectation that the clients would prefer to hire male candidates.

Although Fernandez-Mateo and King’s work is based in the context of temporary staffing agencies, it is imaginable that a similar process exists in the executive search context as well. Without having clearly communicated what the client firm wants in terms of gender of the candidate, it is possible that the search firm expects the client to prefer male candidates. Under this perspective where there may exist misalignment
between the search firm and the client firm, we can view search firms as “gatekeepers” to executive jobs since they are in charge of the initial process of the search, and only those that can pass through the search firm’s scrutiny may have a chance to land those executive jobs. Below, I explain in more detail and organize the existing literature using these two lenses that I have described. After that, I attempt to reconcile the two different perspectives.

**Search Firms as Windows**

Authors who view search firms as windows do not theoretically distinguish between the recruiters at the search firm and the hiring authorities at the client firm; rather, these two parties are assumed to be a team who are working towards the same goal of finding the best candidate to fill the vacancy. The assumption is that the search firm will try to do exactly what the client wants, and the client is hiring them largely because of the concerns about the cost and speed. Hence, the implications of these findings are certainly applicable to contexts broader than the executive search firm setting. One might also think that it can also be generalized to firms who independently perform these searches without hiring search firms. This is plausible as long as there isn’t a selection bias among firms. For example, if it is primarily the resource constraints that influence whether to hire a search firm or not, we can think that resourceful firms may hire differently compared to more constrained firms. Firms that are constrained in terms of resources may favor conservative candidates who have demonstrated their competence in the same role in their previous jobs because they do not have the slack to absorb the risk an
unconventional candidate may bring. Nevertheless, the findings that generalize within a subgroup of firms that do hire search firms makes up a substantial portion of the executive labor market; thus it is worthwhile studying these selections to understand executive selection.

Coverdill and Finlay’s work (1998) is an illustrative example of a case where search firm context is used as a window through which we can better understand the executive hiring and personnel selection in general. Their detailed qualitative accounts help us better understand how the notion of “fit” matters in executive search. They find that technical skills are the minimum requirements that get the candidates to the smaller pool of consideration set, from which the “softer” factors such as the fit or “hot buttons” become the deciding factors in the later rounds.

We should note, however, that their work is based on their study of contingency firms, which used to be the more popular form of contract at that time, but are no longer prominent in executive search. With contingency firms, the client firm would contact and work with multiple search firms, and only the search firm that succeeds in placing the candidate would get paid. More recently, contingency schemes only apply to search firms that process lower-ranking jobs; most of the executive search firms now operate on a retained basis where the client pays an upfront retainer fee regardless of whether the client succeeds in filling the vacancy through the search firm or not (Hamori, 2010). Such a shift in the client-search firm relationship, from one-to-many to one-to-one increases the empirical value of search firm data for research purposes because a single search firm will have all the information on each of the searches that clients delegate to them. This is
more advantageous for researchers compared to a setting with contingent search firms, where the considered candidates for a single search would have been scattered across multiple search firms.

Another study that shows the value of the search context to understand a broader phenomenon about the labor market is Cappelli and Hamori (2013)’s work on the likeliness to opt into the search process when contacted by the headhunters. Although they do not make an assumption about the client firm and the search firm’s similarity or differences in terms of selection, they take advantage of the variation in response when search firms initially reach out. Focusing on the candidate’s initial decision to participate in the process or not, which is a small but important aspect of the search process, this work sheds light on what factors affect executives’ intention to move by finding that managers are more likely to say yes to a headhunter’s phone call when they have had broad experiences across industries and functions, and when they face uncertainty in their future career due to organizational-level shocks such as M&A activities.

The search context is particularly useful to study this question of the likelihood of mobility as it measures the willingness to move (saying “yes” to the headhunter) that has a lower threshold of manifestation than the actual mobility itself while being a necessary condition to making an actual move. One thing to note here is whether the response will be different if the first call was made by the client firm itself or the search firm. For clients who are not reputable employers as the search firm is, the search firm may provide legitimacy to this call, lowering the candidates’ threshold to “say yes.”
As in the examples above, the search firm context provides valuable insights about executive selections and mobility intentions that can be generalized beyond the search context itself.

**Search Firms as Gatekeepers**

While these “Search Firms as Windows” studies induce generalizable insights from the search industry context, such as how “fit” plays a role in hiring decisions and when executives are likely to consider leaving for a new job, there are also other studies that focus on the role that the search firm plays as a gatekeeper to the seats in upper echelon (Dreher, Lee, & Clerkin, 2011; Fernandez-Mateo & King, 2011). This view essentially asks the question of “how would the world look without executive search firms?”

Existing research finds that search firms favor the more traditional type of executives in terms of demographics – white males – (Dreher et al., 2011) and candidates from reputable firms (Cappelli & Hamori, 2013). The search firm also tends to develop and maintain a closer relationship with those traditional candidates, exacerbating the unequal outcome between them and the rest of the potential candidates (Dreher et al., 2011). They suggest that because most of the search consultants at search firms are white males, women, and racial minorities are disadvantaged by the biases that these search consultants have and have limited access to their informal networks. They argue that white male search consultants are more likely to favor white male candidates as they think such individuals would be more fitting in a hiring firm’s organizational culture. Also, there is a wealth of evidence of homophily in the hiring literature (Rivera, 2012).
The implication from these studies is that the search firm amplifies and maintains the existing income and status inequality between certain demographic groups, and it also lends support to the existing body of research regarding the self-reinforcing nature of reputation and status (Benjamin & Podolny, 1999; Merton, 1968; Pfarrer, Pollock, & Rindova, 2010). This phenomenon is found outside of the U.S. and U.K. context as well, as evident in Tienari and her colleagues’ work with executive search consultants in Finland, Austria and Sweden (Tienari, Meriläinen, Holgersson, & Bendl, 2013). While the studies in this vein discuss the type of candidates that are more likely to be considered and selected by the search firm and the hiring organizations, the question is closely related to how the search firms shape executive careers. Hamori (2014) found that executives who are placed by search firms are more likely to be promoted and likely to move to larger and more reputable firms compared to executives who move via other means. These results suggest that those who are favored by search firms not only have more opportunities but better opportunities when they seek career opportunities outside their current employer.

While most research puts weight on how search firms may hinder the upward mobility of minorities, especially women, recent evidence finds limited evidence of such a “pipe-bending” role of search firms, that women are as likely as men to be selected by the search firm (Fernandez-Mateo & Fernandez, 2016). There is even evidence that search firms take the initiative to advance the diversity agenda for the client firm, at least in the context of hiring board members (Doldor, Vinnicombe, Gaughan, & Sealy, 2012). In this case, search firms act as a catalyst to propagate good practices. While the study
does not explicitly discuss whether they may be more effective promoters than other firms, it seems to imply so. First, they may be able to spread good practices more effectively compared to a market without brokers because of their structural advantage and the legitimacy that it confers. Second, in this context of promoting female board of directors, search firms are in a position to be able to identify, develop\(^6\) and position high-quality female candidates (Doldor et al., 2012).

Such variance in the role of search firms in shaping candidate outcomes calls for deeper investigation into the cause of the difference between the search firms and the client firms. In other words, if the search firm and the client firm indeed think and choose differently, it would be worthwhile to understand the antecedents of those differences.

One source of difference is an inaccurate prediction about the preferences of the clients (Fernandez-Mateo & King, 2011). As mentioned above, Fernandez-Mateo and King (2011) found that the staffing agency is more likely to shortlist female candidates on the queues for lower paying jobs which may adversely impact their outcome in the later stage (Fernandez & Mors, 2008). Interestingly, they find that the client firms are actually more likely to choose female candidates. The authors suggest that such misalignment may stem from the agency’s inaccurate assumption about the client’s preferences. Over time, however, we might expect such misalignment to disappear as the search firm learns the preference of the client firms.

\(^6\) Interviews of search consultants by Doldor and her colleagues revealed that some search firms “develop deeper relationships with women in the pipeline” and “engage with talented women […] with the long-term aim of preparing for NED (non-executive director) roles.”
The assumption in this study is that the search firm can and will act in the same way the client would have if it possessed the accurate knowledge about the client’s preferences. We could also think that certain preferences, such as those regarding gender or other demographic characteristics, could have particularly been less communicated to the agency compared to other requirements such as skills or education levels.\footnote{There is anecdotal evidence that some clients are actually relatively open about the “image” of the ideal candidate, which includes gender, ethnicity and age range. Fernandez-Mateo and King (2011) share an interview with a recruiter in their work where the recruiter claims that she will not take such requests (on ethnicity) seriously.}

Another source of differential selection may stem from different knowledge and past experiences. For example, the search firm is more likely to have experience in terms of selecting candidates, especially if the client firm had historically relied on a search firm’s services when they needed to fill vacancies in senior level positions. Having a stock of knowledge of candidates who are working in the industry where the search firm specializes in, the search firm is likely to treat these candidates differently than other candidates who work in unfamiliar industries. It is possible that the recruiters are attuned to catch idiosyncratic signals for the candidates that they are familiar with, hence the more observable signals may have weaker predictive power for these candidates.

Observable characteristics of candidates include education, years of experience, years of experience in same industry and function, the reputation of the educational institute, reputation of the previous employer, all of which can be expected to be positively correlated with hireability.

Although it is reasonable to assume that the search firm seeks to maintain clients’ satisfaction, legitimacy and reputation at all times, such assumption is more central to the
former argument where the search firm aims to predict clients’ preferences (although without success).

We may also put this assumption to test: do the client firm and the search firm always share the same interest? There can be at least three reasons why the interests might differ, which haven’t yet been extensively explored in the current literature. First, the search firm usually works with multiple clients. Because multiple searches are processed concurrently in search firms that are bigger than a single team of recruiters, the search firm needs to allocate resources to each of the searches. The resource could be competent recruiters, but also the roster of candidates in their database. If a search firm needs to allocate resources between two similar searches, it is likely that the search firm will allocate higher-quality resources to the client that is “more important” to them, who will possibly bring in more business in the future. This will consequently put the comparatively less important client at a disadvantage, but it will be hard for each of the clients to tell whether they are being provided with the best resources or not. Second, while formally representing the client firm, search firms sometimes have vested interest in the candidates. For example, if they have rejected the same candidate before, they are more likely to consider the candidate more favorably in the subsequent searches (Fernandez-Mateo & Coh, 2015). Also in this context, the candidates may become potential clients in the future as well. Because these are high-ranked jobs, a candidate a search firm has placed at a firm may be a key decision maker in deciding which search firm to hire to fill their vacancies. Hence, the search firm may be motivated to recommend someone who has built closer ties with the search firm. Third, the search firm
may be promoting good practices that may not (yet) be the preference of the client. There is evidence that search firms suggest hiring female board members even when the client has not considered it in the first place (Doldor et al., 2012). In the first two cases, the search firm may still benefit as a company and generate future revenues by strengthening their ties with the preferred clients and candidates, which shifts the cost onto the subset of the client firm who may end up with the second best candidates. In the third case, the search firm may have an interest that is not necessarily financial but believes that they can champion.

Finally, the search firm and the client firm may have different interests because of the difference consequences for unsatisfactory outcomes. Because search firms are hired on a contractual basis, dismissing them after the first round would be easier compared to firing internal personnel. In other words, the threshold to fire the search committee at the client firm is going to be lower compared to the threshold to decide to not hire the search firm for a subsequent vacancy. Because the value of a repeat client and the business they continue to bring is substantial, the search firm may select more conservatively compared to the client firms, favoring the candidates who have proven records in similar jobs. If this is indeed true, we will see a more conservative selection of search firms who are working for clients that are bigger in size and experience frequent turnover at the top management level. Such clients are more likely to have needs to hire search firms compared to smaller firms or those who do not usually need to deal with frequent turnovers. Although such variation has not yet been explored, there is empirical evidence of search firms’ conservative selection of candidates. Using a database from a large
multinational search firm, Hamori (2010) finds that people who were placed by search firms were more likely to come from a similar functional background and were more likely to move laterally compared to those who move externally without the mediation by search firms. She sides with Khurana’s argument that search consultants are risk-averse and favor “defense” candidates.

As discussed above, it is possible that the search firm-mediated searches may shape client’s selection in a way that is different from how the client would have selected independently. Hence, I believe that it is crucial for researchers to understand the possible differences that may exist between these two parties.

**Search Firms as Brokers**

The third perspective, “search firms as brokers,” focuses on the brokered nature of the relationship that the executive search firm is part of – namely, the relationship between the candidate, the search firm and the client firm. Executive search firms share some commonalities with other intermediaries, or brokers, in various markets within and outside the labor market context such as the marriage market, financial industry, and temporary staffing agencies.

**Marriage Market**

Scholars have long drawn an analogy between the labor market and the marriage (i.e., matchmaking) market when studying search behaviors. Of course, they are also different

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8 She conducts these analyses by using a stratified sample from her dataset, since the data also contains information about the candidates who were considered but had not been interviewed for a search. I believe that this will be a conservative test because these candidates may also have been placed by search firms other than the focal search firm.
in many ways. For one, an average contemporary worker will experience more employers than marriages. People enter marital relationships with the expectation that the relationship will be “life-long,” while contemporary workers expect to build their career across different organizations (Bidwell & Briscoe, 2010).

I suggest that the market for senior managers, compared to the market for younger workers, will share more similarities with the marriage market since each hiring at a senior level will be carried out more carefully from each side of the market. From the employer’s perspective, senior managers are more likely to have an impact on the organization compared to younger workers. They also have longer tenure than younger workers and command higher salaries. From the individual’s perspective, these jobs are higher-stake, higher-powered jobs where they may stay for a longer period of time.

Hence, the role of intermediaries in the marriage market may provide insights for its counterparts in the market for senior managers. The role of intermediaries – the matchmakers – varies by each region and time. Ahuvia and Adelman’s (1992) Searching-Matching-Interacting (SMI) framework is useful in looking at which functions the matchmakers are part of. Searching is the gathering of information about viable candidates. Matching is bringing together potential partners, and interacting is further collecting information from the match itself to decide whether to commit to the relationship or not.

Using this framework, we are able to see how involved a matchmaker is in a specific cultural context. For example, Tatars appoint a relative of the potential groom to
be the matchmaker. This relative negotiates conditions for the marriage such as the quantity and quality of the gifts that the bridegroom’s family would bring to the bride’s family (Urazmanova, 2004). In this case, the matchmaker is playing a role in the interaction stage. Until the first half of nineteenth-century, matchmakers in India – called ghataks – played an important role as matchmakers, their main function being the selection of appropriate matches (Majumdar, 2004). Because the social status was important in this society, ghataks also functioned as genealogists who kept track of the position of people in the caste hierarchy and determined caste ranks. Since the families during this time hoped to maintain or improve their social status through marriage, such expert knowledge and authority allowed them to play an important social role. In the second half of the twentieth century, matchmaking in East Asia (e.g., Korea or Japan) was reduced to a formal “first meeting,” in which the match the family elders introduced their children in the hopes that they would start a courtship (Kendall, 2014). A more comprehensive role of matchmaking can be found in commercial marriages between Southeast Asian or mainland Chinese women and Taiwanese men. Oftentimes involving two brokers in each local area, the brokers help all stages of searching, matching and interacting and even help deal with issues post-marriage (Lu, 2005).

Using the SMI framework in the executive search context, search firms help the client firm during the entire process of searching, matching and interacting. They seek out viable candidates on behalf of the client and test out the match between the candidates and the client firms by allowing the client firm to interview the best candidates. The process that leads up to the client interview can be thought of as an
integration of match and interaction. Performing the initial screening to create a shortlist is a facilitation of matching, and the client interview gives clients an opportunity to learn more about the candidates, which is a form of interaction. Finally, the search firm helps them negotiate and finalize the terms.

The closest comparison between executive search firms and the marriage matchmaking context are the commercial marriage brokers. The role of traditional Chinese matchmakers involve the two tasks of introducing interested parties to one another and negotiating dowry (from which the matchmaker profits from) (Jordan, 1997). But since discussing the matchmaking fee (“the thank you money”) “contaminates” the good-willed motivation to help create a happy marriage (Lu, 2005), the two tasks of matching and negotiating are usually divided between two different people. Such social aspect of matchmaking seems to play less of a role in a more commercialized setting, and the broker who makes the match also specifies a fixed fee upfront. The fee covers the matchmaking fee as well as the travel expenses of the matchmaking trip to Southeast Asia (where the man meets up with the candidates and decides on whom to marry), the bride’s trip to Taiwan, the wedding ceremony, the paperwork and the dowry. Since it is the men who go to the agencies to seek out potential brides and usually all the expenses are paid by the prospective groom, the groom is akin to the client firm in the search context. Hence, the brokers usually defend the interests of the husband when conflicts arise after the marriage. They also help the brides settle into a new environment by giving them legal and cultural advice as well as emotional support, which is similar to the search firms role in helping the hired executive with the onboarding process.
A critical difference between search firms and commercial marriage brokers may be the motivation to use them. In the case of marriage brokers, the main driver to use them will be information – unless there are direct social ties to friends and families in Southeast Asian countries, it will be hard to identify a pool of potential brides. Also, the commercial brokers will not be able to provide social legitimacy as search firms would, as commerciality could undermine the notion of “true love.”

Another trend in both the marriage and the labor market is the influence of technological advancement. In the marriage market, intermediaries have evolved from singles advertisement (Ahuvia & Adelman, 1992) to a more integrated, but open market form of online dating websites where algorithms rather than human agents facilitate searching, matching and interacting until the two parties meet offline. These services are often provided free of charge, with premium pricing for using more functions. Such movement into a seemingly open marketplace rather than relying on specialized agents’ expensive service (Majumdar, 2004) may imply that such platforms will diminish the value of search firms.

Still, a critical difference between the market for senior managers and the marriage market remains. Unlike matching in the marriage market, the market for senior managers rarely allows for a “dating” period. This may be another reason why Internet platforms cannot completely undermine the value of search firms. The “dating” translated to the labor market would be most akin to summer internships for junior level jobs, where the company decides to extend an offer after a trial period of a specified, short period of time. Given the importance of senior manager jobs, the value of such trial period is bound
to be higher. Instead, the employer has to place a huge bet on the new hire based on his or her past records, and may find an expert’s help handier. Even though search firms cannot help employers to “date” candidates, search firms can help scrutinize the candidates.

Financial industry

Intermediation theory in Finance literature has focused on transaction cost and asymmetric information to explain the existence of financial intermediaries, such as banks, investment banks or insurance companies (Gurley & Shaw, 1960). The argument is that financial intermediaries exist because they reduce the cost of matching lenders and borrowers (transaction cost), and they mitigate the problems from the asymmetry of information because they can collect information about the borrowers more effectively compared to individual lenders. Allen and Santomero (1997), however, noticed that a financial industry has proliferated even with reduced transaction cost and asymmetric information, and identified other sources of advantages that financial intermediaries enjoy such as risk management and participation costs. The rationale for risk management is more specific to the financial industry, but the argument with regard to participation costs can be applied to the broader context, including the executive search industry. Participation costs refer to knowledge about the market and the product. It is particularly high when the market is fast changing because it requires the participants to continuously follow the market even when they are not making any transactions. This would be true in today’s market for executives – there is much uncertainty as to what type of leadership can most effectively handle internal and external problems that
organizations face. This is in line with the information argument that explains why search firms exist.

**Temporary staffing agencies**

Within the labor market context, temporary staffing agencies also play a similar role, although operating in a different market segment from the executive search firms.

Compared to temporary staffing agencies, executive search firms (1) seek out higher ranked employees who may be less replaceable and more constrained in terms of supply compared to the temporary workers; (2) mostly seek out candidates from their end not vice versa, whereas staffing agencies post jobs and receive applications; (3) only participate in the recruiting and part of the selection process (we can see some staffing agencies finishing the entire selection process themselves and presenting a single candidate to the client) whereas the temporary staffing agency usually remains the legal employer until the end of the term. The first difference – that top managers are scarcer – motivates the recruiters to maintain a good relationship with the potential candidates regardless of whether they have been placed or not. Indeed, it may be important to take especially good care of the rejected candidates since rejection may brew negative feelings toward not only the client firm but also the search firm who were in charge of the process (Fernandez-Mateo & Coh, 2015).

Despite these differences, the structural similarity between the two contexts has yielded similar patterns in the current research. For example, Fernandez-Mateo’s work (2007) on temporary staffing agency finds that workers receive a lower wage from the
staffing agency for the job that they fill for a client that has built closer ties with the agency. Taking advantage of the opaqueness in price setting, the broker gives a discount to their important clients by cutting the wage of the workers. Similarly, a qualitative study on search firms by Finlay and Coverdill (2000) explores the level of dependency between the client firm and the search firm and how that affects the search firm’s level of effort and trust. They find that the recruiters are more likely to exert effort when the fee is higher when the client-headhunter has an exclusive relationship, and when the client is more responsive during the search process. They also note an interesting dynamic between the three parties, where the search firm would violate the off-limits agreement and re-recruit the candidate from the clients with whom they have a low level of trust.

Both of these works illustrate how the broker’s tie with one of the brokered parties affects its relationship and terms with the other party.

There is also research on embeddedness and dependency in these two contexts. While Finlay and Coverdill (2000) explain how the headhunter becomes more vulnerable to the client firm’s opportunism as they develop more social ties with them, Bidwell and Fernandez-Mateo (2010) demonstrate how the embeddedness (measured by the relationship duration) between the employee and the staffing agency allows the staffing agency to capture more value from its brokering role.

The former case is another illustration of Uzzi’s “paradox of embeddedness” (1997) where the increased dependency from an embedded relationship leads to a larger loss should one party behave opportunistically. In their qualitative study, they show how some recruiters at contingent search firms did experience such “betrayal” from the client
with whom they have worked exclusively on a search, where the client hired a candidate from another search firm. They also present cases where the client firm actively tries to cut the fee by emphasizing their close relationship. The consultants are often offended by such requests because it not only reduces the earnings but take it as an undervaluation of their work. Such interpretation is an interesting juxtaposition to Fernandez-Mateo’s work (2007) where the broker initiates the discount in order to reward and retain their valued clients.

The second case – in the work by Bidwell and Fernandez-Mateo (2010) – shows how the staffing firm is able to use the accumulated information from a close relationship to make a better match between the client firm and the worker. Using this informational advantage to its bargaining power with the workers, they are able to charge a higher price and take a higher proportion of the price as a fee. The asymmetry in terms of bargaining power, they argue, comes from the fact that workers can only maintain close relationships with one or two brokers while the brokers are able to form multiple relationships with workers. Since workers are more replaceable than brokers are to workers, the brokers are able to maintain their bargaining power. In Finlay and Coverdill’s work (2000) brokers are more replaceable than clients are to brokers, hence, the client maintains its bargaining power. All of this research suggests that the “weaker” party pays the price of forming a close relationship with the “stronger” party. Note that Finlay and Coverdill’s context is in contingent search – in the context of retained search, once an exclusive contract is signed, the search firm is not as replaceable at least for the duration of that specific search.
believe that we will be able to see similar dynamics in the negotiations prior to signing an exclusive deal.

**SUMMARY**

In this chapter, I introduced executive search firms and why it is important to study them. By categorizing the current literature in three perspectives – search firms as windows, gatekeepers, and brokers –, we are able to identify the gaps for future research more easily.

The windows approach uses search firms as a context to deduce generalizable insights with regard to executive selections and careers. For example, studies have investigated how “fit” matters in selection, and when people are likely to accept an outside solicitation for a new employment opportunity. There is much more to be studied using this approach, such as how prior career history impacts the success of career transition. This is the questions that I explore in Chapter 2 of my dissertation; specifically, I look at how the frequency of inter-employer moves and current tenure impact the attractiveness of the candidate when they are considered for a new executive job.

The gatekeepers approach investigates the differences between the selection between search firm and the client firm, to understand whether search firms give or restrict access to candidates in certain gender or ethnicity groups. Previous research has found that search firms favor the already privileged candidates who are white male, and those who work at prestigious companies. Recent studies though found conflicting
evidence on whether or not female are disadvantaged when search firms facilitate the process. I believe that such controversy can be effectively addressed by studying more in depth the source of differences. Is it the inaccurate assumption about the client’s preferences, or is it the difference in specialized knowledge? Do search firms indeed select more conservatively compared to client firms because of the value of future businesses with them? Do search firms hold different interest because of their relationship with other clients or important candidates? It will be important to answer these questions as well as study the outcomes for different groups of candidates. In Chapter 3, I explore one possible mechanism through which gender-based selection is prompted by measuring client firm’s preferences for candidate attributes from candidate requirements in job descriptions.

Lastly, the search firm as brokers approach focuses on the dynamics between different parties involved in this market. For example, researchers have studied how embeddedness and dependency affect the broker’s relationships with clients and individuals. We are able to identify similarities and differences with intermediaries in other markets such as financial services firms, matchmakers in the marriage market and temporary staffing agencies. Chapter 4 in this dissertation follows this line of approach by bringing in the thus far unexplored “fourth” actor in this context: the firm that experiences employee departure as a result of the search. Specifically, I study the client tie formation between this firm and the search firm.
CHAPTER 2: PRIOR CAREER MOBILITY AS A MIXED SIGNAL IN THE MARKET FOR SENIOR MANAGERS

Introduction

The rate of mobility of workers between employers has increased dramatically over the past few decades (Cappelli, 1999; Farber, 1999; 2008). Between 1975 and 2000, the rate of transition between employers increased by more than 50% (Stewart, 2002). Despite the rise in mobility and the emergence of boundaryless careers (Arthur, 2014), however, the term job-hopping still retains at least some of its historically negative connotation. This poses a dilemma for workers who, having been tasked with taking control of their own careers (Cappelli, 2008), must think strategically about which opportunities to pursue and when. On the one hand, mobility might be seen as a positive signal by potential employers, indicating the acquisition of a broad range of experience and the ability to quickly adapt to new organizational cultures, both of which are particularly valued in the labor market for senior executives. On the other hand, it may be perceived as indicative of a worker’s propensity to job hop, signaling that prospective employers should be wary of hiring a worker who is likely to leave as soon as a slightly better opportunity presents itself. This confusion is reflected in the contradictory advice regularly provided in the popular press, where one might read “you should avoid jumping around if you can” (Gallo, 2015) just after being told “don’t let yourself become stagnant where you are” (Issid, n.d.). For scholars, this raises an interesting yet largely unexplored
set of questions around whether and how a worker’s previous mobility shapes their marketability, and, ultimately, their chances of being offered a job they are interested in.

Though previous work has examined how job history in the past predicts worker behavior in the subsequent job such as voluntary turnover or organizational commitment (Barrick & Zimmerman, 2005; Cascio, 1976), there is a dearth of empirical evidence on how prior mobility impacts a candidate’s attractiveness to potential employers. It is important to understand how employers interpret the signals provided by a candidate’s career history and how this shapes the opportunities available to different workers, a difference which ultimately shapes the unequal distribution of income and other social outcomes (Granovetter, 1981). Understanding how the market values previous career mobility also promises to enable firms to employ better hiring and retention strategies, and allow workers to effectively craft their portfolio of careers.

The paucity of the work that directly studies the relationship between mobility and hiring chances in the labor market is a direct result of the challenges associated with studying the potential opportunities available to workers. The question of “attractiveness” or “marketability” of a worker is essentially about the preferences and perceptions of employers: what kind of characteristics and track records do employers perceive as valuable and increase the chance of the candidate getting selected by the employer? Research to date which relied primarily on “post-hiring” data, showing which workers end up in which jobs, has only limited capacity for studying this question because it reflects the choices of both the employer and the worker. For example, if we see more CEOs with short spells of employment from previous jobs, is it because employers prefer
such career history, or because applicants who have stayed in one place for a while are less likely to apply or accept outside job offers?

One way to explicitly examine the preferences of employers is to directly observe their decision-making at the time of hiring (Fernandez & Sosa, 2005). I take such an approach in this paper, using a unique dataset on the selection of senior managers from an executive search firm. The data contain the entire set of candidates considered by an employer for a job offer, allowing me to examine which characteristics of candidates—in this case career mobility—increase the likelihood of being offered a job. Because the consideration set is restricted to candidates who have opted into the consideration set for the said vacancy, the result of the process (whether they receive an offer or not) can be solely attributed to the decision making from the employer side.

In this study, I look at two measures of career mobility: the relative frequency of employer changes and tenure at the current firm. Each measure captures a different aspect of career mobility and explores a distinct mechanism through which that mobility can affect workers’ attractiveness in the external labor market. I hypothesize that the relative frequency of employer change allows employees to build diverse experiences, which can positively impact the worker’s attractiveness. Frequently changing employers without building diverse experience, however, would signal that the worker might be a serial job hopper. Tenure at the current firm allows one to demonstrate their competence and be promoted internally, which is a salient signal of competence for outside employers. Yet, staying with an employer for too long could also make outside employers wary about the cultural adaptability of the new hire, whose person-
organization misfit during the adjustment period would create additional cost for the hiring firm.

Empirically, I find support for the proposed contrasting effects of the frequency of employer change. On the one hand, a high level of frequency of employer change increases the functional diversity of a workers’ background, which increased the likelihood of their receiving an offer. On the other hand, the frequency of employer change decreases the likelihood, given that the level of functional diversity is the same. The pattern is similar for the effect of tenure at the current firm. Long tenure at the firm is positively associated with the number of jobs held at the firm, which increased the likelihood of receiving an offer, but the long tenure decreased the likelihood of receiving an offer once the number of jobs is controlled for. These results suggest that qualitative differences exist among similar patterns of career mobility, which bring different outcomes for workers. When people change employers, they may switch to a job that is similar or different from their old job at the previous employer; when people stay with the same employer, some move internally while others don't. In this paper, I take into account these differences in order to understand better the mechanisms through which career mobility affects their chances in the external labor market.

This paper contributes to our understanding of the market for senior managers in the context of boundaryless careers and has important implications for workers and firms. From the firms’ perspective, these results suggest that firms must adjust their hiring and retention strategies to reflect the market value of the workers with different mobility signals. For example, they must understand that people who have not moved across
employers as often may also be highly coveted by other firms, and may need to be compensated accordingly. As their employees lose marketability with tenure, the firms need to think of ways to retain some of their best workers by offering them better career prospect within the company, or continue to attract high-quality workers by providing them with promising exit options.

Also, this work adds to the strategic human capital literature which seeks to generate competitive advantage from the human capital by restricting negotiating power from employees that arises from the fact that they can freely move to other firms (B. A. Campbell, Coff, & Kryscynski, 2012; Coff, 1997). This stream of work mainly focused on how to retain workers after hiring them, but this paper suggests a novel mechanism through which employers can reduce the probability of employee mobility: screening employees prior to hiring.

From workers’ perspective, the results suggest that employees are faced with a tradeoff when moving between employers. By moving to a different employer, they are able to reset the “inflexibility clock” and mitigate concerns about the lack of flexibility and adaptability. We also know from the previous literature that oftentimes moving is accompanied with a salary bump (Bidwell, 2011). At the same time, however, an additional record of mobility increases the perceived propensity to job hop. Hence, each move must be carefully planned out, after considering all of the associated costs and benefits.
Theory and Hypotheses

Shift in the employer-employee relationship

The pattern of employee relationships has experienced a drastic change since the early 1980s. Firms are increasingly hiring experienced workers, and the average tenure of employees has decreased significantly (Cappelli, 1999). As workers have begun to build careers across organizations rather than within (Bidwell & Briscoe, 2010; O'Mahony & Bechky, 2006), they have regarded different firms as “stepping stones” to achieve their ultimate career goals, be it a high level of pay, high level of autonomy, intrinsically interesting job, or senior-level position. As a result, the relationship between employees and employers has become more transactional in nature: in addition to compensation, employees work for an employer for a period of time in exchange for skills and signals that they could use to move to other employers (Bidwell, Won, Barbulescu, & Mollick, 2015).

As workers increasingly expect to move across employers, the notion of “marketability” (in the labor market) has gained importance. Traditionally, when workers stayed at a single employer throughout their entire career, the issue of marketability only mattered when the worker first entered the labor market. Workers would signal their competency and quality through educational credentials or other evidence of training such as internships or professional certificates (Spence, 1973). Now, however, as experienced workers have become increasingly mobile, the question of marketability applies to a broader set of labor market participants. Also, compared to entry-level hiring,
the potential employer now has more information with regard to the worker’s career history.

An important part of the information available to employers is the mobility history of potential hires, specifically the number of jobs and tenure at those jobs. These two measures from a worker’s career history—frequency of employer change and tenure at the current employer—each signal mixed effects. For example, the relative frequency of employer change, on the one hand, functions as a signal for a serial job-hopping tendency, where high frequency is interpreted as possessing a high level of such tendency, while on the other hand, moving between employers enables workers to build diverse experience which is valued in senior management positions. As for tenure, long tenure at the current firm, on the one hand, provides an opportunity to prove competency to outside firms via internal promotion, but on the other hand, long tenure may imply a lack of cultural flexibility. Thus, the effect of career mobility emerges only when taking into account these potentially mediating effects, depicted in Figure 2.1.

**Frequency of employer change as an enabler of diverse experience**

A worker that frequently moves may have accumulated broader experiences across organizations as a result of having worked for multiple employers. An important aspect of this broader experience is increased functional diversity. Research has shown that workers are more likely to change functional areas when moving between employers (Bidwell & Mollick, 2015). Because smaller companies have only so many functions,
switching between employers is sometimes the only way to be exposed to other functional roles.

There are many reasons to believe that this exposure to different functions could heighten flexibility and bring more novel, fresher perspectives to the new organization. Crossland and his colleagues (2014) showed that CEOs with a high level of career variety direct the firm towards novel strategic initiatives. Oftentimes the reason behind hiring a new executive is associated with the desire for changing around the organization, and these organizations would covet a candidate with a mobile career history, provided that career history included a diverse functional background.

Even though the literature has not yet come to a consensus about whether a diverse functional background is harmful or beneficial to workers’ career outcomes⁹, there is a reason to believe that a diverse career, especially diversity in terms of functional experience, may be more useful for senior level jobs. Senior jobs require more coordination and communication across the organization compared to lower level jobs (Mintzberg, 1973; Watkins, 2013). Having a first-hand experience in different functional roles will allow senior managers to be effective communicator and broker, with a better understanding of different challenges that each unit faces, and knowledge of the “language” and the norms in different functions. Relatedly, Kleinbaum (2012) has shown that people with diverse career backgrounds are more likely to occupy brokerage position

⁹ For example, a stream of literature suggest that diverse career broadens and deepens worker’s human capital (Wexley, Latham, Kettering, Rivaldo, & Christensen, 1991) and social capital (Corredoira & Rosenkopf, 2010; Gulati & Puranam, 2009; Kleinbaum & Stuart, 2014), while another stream highlights the disadvantage of diversifying the career because of weak signal of competence from not having a clear identity according to social categorization theory (Leung & Sharkey, 2013) and lack of skill accumulation in a particular area (Ferguson & Hasan, 2013).
in firms. Given that the senior managers are often expected to perform the role of broker within the company, they will likely be more effective when they have a diverse background. Although Kleinbaum was agnostic about the type of diversity in his study, other works suggest that the ability to bridge between different functions within the firm will be particularly valuable.

Based on these arguments, I expect that the diversity of functional experience will be positively correlated with the probability of receiving an offer, and the positive effect of mobility will be mediated by the functional diversity of the experience.

*H1. The frequency of employer change will have a positive, indirect effect on the probability of receiving an offer through its effect on the diversity of functional experience.*

**Frequency of employer change as a signal of serial job hopper**

Although having moved frequently between employers may bring benefits via increased diversity of experience, it may also bring negative consequences for workers as a signal of a serial job hopper.

Managing turnover is an issue in many organizations. When voluntary turnover occurs, the firm needs to expend resources to search within and outside the organization to fill the vacancy and train the new employee (Cascio, 1991). Turnover may also result in the loss of relationships with key clients (Broschak, 2004) and the flow of knowledge and social capital to competitors (Somaya, Williamson, & Lorinkova, 2008).
Because of such retention concerns, employers can become leery when they see that a candidate has moved frequently across firms, suspecting that the potential employee may not stick around for long. Two sets of arguments in the existing literature suggest that people who frequently change employers would be inclined to leave the new employer more quickly than others. The first set of arguments suggests that job-hopping tendency is dispositional. A line of work has suggested that certain individuals have a higher tendency to move because of enduring traits such as personality or cognitive ability (Boudreau, Boswell, Judge, & Bretz, 2001; Judge & Watanabe, 1995). The second set of arguments suggests causality between prior employer change and turnover. Research has shown that job-hopping increases the probability of job-hopping in the later period by reducing the continuance organizational commitment, which is a type of commitment that arises when one fears a lack of outside options (Kondratuk, Hausdorf, Korabik, & Rosin, 2004). In another study, Lee and Mitchell (1994) suggests in their “unfolding” model of turnover, that people who have previously moved between employers acquire certain skills related to mobility that enable them to more easily move between jobs. Whether it is dispositional or path-dependent or learning-based, all of these arguments suggest that a history of job hopping will signal the likelihood of repeated job-hopping behavior in the future. Another concern that employers may have about a candidate with a record of frequent moves between employers is with regard to her competency that those mobility events may have resulted from dismissals due to performance issues. Previous research on “lemons” in the labor market has shown that workers who were dismissed due to plant closings will not suffer from lower wage in
subsequent jobs compared to those who were laid off (Gibbons & Katz, 1991). Their argument is that when the firm has the discretion to dismiss their workers they choose to lay off people who are of lower quality (the “lemons”) while compensating the high-quality workers at the market wage. There are many reasons beyond performance issues that prompt people to move to a new employer, such as being presented with a new opportunity. However, the employers may still worry that the previous moves were due to concerns about performance, and hold a conservative stance, further reducing the attractiveness of those who have moved jobs repeatedly. As a result, firms may be wary of hiring a candidate who has frequently changed employers in the past, leading me to hypothesize that:

\[ H2. \text{When the diversity of experience is controlled for, the frequency of employer change negatively affects the likelihood of receiving an offer.} \]

**Tenure at current employer as an opportunity to prove competency**

The second aspect of candidates’ careers that firms will pay particular attention to is their tenure at the current firm. There are reasons to believe that the tenure at the current firm will be another piece of information that is distinct from the frequency of employer change. Mobility events prior to the current job are more ambiguous in terms of the cause of move, especially regarding whether it was voluntary or not. As for the current employment, however, the candidate has not left the firm yet, and hence, the “opting to move” can be attributed more to the worker’s choice rather than the employer’s decision to terminate the worker. Also, the current job is likely to be more similar to the vacant
position at hand compared to past jobs, making the record more relevant compared to the previous history.

A benefit of staying with an employer is that it provides the opportunity for workers to prove their competency to outside employers. Previous research shows that internal promotion works as a positive signal for competency in the labor market (DeVaro & Waldman, 2012; Waldman, 1984). It is hard for outside firms to observe employee performance, but information on promotion is oftentimes made public through the change in job titles that a company posts on its website or through people’s personal pages on platforms such as LinkedIn.

The assumption behind the “promotion signal” is that the job assignments are mostly merit-based. Under such a design, it takes time for any employee to demonstrate her competency to the employer in order to be considered for promotion. In most firms, employees usually stay two to three years in the same position to prove their competency on the job before moving up the ladder and gaining a higher degree of responsibility. Oftentimes, it also takes time for vacancies to open up internally. Hence, a certain number of years at a firm is naturally a necessary, though not sufficient, condition to be promoted internally, so the positive effect of tenure on the probability of receiving an offer will be mediated by internal promotions.

**H3. Duration of employment at the current employer will have a positive, indirect effect on the probability of receiving an offer through its effect on the number of internal promotions.**
Tenure at current employment as a signal for cultural inflexibility

While tenure can increase the future prospect for workers via internal promotions, long tenure can also signal cultural inflexibility. The notion of cultural flexibility has played little role in studies on career diversity that focused on internal moves (Ferguson & Hasan, 2013) or freelancers who are not bound by organizational boundaries (e.g., Leung, 2014), but it is likely to be important for organizations engaging in external hiring. Each firm has unique routines, processes, and norms that guide employees on how to carry out their tasks (Schein, 2010). These norms also help the organization function smoothly without micro-synchronizing and coordinating every decision and choice each member makes.

How well new hires adapt to the new norms is likely to be a critical determinant of their effectiveness. In particular, new hires who are culturally flexible will adapt to the hiring organization’s culture more quickly. This, in turn, will minimize the cost associated with the person-environment misfit during the adjustment period for the hiring firm. The cultural misalignment that persists during the period of adaptation may hinder worker performance and effective coordination between the new hire and other parts of the hiring company (Dokko, Wilk, & Rothbard, 2009). The issue of adaptation may be particularly important for senior managers because cultural misalignment is also likely to cause confusion for their subordinates. This will force subordinates to straddle two “bosses” with different expectations about how to approach and tackle tasks. This may induce cultural misalignment for the subordinates, which could lead to not only poor performance but also voluntary turnover (Chatman, 1991).
Given such importance of cultural flexibility, long tenure could induce rigidity for workers. As workers become more deeply embedded into the firm’s culture, they are more likely to internalize the practices and more importantly, the underlying assumptions. This will make it difficult to adapt and be enculturated to a new culture after the move, which would be a concern for employers. Hence, I hypothesize that:

\textit{H4. When the number of internal promotion is controlled for, the duration of employment at current employer negatively affects the likelihood of receiving an offer.}

Figure 2.1 provides an overview of the relationship that I propose to test in this paper.

--- Insert Figure 2.1 here ---

\textbf{Data and Method}

I test my hypotheses using data from a mid-sized executive search firm headquartered in the US, which I call SearchCo. Previous studies have acknowledged the usefulness of search firms for understanding the workings of the executive labor market. For example, Cappelli and Hamori (2013) took advantage of the fact that search firms take the initiative to scout out potential candidates in order to examine the factors that prompt executives to consider exploring different job options. Fernandez-Mateo and Coh (2015) studied how the past interactions between the candidate and the search firm influenced their decisions in the later period. Both of the studies made use of the process data that identifies the candidates who make it through to the each round of selection. Because the
data also contains candidates who do not proceed to the next round, the researchers were able to understand the determinants of selection at each round. This paper takes advantage of this feature of the search firm data, while additionally also making use of the detailed career history data of each candidate, which previous studies did not have access to.

**Data**

The dataset consists of all search records between 2005 and 2012, with the list of candidates who were considered (mean size of the pool per search = 180.94), contacted (149.89), interviewed by the search firm (9.74), interviewed by the client firm (4.93), offered the job (1.04), and ultimately, accepted the job (1). The process is depicted in Figure 2.2. Across those 8 years, the firm conducted 682 searches, among which 491 were successfully completed. Hence, the firm completed about 60 searches per year on average during this period of time. In addition to for-profit companies in a variety of industries, SearchCo’s clients also include several universities, hospitals and non-profit organizations, which together account for about half of their business, enhancing the generalizability of the results across both industries and business models.

I combine this filtering data with the data from resumes from SearchCo’s server, from which I extracted information about the candidate’s educational and professional history. The educational history includes the name of the institution, type of degree and the year of degree received; the professional history contains information on the name of the employer, the job title, and the start year and end year of each of the job spells. It was
common for people to have held more than one job at the same employer. Undergraduate research assistants were hired and trained to parse the information with me from the resumes into spreadsheets. A hypothetical example of this process is depicted in Figure 2.3.

**Dependent variable: Receiving an offer**

The focus of this study is to understand who received an offer from the client, among those who were considered by them.

The limitation of this data is that it can be difficult to know exactly which party withdrew from proceeding to the next round of selection. If a candidate does not appear in the list of candidates considered for the subsequent round, it is possible that the recruiter did not select the candidate, but it is also possible that the candidate withdrew from proceeding further. The last step of the selection process does not suffer from this problem, however, because the withdrawal from the candidate side can be identified by those who received an offer but did not move to the client firm. Also, because being part of the process requires time and energy, and increasingly so with the higher rounds, the proportion of serious candidates is higher in the later round. Moreover, it reflects badly on the search firm when the candidate receives an offer and then rescinds, so they try to make sure that people on the final slate are highly interested in taking the offer (Khurana, 2002). Indeed, the rate of declining the offer is very low, at about 3.8% in my dataset. Previous studies (Fernandez-Mateo & Coh, 2015) on headhunters also suggest likewise, that the filtering that happens in the final round is almost always initiated by the
evaluator. Hence, I restrict the sample to the last step of the selection process, where there is the least amount of ambiguity in terms of which party withdrew. Nevertheless, I report the selection in the previous stage (see Table 3) for comparison. This stage is conducted by the recruiters from the SearchCo.

**Independent variables**

*Relative frequency of job change.* Because rates of mobility vary non-linearly with experience, measures such as an average number of employer per year are problematic for comparing across workers with different levels of experience. Such an average measure would assign the same value for workers who have worked at 2 different employers across 5 years, and 4 different employers throughout 10 years. Yet, the literature suggests that it is more common for young workers to move jobs than older workers (Topel & Ward, 1992).

Hence, I use an inductive approach to operationalize this construct by comparing the frequency of job change *within* each experience cohort. The variable *relative frequency of job change* was calculated by first counting the number of employers that the candidate has worked for at each year of experience. For example, if a candidate moved to another employer in year 3, the unique number of employers will be 1 at year 1, 1 at year 2 and 2 in year 3. After calculating, I compared the mobility of all candidates at each year of experiences and assigned a z-score to each person-year observation in terms of where they stand in the distribution of the number of employers for each year. Then, I took z-score from the final year (at the time a client extended an offer) for each
candidate. This z-score, therefore, represents the relative level of mobility compared to other workers with the same level of experience. This is the mobility measure that I use for my analyses. Note that this approach utilizes each of the yearly data from the career history of each individual, making the comparison group much richer and stronger.

*Functional diversity.* In order to calculate functional diversity, I coded the functions using the job titles for each of the jobs each candidate held\(^{10}\). Then, I counted the unique number of functional areas that the candidate had worked at in each year of experience and again assigned a z-score to each person-year observation in terms of where they stand in the distribution. Finally, I took the z-score from the last year and assigned it to be the measure of functional diversity, as I did with the mobility measure.

*Tenure at current employer.* The variable was calculated using the start year of the employment spell at the currently employed firm, and subtracting it from the start year of the search.

*The number of jobs held at the currently employed firm.* This is a count variable, indicating the number of distinct jobs that candidates have held at their current employer. When controlling for the number of functions held at the current firm, this variable provides a conservative estimate of the number of internal promotions the candidate has experienced within their current firm. Even before using such control, the number of jobs

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\(^{10}\) The functions were categorized into top management, IT, finance, administrative, marketing, HR, operations, general management, sales, engineering, consulting, research, clinical, nursing, legal, communications, manufacturing, quality control, student affairs, fundraising, corporate development, strategy, and board membership. These categories of functional areas were identified initially from SearchCo’s internal rubric, and were adjusted using external sources.
held is a close enough measure of internal promotions because most internal moves are promotions (Bidwell & Mollick, 2015).

**Control variables**

*Gender.* Gender was coded from candidates’ first name using an API called genderize\textsuperscript{11}, which utilizes a database that collects data on name and gender using various social networking platforms. Genderize provides the probability that the name will be either female or male, and the variable female that I use in the analyses is coded as 1 if the probability of the name being female is higher. For gender-neutral names and names that are not in the database, the variable was hand-coded from photographs on LinkedIn accounts and internal materials that revealed the gender of the candidates from the usage of pronouns.

*Education.* A dummy variable was created for each of the post-baccalaureate degrees that the candidates may have earned, such as MBA, JD, MD, Ph.D., LLM, and MD.

*Years of experience.* The years of experience were estimated using the starting year of the first job on the resume, and subtracting it from the year of the search. Then, any gap in the employment was subtracted from this value. A caveat to this approach in that the first job listed on the resume may not actually be the first job that they took in the labor market. I use this as a rough proxy for gauging the total years of experience.

\textsuperscript{11}This database is accessible at https://genderize.io/.
**Status.** Using the names of the companies that candidates have worked at, I coded whether the current employer is a highly recognizable firm. Names of the firms were matched with the list of Fortune 100 firms, US News Ranking for colleges and hospitals. The dummy variable was given a value of 1 if it appears in the list of Fortune 100 companies from the year 2006 to the year 2012; if it is in the Top 50 from U.S. News & World Report rankings of universities from the year 1991 to the year 2001; or if it is in the top 10 for any of the 16 specialty areas from the U.S. News & World Report Hospitals rankings from the year 1996 and 2002. Each of the ranking data was chosen to most closely match the time frame of the data at hand, given availability.

**Rank.** Because hierarchical rank in organization may be correlated with how long people have stayed in the firm (e.g., lower ranked people are likely to have shorter tenure at the company, because some of the higher ranked people would have been promoted internally) and their likelihood of getting selected (e.g., lower ranked people are less likely to get selected), I control for the rank at the time of hiring. I categorized the ranks into the following buckets by using the job titles: CEO (0.41%), C-level job (CFO, COO, president, founder, partner, chief, owner) (16.18%), senior vice president and executive vice president (6.16%), vice president (17.47%), director (27.44%), associate director (1.12%), manager (9.24%) and other. This measure was included as a categorical variable in my analyses.

**The similarity with the vacancy.** I measured the fit with the vacancy in terms of three dimensions: industry, function and rank. Because the vacant position also comes with those three dimensions (industry area of the client company, the functional area and
the rank of the job), these dimensions were matched and were also coded using the same strategy explained above. The similarity in terms of industry and function was set to 1 if it matches that of the vacancy. In the case of rank, I coded whether the current position was the same rank (lateral), lower rank (promotion) or higher rank (demotion) compared to the vacancy.

**Erraticism.** The measure of erraticism (Leung, 2014) was controlled for to account for the fact that some functions are closer to each other than others. Following Leung (2014)’s construction of the variable in his paper, first I calculated the similarity between function $i$ to function $j$ by dividing the numbers of co-occurrence of $i$ and $j$ (the number of the pairs of functional experiences that appeared within a candidate’s job history across the entire sample of candidates), divided by the number of occurrences of function $i$. The distance between functions was calculated by subtracting the similarity measure from 1. Then, erraticism of the worker was calculated by taking the total distance between functions divided by a total number of moves, less one.

**Analysis and Results**

I used conditional logit to estimate the probability of receiving an offer as a function of employment duration and individual characteristics, grouped at each of the vacancies. Because the dependent variable is dichotomous, logit model takes account of the fact that the likelihood of receiving an offer must fall between 0 and 1. As an equivalent of fixed effects model, conditional logit model allows me to compare the
selection within each of the considered set for each vacancy. Hence, I do not include the controls that are specific to each vacancy.

Table 2.1 provides means, standard deviations, and correlations for the main dependent and independent variables in my analyses. The two measures of career mobility—frequency of employer change and tenure in current company—capture distinct yet related aspects of a candidate’s career history. As expected, the frequency of employer change is negatively correlated with the current tenure at the firm ($r=-0.44$).

Table 2.2 explores the relationship between the main independent variables and the mediating variables, showing the results from ordinary least squares model on functional diversity and number of positions respectively, additionally controlling for gender, experience, the position at current employer and education. In Model 1, I find that the frequency of employer change is positively correlated with functional diversity ($\beta=0.487$). The mobile people who are two standard deviations above the mean have on average one standard deviation above the mean in terms of functional diversity. In Model 2, I find that tenure at the current firm is positively correlated with the number of jobs held ($\beta=0.163$), which is a proxy for internal promotion. This means that staying at an employer for approximately 6 years will amount to one promotion for an average employee. Each of these results satisfies the first prerequisite for being a potential mediating variable hypothesized in H1 and H3 respectively.

Table 2.3 tests the effect of career mobility on the likelihood of receiving an offer using conditional logit. In Model 1, we see that the effect of frequency of employer change is positive but not statistically significant ($\beta=-0.0763$). As we control for
functional diversity, however, the effect of mobility becomes significantly negative in Model 2, where each standard deviation above the mean in terms of mobility decreases the odds of receiving an offer by 20.1%. This is consistent with what we would expect if H1 were to hold. Functional diversity is positively associated with the probability of receiving an offer, lending support to the idea that the effect of mobility is mediated by the positive effect of functional diversity.

To formally test whether the mediating effect is significant, Baron and Kenny’s dated approach (1986) is not appropriate in this setting especially because it requires total effect to exist between two variables. As Zhao et al. (2010) notes, however, a mediation effect can exist without a significant total effect, when the indirect effect and the direct effect have opposite signs which is the case in this paper. Following this logic, mediation effect exists whenever the indirect effect $a \times b$ is significant. When entered into bootstrapping mediation tests (Preacher & Hayes, 2008) based on 5000 bootstrap samples, I find that functional diversity (estimate = 0.015, bias-corrected 95% confidence interval = [0.004, 0.025]) is a significant mediator of the effect of frequency of employer change. The remaining direct effect is negative, which explains why the total effect is not significant.

Model 3 in Table 2.3 tests the effect of tenure at the current employment on the probability of receiving an offer. The coefficient is positive ($\beta=0.00959$), but is not significant at the 95% significance level. In Model 4, the number of positions in current

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12 The Sobel test for mediation (1982), which is frequently used as a supplement to Baron and Kenny approach has also been found to be flawed because of the strong assumption that the sampling distribution of the indirect effect is normal, when it tends to be asymmetric.
company is added. The number of jobs held at the current firm has a positive effect on the likelihood of receiving an offer, where each promotion increases the odds of receiving an offer by 16.6%. The result is consistent (though not reported here – available upon request) when additionally controlling for the number of unique functional roles that people held at the current company. When the number of positions in current company is included, the sign of the coefficient flips to negative (β=-0.0316), suggesting mediated effect by the number of positions. Again using 5000 bootstrap samples, I find that the number of positions held in the current firm (estimate = 0.004, bias-corrected 95% confidence interval = [0.001, 0.006]) is a significant mediator of the current tenure. This supports H3, the mediation hypothesis, but not H4, which suggested that the current tenure will negatively affect the probability of receiving an offer.

Model 5 combines all the variables of interest in the same model. Note that because the frequency of employer change and current tenure are highly correlated, the standard error is enlarged because of the multicollinearity. However, the directionality and the magnitude is comparable to the previous models. The size of the coefficient in Model 5 suggests that less mobile candidates with the frequency of employer change that is one z-score below the mean are about 1.25 times more likely to be selected compared to those with an average level of frequency of employer change.

Model 6 explores the possibility that the functional form of current tenure may be nonlinear. Allowing for different slopes before and after a cut-off (spline at year 3 is reported here, but the pattern of results are consistent with splines at year 2 and 4), we see that the negative effect of current tenure becomes significant after the cut-off point,
implying that the longer tenure is only penalizing in the later phase, where each additional tenure reduces the odds of receiving an offer by 5%. This is sensible because the concerns about cultural flexibility will be more severe when the worker has worked at one company for a prolonged period of time.

Discussion

In his interviews with hiring managers, Bills (1990) found that job history – the most important component of which being the record of job hopping – is the second most important information that recruiters take into account, following experience, which itself is an aspect of job history. Despite its importance in how workers are valued in the external labor market where the evaluators have limited amount of information (Greenwald, 1986; Waldman, 1984), the effect of career mobility hasn’t received a closer look thus far. The results from my analyses lend support to the idea that, at least in the market for senior managers, career mobility is a mixed signal. Although one might expect that the newly emerged notion of the boundaryless career may have led hiring managers to become more forgiving towards job hoppers, there is still reason to believe that possessing such a job record remains a red flag for employers, unless such hopping clearly reveals the acquisition of diverse functional experiences. Then again, and somewhat paradoxically, my findings show that staying with one firm for a prolonged period of time without moving internally is also associated with a lower probability of receiving an offer. I suggest that this effect most likely reflects that it creates cultural inflexibility.
I suggest in this paper that what we may call “worker loyalty” is still valued in the modern labor market. Increased labor flexibility has freed firms from the responsibility of training all of their employees from the entry level and allowed them to more easily shed the existing workforce in times of change and turmoil, but it has also reduced their ability to retain their best or most marketable talent. In fact, the issue of employee retention has become ever more critical in the new era since worker loyalty has become a scarcer good, and employers are continuing to expect their employees to be loyal to them (Slay & Taylor, 2007). I suggest that such expectation and desire is manifested in how they hire. The results from my study support the anecdotal evidence that employers are indeed wary about hiring job-hoppers, especially when the worker has not accumulated diverse experience out of such moves.

At the level of top managers, candidates are rarely unemployed at the time of hiring, which makes the search for loyalty somewhat paradoxical in that a new hire has to be disloyal to their prior employer. Hence, the most coveted worker in terms of loyalty will not consider entering a new match (or it will be costly to persuade this loyal worker), and the most willing worker may be doubted for lack of loyalty. My results suggest that firms compromise and choose the candidate who seems to be the most loyal amongst the people who are disloyal enough to move. Specifically, I show that workers with a high level of mobility compared to their peers are less coveted by outside employers.

The results around the tenure at the current employer and the probability of receiving an offer imply a certain level of misalignment of goals between firms and workers regarding the optimal duration of employment, especially within firms with
flatter organizational structure. The longer the worker stay without moving upward, she becomes less attractive in the market. This may motivate her to move out, which is going to be costly for the firm. Hence, the firm will need to compensate for such loss in the market value for workers with longer tenure, and this may be an alternative explanation for seniority-based pay. Encouraging lateral moves between functions within a company may also be a strategy that firms can use. Such strategy would eventually make employees more attractive to outside employers, but will help firms suppress pay while the employee accumulates experiences internally. This is in line with previous work that demonstrated how high status firms are able to attract high-quality workers by giving them an attractive exit option (Bidwell et al., 2015). The benefit from such strategy is more likely to be higher in contexts where job-hoppers are penalized more severely.

A limitation of this study in terms of making a causal statement about my findings is that the recruiter has more information about the candidate other than what is listed on their CVs. For example, a recruiter may be able to infer additional competency signals from interviews. If it is the case that less competent candidates tend to have moved between employers more often, the negative relationship between the frequency of employer change and the probability of receiving an offer may be spurious. Controlling for current job rank in the current analyses allows me to mitigate some of the concerns since the extent to which a person rose up in an organization is a reflection of her competency.

Another concern that may arise with the current setting is that the client firm only observes the set of candidates who are pre-selected by the search firms. If the search firm
over-selects on certain characteristics, then it may seem like the client prefers such characteristics to a lesser degree. Although as discussed in the Data and Methods section about the lack of clarity regarding whose decision it is to stop proceeding to the next round, I report the results in Table 2.4, replicating the main models that I used in Table 2.3. Here, the dependent variable is whether the candidate made it to the shortlist submitted to the client firm after an interview with the executive search firm. Although there seems to be a slight penalty for people who frequently changed jobs, the effect is no longer significant with other controls, as are other independent variables that I use in the main analyses.

This study hopes to add to the study of strategic human capital by suggesting that firms screen out potential job-hoppers at the hiring phase in order to manage the challenge that is rooted at the issue of mobility. An interesting future study would be to understand whether the firms are able to capture some rent from the value that the loyal workers are creating, and under which circumstances.

Understanding how different mobility signals are valued in the market is important for firms because of the following two reasons: first, understanding the pattern of competition in the labor market will allow firms to recruit new hires more effectively by offering an appropriate level of compensation at the market rate; second, recognizing workers’ perspective and their goals in terms of building a portfolio of careers will help firms build value propositions that are more attractive to their workers and potential hires. For example, because moving across employers is going to be penalizing unless it provides opportunities for diversifying their functional experiences, candidates may
prefer to move to jobs that provide this new opportunity. Hence, firms with the capability of selecting candidates with potentials rather than the actual track record of relevant work experience and the resources to train the new hires to work in new functions are going to be able to hire these workers at lower cost.

Such reasoning reflects an emerging theme that adds to the traditional approach of dealing with retention issues that focused on minimizing turnover. For certain firms, the way to achieve an advantage in the labor market may be to build a streamline of workers who come work for experience at lower wage rate, and leave with the acquired experience. Eventually, the reputation will allow the firms to continue to attract workers who wish to advance their career in such a way.
CHAPTER 3: CLIENT PREFERENCES AND GENDER-BASED SELECTION

Introduction

Decades of research in various fields of social science have been devoted to discussing the problem of gender inequality in our society and investigating its cause with the hopes that such research may eventually be help mitigate this widespread issue. Particularly in the labor market, we know that women earn less (Blau & Kahn, 2007), are less likely to access “good” jobs (Kalleberg, Reskin, & Hudson, 2000), and are less likely to be promoted than their male counterparts (McCue, 1996). Concerns about lack of women in executive roles—a phenomenon commonly known as the “glass ceiling”—have also gained a great deal of attention (Helfat, Harris, & Wolfson, 2006; Morrison, White, & Van Velsor, 1992). This is a particularly important area of study because it not only affects overall pay discrepancy between men and women but also has repercussions on the hiring of women in other executive and non-executive jobs.

While there are explanations from both supply-side (are women either not as qualified or not as interested in executive jobs?) and demand-side forces (do companies prefer to hire men over equally qualified women?) that contribute to inequality in terms of women’s access to executive jobs, I focus on a demand-side force that contributes to the glass ceiling for women; specifically, how employers’ preferences impact hiring decisions. I draw on role congruity theory which suggests that women are disadvantaged during hiring for executive positions because leadership roles are stereotyped to be masculine, and are assumed to require agentic qualities in order to be successful in the
job (Eagly & Karau, 2002). Existing research on this topic has primarily been conducted under the Goldberg paradigm of experiments, where participants evaluate fictitious resumes and profiles that only differ in terms of gender (Goldberg, 1968). My study is going to provide a new piece of evidence to this literature by being the first to directly test the mechanisms in this theory in an actual setting of hiring executives.

Theoretically, I distinguish between the general level of masculinity that is casted at the role-level and the specific masculine vs. feminine qualities that the hiring party looks for in each role as they seek out candidates for the vacancy. While the former is more stable and held by the collective of people in the context (i.e., various stakeholders inside and outside the organization as well as the hiring committee), the latter may be affected by various internal and external circumstances and the characteristics of the hiring committee that is in charge of the selection. The goal of this study is not to comprehensively address all of the factors that go into the selection process; rather I directly take the hiring committees’ preferences for each search event and see how if affects who gets selected.

I measure client’s preferences for candidates for each search by applying topic modeling method to extract and quantify topics from the candidate requirements section in job descriptions. Candidate requirements can be regarded as reflections of clients’ mental models of an ideal candidate for the position. They are by no means a perfect, comprehensive representation – as some preferences may not be appropriate or even legal
to share with the candidates, such as a preference for certain gender\textsuperscript{13} – but it will capture an important part of the preferences of the client firm.\textsuperscript{14}

This paper contributes to the studies of gender inequality by proposing a novel way to measure clients’ preferences and directly testing the relationship between the clients’ preference for agentic or communal attributes and the gender of the selected candidate.

The structure of this paper is as follows: In the theory section, I discuss how gender prejudice may play out in executive jobs, and state my proposition which serves as a basis for my hypotheses. Then, I introduce job descriptions as a document to measure clients’ preferences. Just before introducing my data, I outline the method that I use in this paper. After discussing the data and the process of parsing and coding the documents, I present the topics that are extracted from the candidate requirements, followed by the hypotheses I test. Then I discuss the results from the main and supplementary analyses, and implications for future research.

\begin{flushright}
\textsuperscript{13} Gender targeted-ads are common in certain countries outside the U.S., such as China (Kuhn & Shen, 2013).
\textsuperscript{14} How closely would the job description document map on to the actual preference of the client firms? What kind of information would the client firm not want to share with the candidate? Aside from legal concerns that firms have, such as preferences with regard to gender or ethnicity, we could also imagine a case where the client firm preferred a candidate who is referred by a current employee, but would not make such information explicit in order to prevent discouraging a high quality, but unconnected candidate from applying. This is an interesting question for future research, but beyond the scope of this paper.
\end{flushright}
Theory

Gender prejudice in executive jobs

Lack of women in executive roles – the well-known “glass ceiling phenomenon” –, combined with the evermore-increasing executive pay, continues to contribute to the wage disparity between men and women. The fact that executive jobs are male-dominated makes such job (as well as lower-level jobs) more accessible to male candidates because the decision makers will predominantly be men (Kanter, 1977; Rivera, 2015) and will strengthen the masculine image of the jobs which may affect the behaviors of potential applicants as well as the evaluators.

Such limited access to top jobs for women is what scholars refer to as “allocative discrimination” (Petersen & Saporta, 2004). Allocative discrimination is more severe in the context of external hiring compared to internal promotions because the evaluator is more likely to resort to heuristics and cognitive biases when they have less information about the evaluatee and the outcome is more uncertain (Tversky & Kahneman, 1974). Hence in this paper, I focus on the mechanisms of gender prejudice during external hiring.

Eagly and Karau (2002) use role congruity theory to explain why firms regard women as less qualified for leadership roles. Role congruity theory applied to the leadership context highlights the incongruity between gender roles and leadership roles

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15 Scholars have identified different avenues through which gender inequality is generated in the labor market. First is allocative discrimination which limits women’s access to high paying jobs; second is discriminative wage within a same job; third is valuative discrimination where female-dominated jobs have lower wage than male-dominated jobs. In the U.S. context, the second type of discrimination has been mostly ruled out (Petersen & Morgan, 1995).
when a female takes on or attempts to take on a leadership position. There are two attributes that researchers focus on in this context, agentic vs. communal, in order to illuminate the prejudice that women face. The former is congruent with masculinity, and the latter with femininity. Hence, the following proposition naturally follows:

**Proposition.** Women are less likely to be selected when the hiring committee emphasizes the agentic qualities and more likely to be selected when the hiring committee emphasizes communal qualities.

Role congruity theory suggests that because the qualities that are believed to be necessary in order to be successful in leadership roles are mostly agentic, people believe that women—who are associated with communal qualities—will be less successful in those roles.

Researchers have acknowledged that while the generic leader role is ascribed to being predominantly masculine, there are variations with regard to the masculinity in the definition of these terms depending on the sector, functional area and the hierarchical rank of the position. It is also reasonable to think that even within the same sector, function, and level of position, a particular set of circumstances may encourage the hiring firm to look for a different mix of agentic and communal traits.

Hence, the cleanest way to test the role congruity theory is to directly measure the clients’ preferences – what they think are the needed attributes in order to be successful in a job – and to estimate the relationship between the measured preferences and the gender of the selected candidate. I suggest that job descriptions are an appropriate place to effectively measure clients’ preferences.
Job descriptions

When firms are filling executive positions, they first need to determine the position requirements and the candidate requirements prior to recruiting potential candidates (London, 2001). These together make up the basis of the job description. While the position requirements layout the activities or tasks performed in this role, the candidate requirements describe the desired KSA’s (Knowledge, Skills, and Abilities) and various characteristics. Interviews with 500 executives in 1993 (Sessa, Kaiser, Taylor, & Campbell, 1998) revealed that the requirements include the following categories: specific functional backgrounds, managerial skills, interpersonal skills, communication skills, technical knowledge, leadership skills, team skills, specific task skills, experience in a particular field, specific degrees, experience in a particular industry, specific business experience, ethics, company knowledge, energy or drive, strategic planning skills, fit with culture, intelligence, creativity or innovation, and flexibility or adaptability.

The process of crafting job descriptions allows client firms to concretize and coordinate what they are looking for in candidates. For individual recruiters, the process of crafting job descriptions helps them formulate and organize ideas more thoroughly, and for a group of recruiters, it allows them to effectively communicate their similarities and differences in each of their mental models and eventually coordinate their preferences.

The main purpose of writing a job description is first for the client to articulate and agree on what it is they really want and second to for the firm to clearly communicate
the job requirements to individuals who may be interested. In the process, it can facilitate better and faster matching between the job and individuals. At times, however, it brings about possibly unintended consequences, as research found that gendered language in job descriptions disproportionately attracts male and female applicants (Rho & Castilla, 2014). If the hiring company did not have a strong gender preference, language that they use in their job description will limit the pool of candidates to a certain gender, lowering the potential for an optimal match.

As such, studies on job descriptions suggest that they play a significant role inside and outside the firm. Theoretically, our current understanding of job descriptions can inform hiring literature as it acknowledges the fact that the qualities of candidates are multi-dimensional. For the sake of parsimony especially in papers with formal models, workers are oftentimes divided into the “high types” and “low types” depending on their one-dimensional quality. In the real world, of course, worker quality is multi-dimensional, with varying correlations between each dimension. My approach in this paper takes into account such multi-dimensionality in clients’ preferences for candidates as well as in candidates’ characteristics. I assume that the client preferences will vary depending on multiple factors, such as client and position characteristics, the characteristics of the hiring committee, the cause of vacancy and internal and external change that the firm is facing.
In this study, I use topic modeling – a type of content analysis tool – to extract the multiple dimensions of qualities from the candidate requirements. Before describing topic modeling, however, I briefly outline what content analysis is.

**Content analysis**

Content analysis, a method that makes inferences by interpreting and coding textual materials, is at the intersection of the qualitative and quantitative research (Duriau, Reger, & Pfarrer, 2007). It has a long history in the field of social science (Morris, 1994) and has gained interest by the scholars in management in the past two decades (Duriau et al., 2007). At the heart of the content analysis is the assumption that texts represent cognitive schemas of the authors including values, intentions, and attitudes (Carley, 1997).

What contributed to the popularity of content analysis in recent years is the increased access to various types of texts (e.g., web scraping) and the means to analyze them. In the field of management, scholars have analyzed various types of texts such as shareholder letters (D’Aveni & MacMillan, 1990; Shin & You, 2013), news articles (Bednar, Love, & Kraatz, 2015) and corporate websites (Meyskens & Paul, 2010). The parsed texts that are quantified are commonly merged with other quantitative datasets to generate further insights.

Despite the usefulness of content analyses, which open up arrays of opportunities for researchers, there are challenges associated with the method. First, when contents are
coded manually\textsuperscript{16}, reliability and validity concerns arise; hence, multiple coders are involved to assess inter-coder reliability. Manual coding also becomes burdensome with the amount of the texts. Both of these problems were solved as researchers began to use computer-aided text analysis (CATA) (or computer-facilitated qualitative data analysis (CQDA)). It not only allowed researchers to code a vast amount of texts, but also the explicit coding rules resolved many of the concerns with regard to reliability (Wolfe, Gephart, & Johnson, 1993).

CATA at this stage, however, still had its drawbacks: it still required the users to have pre-conceived categories that they wanted to quantify from the texts, either from existing theories, libraries that other researchers had created or by scanning a subset or entirety of the given texts. The next generation of CATA, topic modeling, allowed researchers to bypass this issue.

**Topic modeling**

Topic modeling is a type of machine learning technique that allows users to discover topics in a collection of unstructured documents by looking at how often a group of words appears together (Blei, 2012). As with any CATA, researchers are able to analyze a large amount of data. What distinguishes topic modeling from other CATA, as mentioned above, is that it is essentially an inductive approach: the user does not impose any pre-conceived categories and is able to discover the topics that emerge from the data.

\textsuperscript{16} The most popular method to quantify the texts has been to count the occurrences of specific topic words that researchers have identified from the texts. Duriau and his colleagues (2007) found that 84\% of the articles in management studies that used content analysis have used some form of frequency counts.
Moreover, the technique allows the same word to have different meanings depending on the context. This is an important feature because many words have more than one definition (e.g., the word “stock” in “stock price” vs. “stock of goods”) and even the same word with the same dictionary definition can have different nuance depending on the context in which it appears (Saussure, 1983).

The simplest and most commonly used statistical model in the field of social science is the Latent Dirichlet Allocation (LDA)\(^{17}\). The intuition in this model is that a document contains a mix of topics, which is defined to be a distribution over a fixed set of vocabulary. The assumption here is that these topics are specified before any document is generated and that the words in the same topic are more likely to appear together in a document (Blei, 2012). An important choice that researchers need to make when implementing this method is to set the number of the topics. I explore and discuss this issue in more detail in the below section.

Kaplan and Vakili (2015) were one of the first to implement this method in the field of strategic management. They used topic modeling to identify topics in patent documents to code topics in order to find the originators of each topic. This was a particularly useful approach, especially because it was hard to determine the categories of ideas a priori, and it was necessary to be able to grasp the entire universe of patent documents in order to track the originator.

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\(^{17}\) Computer scientists continue to develop more complex models of topic modeling, for example, that could also take account of the fact some topics are more related to each other than other topics (correlated topic model (CTM)) (Blei & Lafferty, 2007), or that the set of vocabularies evolve over time as new words are invented and cross language boundaries (Zhai & Boyd-Graber, 2013).
Data and Methods

Using data from 330 position descriptions (about 85% of the searches in the dataset had these documents) from the searches conducted by the search firm between 2005 and 2012, I took the following steps to implement the topic modeling technique. First, I manually isolated the “candidate requirement” section from the position description documents. Position descriptions were written by the search firm after consulting with the client firm and were distributed to the candidates who were interested in the position when contacted by the search firm. Each of these documents contains the description about the client firm, the job responsibilities, and the candidate requirements. It is this last section of each of these documents that I use in my analyses as a proxy for the client firms’ preferences, their mental model of the ideal candidate.

The first step is to determine the definition of the documents. Because the candidate requirements documents had multiple paragraphs with different themes, I defined the document at this paragraph level. After separating each paragraph into separate text documents, I trained the model by feeding these documents into the mallet program (http://mallet.cs.umass.edu/topics.php) as suggested in Kaplan and Vakili (2015). After setting the number of topics and running the model, the program outputs two files: one containing the group of words that belongs to each topic, and another that reports the proportion of each topic in each document. Because these documents are at the paragraph-level, I aggregated these proportion to the search-level by weighting them with the length of the paragraph.
I assume that a factor that is mentioned at a greater length is more important to the client firm. This is a commonly used approach by those who employ content analysis, although Weber (1990) has cautioned researchers that omission of certain content may not mean that the author is not concerned with the topic. In our context – as I mentioned previously – companies may not explicitly state preferences that are illegal, for example.

An important choice that researchers should make when utilizing topic models is setting the number of topics. Even though there is a tool to optimize the number of topics that maximize efficacy and its statistical coherence within topics (Mimmo & Blei, 2011), it does not necessarily mean that that each group will have a clear, interpretable theme (Chang, Gerrish, Wang, Boyd-Graber, & Blei, 2009). In fact, Chang and his colleagues find that there is even a negative relationship between the “fit” metric and humans’ evaluation of qualitative coherence. Note that it is the researchers’ job to label each topic manually – if the topics do not have qualitative internal consistency, this exercise will not be feasible and will limit the researchers ability to further derive insights from the texts.

Hence, DiMaggio and his colleagues (2013) suggest that multiple parameters should be explored in order to choose the number of topics that best suits the focus of the research question. The number would vary depending on the research question, and the authors ended up choosing 12 topics to explore newspaper articles that mention governments’ support for arts. Kaplan and Vakili (2015) chose 100 topics to from patent documents, after which they were able to label them with the help of nanotechnology experts. The authors followed the approach in Blei and Lafferty’s (2007) in choosing the
100 topic-solution, but if the experts who labeled the topics noticed the need to have either more or less granular topics, the authors could have re-set the number of topics.

In the example that I show below, I illustrate how the groupings of words vary depending on the number of topics. For illustrative purposes, I isolated the topics that contained the word “leadership.” Note that each keyword can appear in more than one topic – such allowance makes it possible for the same word to represent different meanings in different contexts. When the number of topics is set to 10, there are two topics that contain the word “leadership.” However, we see that in group 10-A there are a number of words (underlined) that have low relevance to leadership. But a majority of those words are removed from the topic groups when the number of topics is set at 15 or 20, which tells us that 10 topics may not be granular enough for our purposes. Between the 15 and 20 topics scheme, we are able to see that the group 15-B is parted into two different groups (group 20-B and 20-C) in the 20 topics scheme, whereas the group 15-A is more or less similar even in the 20 topics scheme (group 20-A).

-- Insert Table 3.1 Here --

In my context, another challenge is to isolate or exclude keywords that are specific to certain industry or function. For example:

care health healthcare clinical system medical quality delivery improvement hospital patient principles orientation practice excellence nursing outcomes safety managed

This batch of words is specific to the healthcare industry, and hence will need to be excluded from the analysis. One option is to manually take the words out before re-
training the model, and the second option is to leave them in so that they may cluster together by themselves. I tried using both methods, but the second option did not fully extract industry-specific words out of each topic group. When such industry-specific words remain in batches of words, it makes the measure noisier. For example, let’s say category “leadership” also contained words that are specific to industry A. Then a job in industry A (which will naturally contain more industry A-specific words) will carry a higher weight in term of leadership. Hence, I chose to manually exclude the words when they appeared in the list of keywords. This was a reiterative process because new words may pop up in the list of keywords after I eliminate certain words.

After exploring the outputs with varying parameters and exclusion of industry-specific words, I finalized the group of topics as in Table 3.2, using the 20-topic scheme that is granular enough to sensibly group a number of topics. Here, there are still groups of words (Category “M” in Table 1) that are not internally consistent enough to give an appropriate label. Only taking into account internally consistent topics, I labeled the 9 topics out of 20 as follows: Education, Leadership (informal, formal, managing teams & mentorship), Management (Managing change, managing strategic relationships, managing collaborative relationships), Communication skills, Commitment and values, Strategy, Financial and technical skills and Operations. Note that a lot of these topics map onto the topics that Sessa and her colleagues (1993) identified in their study of job descriptions.

-- Insert Table 3.2 Here --
Now that I have extracted the topics from the candidate requirements, I develop hypotheses on how it will affect the client firms’ selections.

**Hypotheses**

I anchor my analyses around gender as well as the focal variables in the first chapter of this dissertation such as mobility, tenure at the current employer and functional diversity.

From the 12 topics that I extracted from the candidate requirements, I identified agentic traits as follows: leadership, strategic skills, financial and technical skills, and operations skills. These skills are in line with the described agentic qualities in leaders such as “the ability to act as a change agent (e.g., inspirational, decisive), managerial courage (e.g., courageous, resilient), results orientation (e.g., action oriented, proactive) and leadership (e.g, leader, strategic thinker)” (Eagly & Karau, 2002, p.577). Moreover, financial and technical skills and operations skills require quantitative skills that are ascribed to be a masculine skill (Steffens, Jelenec, & Noack, 2010). In contrast, the communal characteristics are communication skills and commitment and values.

I expect that when the hiring firm writes more extensively about a certain quality compared to other companies, they are more likely to select male candidates when that quality is agentic, and female candidates when it is communal.

*H1. Women are less likely to be selected when the hiring company emphasizes the agentic qualities ((a) leadership, (b) strategic skills, (c) financial and technical skills, and (d) operations skills), and more likely to be selected when the hiring
company emphasizes communal qualities ((e) communication skills and (f) commitment and values).

Additionally, the following hypotheses are derived from Chapter 2 of my dissertation on prior career mobility:

Mobility (Relative frequency of employer change). From the first chapter, my explanation for the negative relationship between the frequency of moves across employers and the probability of receiving an offer was that job hoppers are viewed as lacking loyalty. The closest topic that maps onto this idea is the “commitment and values.”

**H2. Candidates who have a high level of mobility are less likely to be selected when the hiring company emphasizes the commitment and values.**

Functional diversity. The two arguments from Chapter 2 for suggesting that the functional diversity is going to be attractive in the market for executives was that they are going to bring novel, fresher perspectives to the hiring organization and that they will be effective coordinators and communicators. This is related to the “Management” aspect, in particular managing strategic relationships.

**H3. Candidates who have functionally diverse experience are more likely to be selected when the hiring company emphasizes managing strategic relationships.**

Tenure at the current firm. The argument from Chapter 2 for the negative effect of tenure was cultural rigidity, that is, having been in the same organization longer might be associated with being more deeply embedded in the culture of that organization. The closest attribute that maps onto this idea is the change management.

**H4. Candidates with longer tenure at the firm are less likely to be selected when the hiring company emphasizes managing change.**
Empirical Approach

My main empirical approach to test these hypotheses follows my models in Chapter 1. Using conditional logit model grouped at the vacancy-level, I estimate the probability of receiving a job offer as a function of the independent variables and control variables. The main focus of this chapter is to look at the interaction term between the independent variables of interest and the “emphasis” variable, which is the proportion of the topic of interest in the candidate requirement section of the job description document. Essentially, it is testing whether a certain relationship becomes stronger or weaker depending on the emphasis on each quality (topic). Note that for this analysis, I focus on those who received an offer, not necessarily those who take the offer. This allows us to isolate the demand-side mechanism of the selection process.

Results

Main Analysis

Table 3.3 reports the interaction terms from the conditional logit model. Most of the effects are not statistically significant except for the following: In Model 7, we see that when operations skills are emphasized, women are less likely to get selected. For one standard deviation increase in the emphasis of operations skills, the odds of getting an offer decreases by 54% for female candidates. In all other models, not only are the interaction terms not statistically significant, but also, the female candidates are no less likely than male candidates to receive the final offer. These results are in line with what Fernandez-Mateo and Fennandez (2016) found in the context of British headhunters:
once the candidates pass the initial stages of screening, female candidates have an equal chance of being selected by the client firm.

As for the variables from the chapter, I do have directional support for all three hypotheses (H2 through H4), but they are not statistically significant.

**Supplementary analysis I**

I confirmed in the above analyses that the evidence for gender-based selection is sparse during the final round of selection. In order to see if there is any pattern among the selected candidates, I restrict the sample to those who received an offer and compare the characteristics of the selected candidates across client firms with differing preferences. In effect, I estimate the likelihood that the successful candidate possesses the characteristic of interest (gender, mobility, tenure, and functional diversity) as a function of different proportions of preferred qualities in the job description documents. Because this set of analyses is no longer contained within each search, it requires additionally controlling for the vacancy-level variables. I include the year of search, the industry and the position of vacancy, whether the client had a prior relationship with the search firm, the size of the final list of candidates, the salary of the vacancy and the proportion of female candidates. Note that in this set of analyses, we are unable to test where the differential outcomes have originated. However, we have ruled out the possibility of the demand-side driven mechanism from the client firm from the main analyses except for one hypothesis concerning the preference for male candidates when operations skills are emphasized.
The results from this set of analyses are reported in Table 3.4. First is the test of the gender. From Model 1 in Table 3.4, we see that when leadership in terms of managing teams and mentorship, managing relationships and operations skills are emphasized, the selected candidate is less likely to be female. These are related to H1a, H1b, and H1d. When communication skills are important, however, it is more likely to be the female who receives a final offer. This is related to what was hypothesized in H1e.

With regard to the variables from Chapter 1, there were only directionally supporting evidence. In addition, when skills related to operations were highlighted to a greater extent, selected candidates were more likely to have had longer tenure at the current firm. Finally, when strategic skills were emphasized, selected candidates were less likely to be functionally diverse. This suggests that strategic skills may be cognitively more correlated with depth than breadth.18

Putting together the gender-related results from the main analysis and the supplementary analysis I (i.e., sparse evidence of gender-based selection in the final stage, but existence of evidence of gender-based match overall), gender sorting may be

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18 Because of high correlation between the topics however, the variation inflation factor (VIF) was found to be very large, with an average of 60 across the 12 topics. I conducted exploratory factor analysis in order to resolve this issue. Using principal component analysis (with the promax rotation), these 12 topics loaded onto five different factors, as reported in Table 3.6. The scree plot of eigenvalues are plotted in Figure 3.1. Although the topics did not seem to map cleanly onto these factors, we see that Factor 1 has the highest loadings from informal leadership and managing relationships; Factor 2 with negative loading from education; Factor 3 with negative loading from informal leadership; Factor 4 with operations; and Factor 5 with managing strategic relationships. Using these five factors instead of the 12 topics yielded much smaller VIFs of less than 2 – however, I was not able to identify any significant relationship here. I nonetheless report the results in Table 3.7.
occurring in the previous rounds of the search be it from the supply-side (candidate choosing to continue vs. withdraw from the search) or the demand-side (the search firm choosing to pass vs. fail the candidate). As mentioned in the previous chapter, it is difficult to distinguish these two due to lack of data on the reason why a candidate was not included in the subsequent step of the search process. There still remains a stage, however, where I can use for further investigation: the composition of the initial pool. I check whether female candidates are disproportionately recruited in the initial contact stage as a function of differing client preferences. In this context, because the candidates are recruited by the search firm’s contact only, we can attribute the pattern we observe to the search firm who seeks out the initial set of candidates (average size = 141) for the position.

**Supplementary Analysis II**

I run two models to test whether the client preferences drive the composition of the pool: first is the logit model that predicts the gender of the candidate as a function of the different weight of client’s preferences. Second is the OLS model that predicts the proportion of the female candidates in the initial pool. I control for the search characteristics such as the rank and industry groups and the log of the proposed salary of the vacant positions, and whether the client firm has worked with the search firm in the previous years.

The results are reported in Table 3.5. In both of the analyses, I find that fewer females were contacted when the client firm emphasized the leadership ability related to
managing teams, but more female candidates were contacted when there was an emphasis on strategic skills. One standard deviation increase in the emphasis on leadership skills (teams) decreased the proportion of women by 3.4%, and one standard deviation increased in the emphasis of strategic skills increased the proportion of women by 3.7%. Hence, we are able to attribute some of the gender-based selection occurring at the very early stage of the search, although the economic magnitude is not large. The first result is in line with the expectation based on role congruity theory, although the second evidence is in the opposite direction. Also, note that in both of the analyses, the salary of the position is negatively related to the number of female candidates.

As for other client preferences that were significant predictors of the gender of the successful candidate (from supplementary analysis I, Table 3.4) but not the predictors of the composition of the initial pool—managing strategic relationships and communication skills—, we can infer that the search firm may have been more favorable towards men when managing strategic relationships was important for the client firm, and women when communication skills were important. Similarly, from the candidate side, women may have withdrawn more if strategic relationships were emphasized, and men may have withdrawn more when communications skills were. While such supply-side mechanism can certainly be at play, it is likely to be more negligible compared to other factors such as pay or other aspects of job requirement such as the requirement to travel.
Discussion

In this paper, I propose a novel method to measure client preferences for candidates’ skills for a given vacancy and test how it affects candidate selection, specifically selection based on gender. This is a direct test of the role congruity theory applied to the context of women’s access to leadership roles. Although I did not find strong evidence of client preferences driving gender-based selections in the final round of selection, such preferences seemed to exist in the previous rounds when pools are created by the search firms. These results suggest that we need to further investigate the role of search firms as the “gatekeepers” to executive jobs and the root of differential selection between the search firm and the client firm.

There are limitations to studying this question based on actual selections of the candidates. In particular, it is hard to make a clear case of causality because of the unobserved heterogeneity. For example, I found that when operational skills were emphasized, female candidates were less likely to be selected. While this may be a result of the hiring company preferring a male over an equally qualified female, it could also be possible that female candidates are not as qualified as male candidates in this domain. This is a possibility if the hiring company is able to assess some of these skills more or less accurately during the process of hiring, such as during the interview, which I do not take into account in my data. One possible reason that we may see less-skilled women in the same position is that the pressure to hire women – such as having quotas – may have been greater than the actual possible supply of women with the appropriate skills. Hence,
we need to take caution when interpreting these results.
CHAPTER 4: BURNING BRIDGES OR BUILDING THEM? THE EFFECT OF THIRD PARTY-INDUCED EMPLOYEE MOBILITY ON CLIENT RELATIONSHIP FORMATION

Introduction

Interorganizational relationships have long received attention from strategy scholars because of their implications for firm performance. While most work in this arena has focused on collaborative ties such as strategic alliances or syndicates (Beckman, Haunschild, & Phillips, 2004; Li & Rowley, 2002; Podolny & Page, 1998; Shipilov, Rowley, & Aharonson, 2006), recent work has begun to acknowledge the existence of conflictual ties such as disputes over intellectual property or breach of contracts (Agarwal, Ganco, & Ziedonis, 2009; Lumineau & Oxley, 2012; Sytch, 2010). In particular, recent research shows that relationships between two organizations tend to shift towards a collection of either coherently collaborative or conflictual ties (Sytch & Tatarynowicz, 2014).

While all organizations need to navigate these networks of positive and negative ties, certain types of organizations in the modern economy are structurally forced to straddle both kinds of ties by dint of the work they do: the professional services firms that play a role of a representative in conflictual relationships (Fernandez & Gould, 1994; Gould & Fernandez, 1989), firms I refer to as hired hands in this paper. Because of the nature of their business, these firms are constantly involved in conflictual activities as they work on behalf of their clients. Law firms fight for their clients, which may result in financial and reputational losses for the counterparties; search firms help their clients find
talent, which inevitably entails loss of talent from the targeted firm. Yet these firms must also build their business by developing client relationships; what is challenging for these hired hands, therefore, is that the competitors of their client may well have been, or could be, potential clients themselves.

Do these hired hands burn bridges to their future clients as a consequence of working on behalf of their current clients? Existing literature seems to suggest that they do; conflictual activities should keep the two organizations – the professional services firm and the negatively affected firm – from forming an agency-client relationship, for two reasons. First, there is a tendency to maintain a coherent set of ties (either conflictual or collaborative) between two organizations, because it is a more sustainable form (Sytch & Tatarynowicz, 2014). Specifically, this balance theory posits that existing collaborative ties protect the two parties from entering disputes, and conflictual ties undermine the possibility of forming a collaborative relationship. If we think that the hired hands are entering conflictual relationships with the competitors of their client, then the balance theory suggests that it will negatively impact the relationship between them and the hired hands. Second, the reciprocity norm suggests that negative acts will be reciprocated by negative acts, and more often compared to positive acts (Gouldner, 1960).

Yet there may also be mechanisms that allow such conflictual activities to actually increase the probability that a positive tie could form. I argue that first, the departure of a senior manager increases the saliency of the hired hands in the eyes of the affected firms. Increased contact and knowledge of the availability of those services may increase the demand for those services (“supply-side induced demand”) (Sytch, n.d.), and
increase the likelihood of positive tie formation. Also, the Behavioral Theory of the Firm suggests that firms are boundedly rational and engage in satisficing behavior (Cyert & March, 1963), which implies that the firms cannot and do not have knowledge of the full universe of the means that they could use or actors that they can work with to accomplish their tasks and achieve their strategic goals, and will cease to actively engage in the search for new information once they have reached the point where they have met their aspired level. In the case of executive search firms, when a senior manager is poached away with the help of a search firm, it gives the poached firm new information about the possible agent in the market who could assist them in their hiring, which could prompt them to hire the agent. Second, prior literature suggests that organizations actively seek to form ties that could foster trustworthy behaviors (Ahuja, Soda, & Zaheer, 2012). Since industry norms prevent the firms from inflicting harm on their own clients, firms may seek to enter into a client relationship to prevent unfavorable behaviors from these firms in the future. I explore these possibilities in the context of the executive search industry.

To test my hypotheses, I use a unique dataset from a mid-sized executive search firm. I exploit a particular feature of this dataset to create an effective control group for my empirical test. While the search firm is in charge of the initial selection process, from creating a batch of potential candidates, contacting them and interviewing a subset of candidates, it is ultimately the client who selects the candidate from the final slate of candidates who pass the interview at the search firm, hence making the treatment (the poaching event) more or less exogenous. The employers of the candidates who were on the final slate but were not ultimately selected and poached serve as a good control group
since they were also highly at risk of being poached, and of comparable qualities to those who were poached. Using this data, I estimate a Cox hazard model to find that firms are more likely to become clients of the search firm when one of their employees has been poached as a result of the search process. This finding lends support to the possibility that the dynamics of tie formation may indeed be different for these representatives in conflictual relationships – what would normally “burn” relationships may actually help them to “build” them. Additional analyses using location and industry areas of the firms as moderators suggest that the effect is partially driven by the increased saliency of the search firm as a result of the poaching event.

**Theory and Hypotheses**

**Conflicts in Interorganizational Relationships**

Conflicts commonly arise between organizations. Some conflicts between reputable firms are observable to an external audience, such as lawsuits that are widely covered by the media. Other conflicts are less visible, although the involved parties may still inflict direct or indirect harm on the other party. Study of such conflictual, negative ties has recently gained traction (Agarwal et al., 2009; Sytch, 2010; Sytch & Tatarynowicz, 2014), and it allows us to better understand the whole picture of the set of relationships between actors.

An interesting aspect of conflictual relationships between organizations is that they commonly involve third parties – professional services firms who work on behalf of client firms. Both patent infringement and antitrust lawsuits (Sytch, 2010), the most
frequently studied conflictual activities between organizations thus far, require the infringed upon firms to hire law firms to proceed with the dispute. This notion of involving third parties in conflictual relationships is also implicit in contexts outside the legal arena. For example, Khurana (2002) explains how firms hire headhunters to minimize direct conflicts with other firms by keeping the search process confidential. Both of the hired hands – the law firms and the headhunters – are actively involved in potentially inflicting harm on the other party as they work for their clients. Does being involved in conflicts in the past limit these hired hands from future business development or provide an opportunity for them? In this paper, I explore this question in the context of executive search firms.

Executive Search Firms as Third Party Representatives

Headhunters play an important role in the modern labor market for top managers (Hamori & Cappelli, 2013; Khurana, 2002, p. 200), as firms use them as the main means to fill vacancies in upper management (Association of Executive Search Consultants (AESC), 2012). Scholars often describe these headhunters as brokers who connect two otherwise disconnected parties (Stovel & Shaw, 2012); they help their clients tap into a pool of candidates that the clients otherwise would not have full knowledge of themselves, and open up opportunities to the candidates who are potentially interested in the job. In essence, they are the matchmakers between the employers and employees (Bonet et al., 2013).
One should note, though, that this brokered, the seemingly triadic relationship between the candidate, search firm and the client firm also involves a fourth party – the current employer of the sought out candidate. Senior managers that headhunters recruit are rarely unemployed or self-employed at the time of the search (Khurana, 2002), and the successful completion of a search will require them to leave their previous job. Hence, the nature of the search firm’s business creates a conflictual relationship between the search firm and the current employer of the candidate, since the induced turnover of a senior manager will cause the employer to incur a substantial cost.

**Expected consequences for the hired hands**

Existing studies suggest that these *hired hands* will suffer from negative consequences. Recent work by Sytch and Tatarynowicz (2013) uses balance theory to show how the relationships between two actors tend to shift to a coherent set of ties, suggesting that conflictual relationships hinder the formation of collaborative ties and vice versa. In the search context, this argument would suggest that each time the search firm completes a search with one client, it will ruin a future client relationship with a potential client: the firm that loses its employee as a result of the search. This prediction is also consistent with reciprocity-based arguments in the sociological exchange literature (Emerson, 1976; Gouldner, 1960), in the sentiment of retaliation when the injury is inflicted by one of the parties in a dyadic relationship. Even if the inflicted party does not actively retaliate, that party may not be willing to enter a relationship that could benefit the other party. Hence, we could expect that the “bereaved” companies are less likely to become clients of the search firm.
While such an expectation, based on balance theory and sociological exchange theory, is plausible, there are also reasons to believe that the search firm will not face such a constraint. The affected firm may well recognize that the hired hands are merely “hired,” and that they do not have any other negative intentions outside the scope of their work. This may weaken the cognitive element of conflicts (Pondy, 1967), enabling the bereaved firm to react more rationally towards the aggression. If this is true, the act of poaching itself will not negatively affect the relationship formation between the two parties.

Rather, we might expect poaching to actually catalyze the relationship formation between the search firm and the poached firm, for the following reasons. First, the act of poaching would make the search firm more salient in the eyes of the poached firm. Unlike the lower levels of the organization, the upper level positions are more visible to the firm, and the firm will have a greater awareness of the turnover and its cause when it occurs. When the bereaved firm realizes that a search firm induced the turnover, knowledge of the other firm’s use of headhunters may induce the targeted firm to also consider using it. Because the firm was directly affected, it may also perceive that the use is more prevalent than it actually is. Second, the poached firm may be assured of the quality of the search firm, as it successfully poached their own employee. The targeted firm does not see the full set of candidates who were considered and is likely to assume that its employees are highly competent. Hence, they may expect to find a competent candidate by working with this search firm. Also, the more confident that an employer is about its own quality, the more impressive it will seem that the search firm was able to
persuade its employee to leave. Third, because relationships harness trustworthy behaviors between the involved actors and industry norms prevent search firms from poaching from their own clients, the affected firm may be motivated to build a client relationship with the search firm in order to prevent future raiding from the same search firm. Hence, I hypothesize that:

_Hypothesis 1. Companies whose turnover in senior management was induced by a search firm are more likely to become clients of the search firm._

**The Information-providing Trigger**

These arguments not only suggest that firms may form relationships with headhunters who have poached their employee, but also provide evidence on when such behavior is more likely. In particular, if poaching a firm’s worker does indeed increase the salience of the search firm in the eyes of the affected firm, then the effects (the higher likelihood of becoming a client when poached) are likely to be stronger when that salience adds any value to the existing information stock of the affected firm.

The Behavioral Theory of the Firm suggests that firms are boundedly rational, implying that they are not aware of the entire universe of information. Moreover, firms engage in problem-based searches (Cyert & March, 1963; Gavetti, Greve, Levinthal, & Ocasio, 2012). The tendency to satisfice makes firms reach a “stable state” where they believe they have acquired enough information and no longer need to take additional actions. Under such circumstances, we could think that the firms may only act when they are “triggered” by new information. The notion of “supply-side induced demand” (Sytch,
2015) also speaks to the similar phenomenon where buyers do not need the services before they know that the services are available in their proximity and that their peers are using them. These triggers provide them with new information, and may also encourage them to seek out new services.

Given that firms can be triggered by new information, when can poaching provide new information for the firms? Studies have highlighted the role that geography plays in shaping the information that a firm has, that inbound (Rosenkopf & Almeida, 2003) or outbound (Corredoira & Rosenkopf, 2010) mobility from and to a nearby region is likely to create knowledge channels that are redundant, and firms are less likely to benefit from the inflow of information from those channels.

Following this logic, companies that are located in the same city where the search firm operates are already highly likely to know or have heard about this search firm, and the information that they obtain from the mobility event will not be new and will not affect the status quo strategy, compared to the companies located outside the city that are less likely to be aware of the existence of the firm ex ante.

*Hypothesis 2. Companies that are located in the same city as the search firm’s headquarters, or where the search firm’s branches operate, are less likely to become clients of the search firm, compared to companies located elsewhere when sourced.*

**Network Defense**

Another contingency that we can explore is the value of the client relationship, given that firms use client relationship as a means to avoid future aggression by the *hired hand*. Studies show that once two parties enter into a relationship, albeit a transactional
one, they are more likely to behave collaboratively; the existence of a collaborative tie reduces the probability that a conflictual tie will form (Sytch & Tatarynowicz, 2013). Even after taking into account the endogeneity that arises from the non-random selection of the partners (i.e., actors are more likely to form ties with more trustworthy partners), a sense of trust brews between the partners ex post, and the formation of a tie itself restricts certain behaviors from the partner whether it is bounded legally or culturally. In the executive search industry, this notion is set in stone by a regulation called the “off limits agreement,” in which the search firm and the client firm enter into a contract that prohibits the search firm from considering candidates from that client firm in their future searches for other clients. The agreement usually lasts for approximately two years, and the boundary of the “limits” (e.g., the entire firm, a specific department or specific group of people with certain job titles) are also agreed upon at the time of drafting the contract.

Such a method of protecting via forming a tie is similar to the notion of “network defense” described in a recent work by Hernandez, Sanders, and Tuschke (2015). They explain how organizations use various means to alter the network structure around them to prevent information leakage to its competitors that are connected through indirect ties. In this context, I suggest that a different type of network defense could be at play, where the tie formation could be used as a means to prevent future aggression.

Given that relationship formation can prevent future aggression from the aggressor, whether the affected firm chooses to use this strategy may be positively related to (1) the likelihood of future aggression and (2) the magnitude of the potential harm.
In the context of executive search, there are at least two reasons to believe that the firms may expect repeated poaching from the same search firm. First, having poached an employee from the firm implies that the search firm knows about the firm, and likely other viable candidates within the firm as well. Second, because of the established relationship between the mobilized employee (the “ex-employee” of the poached firm, after he or she has moved) and the search firm, the ex-employee may refer colleagues from his or her previous employer to the search firm for other searches.

The second factor, the magnitude of the potential harm, will positively correlate with how harmful the first aggression was. Most voluntary turnover creates a cost for the affected firms, but the cost will be especially high if the employee moves to a competitor of the poached firm (Somaya et al., 2008). The leaked information about the previous employer, if any, will be more valuable to a competitor than a non-competitor, and the employee may carry away client accounts that he or she has accumulated while working at that firm. Hence, the expected harm will be larger if the employee is poached away to its competitor, and the affected firm will be more motivated to form client relationship with the search firm to defend itself. Hence, I hypothesize that:

*Hypothesis 3. Companies whose employees are poached to their competitors in the same industry areas are more likely to become clients of the search firm compared to companies whose employees are poached to firms in other industry areas.*

**Data and Methods**

One important assumption that I make in this paper is that the bereaved firms are aware of the identity of the responsible search firm. Interviews with HR professionals
suggest that firms usually find out which search firm was involved in the process. As for the senior managers who move, claiming that the move was “passive” (i.e., the search consultants sought them out, rather than them actively seeking out new outside opportunities) made the transition smoother for them, which would naturally lead to disclosing the name of the search firm involved as well. On top of this, many prominent searches are advertised through media, revealing the name of the search firm that is in charge of the process (see Figure 4.1). AESC also broadcasts some of the new and completed searches on its website\(^{19}\). Lastly, if there exist cases where the bereaved firm is not aware of the identity of the search firm, the noise will dilute the hypothesized effects above, making the test more conservative.

I test my hypotheses using data from a mid-sized executive search firm headquartered in the US, which I will call SearchCo in this paper. In order to test H2, the moderation hypothesis looking at the value of saliency that varies by geographic location, it is important that SearchCo is not the most well-known firm in this industry, in which case there will be a limited variance of the baseline knowledge about this firm in the first place. SearchCo is not among the top 10, but still large enough to have conducted a number of searches during the observed period.

This dataset consists of all search records for the years between 2005 and 2012, including information on the entire set of candidates for each step of the search process. It

\(^{19}\) The postings can be found at: https://members.aesc.org/eweb/DynamicPage.aspx?webcode=NewSearches. An example of a posting is as follows: “Heidrick & Struggles has recruited Mohamad Ali as the next president and chief executive officer of Carbonite, Inc. Mr. Ali joins Carbonite from Hewlett-Packard Co., where he served as chief strategy officer. Carbonite is a provider of cloud and hybrid backup and recovery solutions for businesses.”
provides the list of candidates who were considered, contacted, interviewed by the search firm, interviewed by the client firm, offered the job, and ultimately, the name of the candidate who has accepted the job.

The sample for analysis was constructed by using the names of the employers of the candidates at the time of the search, and the analysis was done at the firm level. As explained above, I restricted the sample to the companies of candidates who made it to the final round of the filtering process, which is the interview with the client where the list of candidates to be interviewed is determined from the initial interview at the search firm. This restriction provides a good setting for my analysis for a number of reasons. First, the firms of the candidates in the final slate are all at risk of being poached. Search firms are concerned about their reputation when presenting the final slate to their clients so that candidates with a very low chance of being liked by the client will hardly make it to the final list. Also, it is possible that these firms are of comparable quality, reflecting clients’ tastes and preferences. Finally, the choice of the candidate is more or less exogenous at this point, since the choice the client is making for its own sake is highly unlikely to be correlated with the motives of the search firm regarding its future business development. There is still a possibility that the client’s selection will be influenced by search firm’s preference through the conversations with the search consultants and consultants’ evaluation of the interviewed candidates. Nevertheless, conversations with the search consultants at SearchCo confirmed that SearchCo is not aware of the possible rippling effect that this paper seeks to investigate. After all, the search consultants are
responsible for their own searches, and seek to find the candidate that could best suit each client’s needs.

In order to be used in the analysis, only the previous employers with identifiable names could enter the sample. 0.8% of the sample was dropped because the name the employer was missing. Also, the employer names needed to be matched to information regarding industry and location. These data were collected separately using databases such as Compustat, Orbis, Capital IQ and Lexis-Nexis, Linkedin and company websites, and I was able to match 80.9% of the firms. In the end, 1577 unique firms from 499 searches were included in the analysis. Among those, 33 firms (2.09%) became clients of the search firm during this time period. 11 (3.57%) were from those that were poached, and 22 (1.74%) were from the control group.

Variables

*Poached.* The dummy variable equals one if the firm is the previous employer of the candidate who was chosen by the client firm, and zero otherwise.

*Located in the same city.* I created a dummy variable that equals one if the firm (both the poached firm and other firms that were also at risk of being poached) is located in the same city as the search firm, and zero otherwise.

*Mobility to a competitor firm.* The dummy variable equals one if the client firm and the target firm are in the same industry area, and zero otherwise. I used the 3-digit NAICS code to code the industries.
Other controls. I control for whether the firm is in the industry areas that the search firm specializes in. Controlling for this variable is necessary to resolve omitted variable bias since the firms in such industry areas have a higher likelihood of being poached (because there are already many clients who are in these industry areas) and also are more likely to become clients compared to companies in other industry areas. I also control for whether the firm is a public company. Whether the firm has prior ties with the SearchCo would also be an important control. None of the firms that enter the sample during this period of time had a prior relationship with SearchCo, and the variable was not used in the model because of the lack of any variation.

Model

I estimate the probability of becoming a client by using the Cox hazard model, setting duration as the time between when the search closed and when the firm became a client. The dummy variable for whether the firm became a client was used as the failure event. If a firm appeared more than once in the data (i.e., candidates from the same firm were considered multiple times for different searches), I took the close date of the first search that appeared in the dataset. The main independent variable in the analysis is a dummy variable indicating whether or not the candidate from that firm was selected and placed at the client firm. This variable, Poached, when it is equal to one, signifies that the said firm experienced employee poaching when the search process was completed at the search firm. H2 and H3, moderation hypotheses were tested by interacting the moderation variable with Poached.
I theoretically assume that the poached firm is able to identify which search firm was involved in this process, and anecdotal evidence corroborates this assumption as I mentioned above. Although it is possible that some poached companies do not know the identity of the search firm, the existence of such companies will only help to nudge the coefficient towards zero, making the test more conservative.

**Results**

The summary statistics showing the means, standard deviations and correlations are in Table 4.1.

The results support H1, that employee poaching increases the likelihood of a subsequent client relationship between the search firm and the poached firm (Table 4.2, Model 1 to 4). The coefficient (odd ratio) from the Cox hazard model in Table 4.2 suggests that the odds of becoming a client of the search firm are about two to three times as high compared to the firms in the control group. As explained in the Methods section, a possible alternative explanation for this result is that the pool of potentially poachable candidate’s firms and the client pool overlap because of the search firm’s specialization in a certain industry. To address this issue, I controlled for the two central areas that together make up about 40% of the business of this search firm. The result holds with this specification (Model 2), with a slightly smaller coefficient on the main independent variable. As expected, firms that are in the specialty area of the search firm are twice as likely to become clients.
I also find supporting evidence for H2 in Model 3, where the positive effect of poaching on client relationship formation is smaller for firms that are located in the same city that the search firm’s branches are located in. Being in the same city reduces the rate of forming a client relationship by 85.9% when comparing between the raided companies. As for H3, the firms who lost their employees to the competitor firms are more likely to become clients of the search firm, but the effect is not statistically significant (Model 4).

**Discussion**

In this paper, I explore a tension that *hired hands* – third party representatives in conflictual relationship – may face as they work on behalf of their clients. On the one hand, they may be losing future clients as they hurt those potential clients in the course of assisting current clients. On the other hand, that same act may prove their competency and increase the saliency in the eyes of the affected firms, or may incentivize them to protect themselves in the future, thereby motivating them to enter into a client relationship with the *hired hands*. The data lend support to the latter scenario, where poaching from a firm actually increases the likelihood of forming a client relationship with the affected firm.

This paper attempts to further understand the contingencies under which such effect is stronger. By showing that firms not located in the same city as the search firm, when poached, are more likely to form a client relationship compared to firms located in the same city, I suggest the possibility that the act of poaching is an “information-
providing trigger” that allows the targeted firm to consider hiring them in the future. This is another evidence of a supply-side induced demand that is created not by proximity, as explored previously in the literature (Sytch, 2013), but by the inadvertent “contact” by the service provider that is, in effect, harmful for the targeted firm.

I did not find empirical support for the other proposed moderation hypothesis, where I expected to find a greater probability of client relationship formation for firms whose employees moved to competitor firms, as the targeted firms may use the client relationship as a means to prevent future poaching. This result is also reasonable, as the cost of hiring search firms is substantial. Also, the fact that the search firm poached from them once may mean that the search firm may be reluctant to poach from them again, which may truly hurt their relationship. Indeed, literature on talent raiding defines “raiding” when it occurs at least twice (Gardner, 2002).

Professional services firms play a big role in the modern economy, and they provide an interesting context to advance our understanding of interorganizational relationships. The related examples to the phenomenon of hired hands that I explain in this paper extend beyond the context of search firms and law firms. For example, once management consulting firms or advertising agencies bring a client on board, it may have implications for their future relationship with the client’s competitor. In a similar vein, Rogan (2013) shows how merger and acquisition between advertisement agencies affect the relationship with existing clients. Any such effect will heavily depend on the nature of the relationship between the agency and the client: enduring or transactional. We could expect that the effect would matter more for enduring relationships when the contract
The term itself is considerably long, or the reputation or the history of having worked with certain clients lasts beyond the contracted period. Phillips, Turco, and Zuckerman (2013) suggest that client types may matter in certain contexts. They find that having practiced plaintiff’s personal injury law (PIL) is tantamount to betraying corporate clients, and this discourages corporate law firms from practicing PIL. In the absence of such asymmetries in client types in the search industry, even though the brokering role by executive search firms clearly differentiates the winner and loser of the search, the fact that the two parties are in fact symmetric helps search firms not be restricted by such disloyalty penalty.

An alternative explanation for this empirical pattern of increased tie formation with the mobility event is that the poaching event creates a vacancy in the targeted firm that will mechanically increase the need to hire any search firms, including the one that facilitated the search. The limitation of the data is that we do not observe the entire set of search firms that the affected firms could engage with, in which case we could compare whether the poaching event increases the likelihood of the responsible search firm being hired compared to other search firms. Nevertheless, the data show that the average gap between the time poached and the time that the poached company signed on as a client was two years, and the position was rarely for the same position, which mitigates some of the concern.

Another interesting area to explore is to understand when the actors wish to publicly disclose the ties with other actors. For example, the status literature describes how low-status actors are able to gain from the status spillover when affiliated with high-
status actors. Does the advertisement of affiliation come at a cost when it could curb
other parties’ motivation to build the relationship?

In this paper, I hope to contribute to the following streams of literature; first, to
the study of interorganizational relationships, by showing a case where the mechanisms
that commonly decrease the likelihood of tie formation may actually increase the
probability of it. This suggests that taking into account the characteristics of the actors is
indeed critical in predicting the evolution of relationships between organizations. Second,
I hope to expand our understanding of brokers. This paper suggests that they benefit not
only from their structural advantage as laid out in the previous literature (Burt, 2009), but
also from the nature of their role as representatives for their clients, and are shielded from
future repercussions even when they inflict harm on other actors in conflictual situations.
Because the trigger from them is neutralized by the nature of their role, an act that could
have been received negatively seems to work in their favor.
CONCLUSION

The context of executive search firms is a promising and exciting area to understand more about how the labor market for senior managers functions. This market is a particularly interesting area of study for a broad set of audiences: for one, top managers are critical to performance in most companies. Hence, it is important from the firm’s strategic point of view to better understand the competition for senior managers in the external labor market. Second, ever-rising compensation for executives makes each job search consequential for individuals. In the era of boundaryless careers, it has become important for individuals to take ownership of their own careers and understand how to build them effectively across organizations. Finally, at the societal-level, each individual’s ability to access top jobs translates into the issues of income equality. The lack of women in top jobs not only widens the pay gap between men and women but also continues to limit access to those jobs.

In each of my three empirical chapters, I attempt to demonstrate how the search firm context can help illuminate important questions in the human capital literature and the strategic management literature. I draw on and contribute to a variety of literatures, including strategic human resource management, human capital theories, role congruity theory, and social exchange theory to help gain a better understanding of the contemporary labor market and yield practical as well as theoretical implications for firms, individuals, and brokers in this context. Each empirical chapter fills a gap in the three types of executive search research that I propose in the first chapter of the dissertation: search firms as windows, gatekeepers, and brokers.
First and foremost, executive search firms can serve as a *window* through which we can better understand the mechanisms that determine the winners in this labor market. Much scholarly effort has been put into understanding the issue of interorganizational mobility and employee turnover and their antecedents and consequences, with most work housed in the Macro HR literature and the Micro OB literature. In both of these literatures though, researchers have struggled with two main issues. First, it is hard to know whether a move was voluntary or not. In the search context, all the moves (and the attempted moves) are triggered by the unilateral contact by the search firm, which makes it easier to rule out mobility events (i.e., layoffs) due to performance issues. Second, in most studies, researchers usually only observe the successful cases of people who are already occupying those positions. Without knowing the entire consideration set at the time of the selection, however, we are unable to fully grasp what is the driving force of the patterns that we see in the real world, specifically the demand- or the supply-side forces. The executive search firm context allows researchers to overcome this issue, as they accumulate information on the entire filtering process of the search, which allows the comparison of the attributes of successful and unsuccessful candidates. This is the feature that I take advantage of in Chapters 2 and 3 of my dissertation.

In Chapter 2 of my dissertation, I explore the effect of various career attributes on the individual’s chance of successfully moving to a subsequent job. Results from this study suggest that the effect of prior mobility is negative, but only after controlling for diversity of functional experience, which has a positive effect. I also find a negative effect of tenure at the current firm on the likelihood of receiving an offer, once
controlling for internal promotions. The results suggest that moving across employers makes workers more attractive to future employers when the worker is able to build functional diversity. Otherwise it is penalizing. Similarly, tenure at the current company only helps when the worker is able to show competence via internal promotion. This study sheds light on labor market competition by highlighting the attributes that employers are most likely to compete over. This will inform firms on how they can adjust their recruitment and retention strategy in response, and workers on how they might maximize their long-term career outcomes by crafting the kinds of career trajectories that may be most attractive to outside employers. This work also contributes to the strategic human capital literature by suggesting a mechanism that occurs at the pre-hiring stage to isolate mobility of workers: specifically, the screening out of candidates who are perceived to be serial job hoppers.

Secondly, as an important actor in the market for senior managers, it is critical to understand what role search firms play as gatekeepers in enabling or restricting access to certain groups of people. Most current research suggests that search firms exacerbate the gap between those who are privileged and under-privileged, possibly because of their tendency to be conservative in carrying out the search for their clients. There is also some evidence that gives us hope, though, that search firms may serve as a conduit through which good practices are propagated, such as the hiring of women for boards of directors.

In Chapter 3, I explore how the clients’ preferences for certain attributes of candidates (agentic vs. communal) impact the gender-based selection that is done by the client firm and the search firm respectively. Drawing from role congruity theory, I expect
that the emphasis on agentic attributes reduces the likelihood that female candidates are selected, and the reverse for communal attributes. I use the parsed data from the job descriptions of vacancies to measure clients’ preferences for each attribute. Even though job descriptions are central to any hiring and reveal information about the mental models that firms have about an ideal candidate, they have not received much attention in the current literature. The results suggest that the emphasis on agentic or communal attributes do not have much impact on the gender-based selection in the final round of the search that the client firm is responsible for. Instead, I found evidence that the gender-based selection in part happens at the initial creation of the contact pool and may also take place during the selection process that the search firm is responsible for. These findings suggests that one source of discrepancy between the client firm’s and search firm’s selection is the interpretation of preferences. It extends the role congruity theory by suggesting that gender-based selection can manifest itself more severely when those who explicitly state the preferences for certain qualities and those who make the selection are separate parties.

Lastly, the *brokering* role that executive search firms play helps us understand the dynamics of intermediated markets. Because search firms work with client firms on a contractual basis and represent the clients, one obvious connection can be drawn to other types of professional services firms such as law firms, consulting firms, and investment banks despite the differences between these contexts due to the nature of the services they provide. This analogy can be drawn once we start to bring in the actors who are directly
brokered by the search firm, for example, the previous employer of the executive who is hired by the search firm’s client firm.

This is the approach that I take in my last chapter, Chapter 4, in which I investigate the formation of client ties between the firm that experienced a senior manager’s departure and the search firm who facilitated that turnover. Results from hazard models suggest that, in fact, the firms that lost their employees to the clients of the search firm are more likely to become clients of the search firm compared to those who were at risk of but were not poached, suggesting that the dynamics that would hurt most other organizations may actually provide opportunities for these brokers. The effect is stronger for poached firms that are located outside the city where the search firm is located, suggesting that the poaching event may help the search firm increase its saliency towards its potential clients. These results bring a unique insight into the dynamics of relationship formation and the role of brokers in such contexts.

There is more work to be done that extends the investigation that I have started in my three empirical chapters with access to additional sources of data. For example, in-depth interviews with search consultants will help us understand better the process of crafting job descriptions. How much impact does search firm have on the client firms’ selection criteria when they collectively work on these documents? Also, having more information about the search consultants themselves may illuminate some of the mechanisms at play. How do their own previous work experiences and demographic characteristics come into play when they are making selections? How does their experience with previous searches affect what they do in subsequent searches? Answers
to these questions will not only help us predict better which candidate will have higher chances of getting selected under which circumstances, but also understand different types of cognitive factors that play a role in selections that can be generalized to other contexts. In addition, related to Chapter 4, it will be helpful to be able to observe other options that the potential client firms have when they need to decide which search firms to hire, including their current and previous relationships with other search firms. It may be challenging to comprehensively collect information with regard to this issue, but at the least interviewing the relevant department in client firms and understanding the process of working with search firms will help us better understand the process and confirm the validity of the predictions and results.

My hope is for more scholars to understand the value of the executive search context, more search firms to collaborate with researchers, and ultimately to see more work coming out of the search context that will deepen our understanding of the executive labor market, executive careers, and the dynamics of the intermediated market.
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Masters, J. K., & Miles, G. (2002). Predicting the use of external labor arrangements: A


Rosenkopf, L., & Almeida, P. (2003). Overcoming local search through alliances and


1. Chapter 1

Table 1.1: Likelihood of hiring search firms

<table>
<thead>
<tr>
<th></th>
<th>More likely to hire search firm when (at the firm level)</th>
<th>More likely to hire search firm when (at the search level)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Frequency</strong></td>
<td>Hiring needs happen in low frequency</td>
<td>Hiring process is not costly to monitor</td>
</tr>
<tr>
<td><strong>Uncertainty</strong></td>
<td>Lacking external networks to identify candidates (e.g.,</td>
<td>Position needs to tap into a pool outside the existing</td>
</tr>
<tr>
<td></td>
<td>young firms)</td>
<td>networks (e.g., gender and racial minority)</td>
</tr>
<tr>
<td><strong>Asset-specificity</strong></td>
<td></td>
<td>Position is low in asset-specificity</td>
</tr>
<tr>
<td><strong>Information</strong></td>
<td>Hard to establish legitimacy (e.g., young firms, firms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>with poor performace, firms with complex structure of</td>
<td></td>
</tr>
<tr>
<td></td>
<td>stakeholders)</td>
<td></td>
</tr>
<tr>
<td><strong>Legitimacy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Confidentiality</strong></td>
<td></td>
<td>Position is strategically important</td>
</tr>
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</table>

Table 1.2: Current literature and gaps for future work

<table>
<thead>
<tr>
<th>Question</th>
<th>Current literature</th>
<th>Gaps for future work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who gets ahead in the executive labor market?</td>
<td><strong>“Windows”</strong></td>
<td>How do various characteristics from work experiences matter? <em>(Job Mobility – Chapter 2)</em></td>
</tr>
<tr>
<td></td>
<td>• How does fit matter in executive selection?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• What affects worker’s propensity to move?</td>
<td></td>
</tr>
<tr>
<td>“Gatekeepers”</td>
<td><strong>“Gatekeepers”</strong></td>
<td>What is the source of the difference between the search firm and the client firm? <em>(Client preference and gender-based selection – Chapter 3)</em></td>
</tr>
<tr>
<td></td>
<td>• How do search firms give or restrict access to certain groups of candidates?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(gender, ethnicity, elite backgrounds)</td>
<td></td>
</tr>
<tr>
<td>How does intermediated market function?</td>
<td><strong>“Brokers”</strong></td>
<td>Why do some firms use search firms? <em>(Information vs. Threat – Chapter 4)</em></td>
</tr>
<tr>
<td></td>
<td>• How do embeddedness and dependency affect the broker’s relationships with each</td>
<td>Why do ESFs work on a retainer basis?</td>
</tr>
<tr>
<td></td>
<td>party?</td>
<td>party?</td>
</tr>
</tbody>
</table>
## Chapter 2

### Table 2.1: Summary statistics and correlations

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<thead>
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<th></th>
<th>Mean</th>
<th>S.D.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
</tr>
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<tbody>
<tr>
<td>Frequency of employer change</td>
<td>0.24</td>
<td>1.02</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Functional diversity</td>
<td>0.21</td>
<td>1.05</td>
<td>0.61</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Erraticism</td>
<td>0.5</td>
<td>0.27</td>
<td>0.01</td>
<td>0.00</td>
<td>1.00</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenure in current company</td>
<td>4.53</td>
<td>4.64</td>
<td>-0.44</td>
<td>-0.31</td>
<td>0.00</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Num. of positions in current company</td>
<td>1.8</td>
<td>1.53</td>
<td>-0.26</td>
<td>-0.21</td>
<td>-0.01</td>
<td>0.50</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>0.34</td>
<td>0.47</td>
<td>-0.01</td>
<td>-0.04</td>
<td>-0.06</td>
<td>0.02</td>
<td>0.03</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience</td>
<td>16.33</td>
<td>7.46</td>
<td>-0.07</td>
<td>-0.01</td>
<td>-0.01</td>
<td>0.07</td>
<td>0.03</td>
<td>-0.01</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High status employer</td>
<td>0.13</td>
<td>0.33</td>
<td>-0.08</td>
<td>-0.08</td>
<td>0.04</td>
<td>0.15</td>
<td>0.23</td>
<td>0.05</td>
<td>-0.07</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time in current job</td>
<td>2.95</td>
<td>2.93</td>
<td>-0.24</td>
<td>-0.17</td>
<td>0.00</td>
<td>0.57</td>
<td>-0.11</td>
<td>-0.01</td>
<td>-0.01</td>
<td>0.00</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Functional similarity</td>
<td>0.49</td>
<td>0.5</td>
<td>0.00</td>
<td>0.01</td>
<td>-0.15</td>
<td>-0.01</td>
<td>-0.03</td>
<td>0.03</td>
<td>0.08</td>
<td>-0.05</td>
<td>0.02</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Industry similarity</td>
<td>0.44</td>
<td>0.5</td>
<td>-0.02</td>
<td>-0.18</td>
<td>0.00</td>
<td>0.14</td>
<td>0.08</td>
<td>0.03</td>
<td>0.07</td>
<td>0.04</td>
<td>0.08</td>
<td>0.01</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td>0.29</td>
<td>0.46</td>
<td>-0.03</td>
<td>0.00</td>
<td>0.01</td>
<td>0.06</td>
<td>0.05</td>
<td>-0.03</td>
<td>-0.03</td>
<td>0.01</td>
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<td>0.06</td>
<td>0.03</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Demotion</td>
<td>0.13</td>
<td>0.33</td>
<td>0.02</td>
<td>0.03</td>
<td>0.04</td>
<td>-0.06</td>
<td>-0.07</td>
<td>0.01</td>
<td>0.07</td>
<td>-0.07</td>
<td>-0.03</td>
<td>-0.10</td>
<td>-0.03</td>
<td>-0.25</td>
<td>1.00</td>
</tr>
<tr>
<td>Number of functions in current company</td>
<td>1.31</td>
<td>0.74</td>
<td>-0.293</td>
<td>-0.214</td>
<td>0.147</td>
<td>0.507</td>
<td>0.702</td>
<td>0.017</td>
<td>0.034</td>
<td>0.184</td>
<td>-0.085</td>
<td>-0.094</td>
<td>0.094</td>
<td>0.06</td>
<td>-0.04</td>
</tr>
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### Table 2.2: Ordinary least squares regression predicting mediating variables

<table>
<thead>
<tr>
<th>Dependent Variables:</th>
<th>Func. Diversity</th>
<th>No. of Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency of employer change</td>
<td>0.487**</td>
<td>0.163**</td>
</tr>
<tr>
<td>Tenure in current company</td>
<td>0.00556</td>
<td>0.163**</td>
</tr>
<tr>
<td>Female</td>
<td>-0.00056</td>
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<tr>
<td>Experience</td>
<td>-0.00122</td>
<td>0.00337</td>
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</table>

**Position at current employer** (Base category: Manager)

<table>
<thead>
<tr>
<th>Position</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associate Director</td>
<td>0.297</td>
<td>0.112</td>
</tr>
<tr>
<td>Director</td>
<td>-0.0448</td>
<td>-0.156</td>
</tr>
<tr>
<td>VP</td>
<td>-0.0863</td>
<td>-0.151</td>
</tr>
<tr>
<td>SVP/EVP</td>
<td>-0.0478</td>
<td>-0.315+</td>
</tr>
<tr>
<td>C-Level</td>
<td>-0.0682</td>
<td>-0.464**</td>
</tr>
<tr>
<td>CEO</td>
<td>-0.603+</td>
<td>-0.555</td>
</tr>
<tr>
<td>Other</td>
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<td>1.243**</td>
</tr>
</tbody>
</table>

**Education** (Base category: No advanced degree)

<table>
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<tr>
<th>Education</th>
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<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBA</td>
<td>0.175**</td>
<td>0.173*</td>
</tr>
<tr>
<td>PhD</td>
<td>0.112</td>
<td>0.224+</td>
</tr>
<tr>
<td>MD</td>
<td>0.105</td>
<td>0.228*</td>
</tr>
<tr>
<td>JD</td>
<td>0.144</td>
<td>-0.217</td>
</tr>
<tr>
<td>LLM</td>
<td>-0.547+</td>
<td>-0.0301</td>
</tr>
<tr>
<td>MA</td>
<td>0.108*</td>
<td>0.0247</td>
</tr>
<tr>
<td>Constant</td>
<td>0.0642</td>
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</tr>
</tbody>
</table>

Observations | 1,712 | 1,712 |
R-squared | 0.249 | 0.281 |

Standard errors in brackets
** p<0.01, * p<0.05, + p<0.1
| Table 2.3: The effect of mobility signals on the likelihood of receiving an offer |
|---------------------------------|------------|------------|-------------|-------------|-------------|------------|
|                                | 1          | 2          | 3           | 4           | 5           | 6           |
| Frequency of employer change    | -0.0763    | -0.183*    | -0.164+     | -0.164+     |             |             |
|                                 | [0.0689]   | [0.0794]   | [0.0864]    | [0.0869]    |             |             |
| Functional diversity            | 0.237**    | 0.190*     | 0.188*      |             |             |             |
|                                 | [0.0870]   | [0.0918]   | [0.0919]    |             |             |             |
| Tenure in current company       | 0.00959    | -0.0316    | -0.0362     |             |             |             |
|                                 | [0.0165]   | [0.0226]   | [0.0235]    |             |             |             |
| Number of positions in current company | 0.154** | 0.123*    | 0.125*      |             |             |             |
|                                 | [0.0542]   | [0.0566]   | [0.0568]    |             |             |             |
| Tenure in current company (<=3) | 0.104      |             |             |             |             |             |
|                                 | [0.0790]   |             |             |             |             |             |
| Tenure in current company (>3)  | -0.0520*   |             |             |             |             |             |
|                                 | [0.0255]   |             |             |             |             |             |
| Female                          | 0.234      | 0.207      | 0.234       | 0.226       | 0.207       | 0.209       |
|                                 | [0.147]    | [0.147]    | [0.147]     | [0.148]     | [0.148]     | [0.148]     |
| Experience                      | 0.00372    | 0.00492    | 0.00419     | 0.00555     | 0.00595     | 0.00594     |
|                                 | [0.00938]  | [0.00943]  | [0.00938]   | [0.00943]   | [0.00949]   | [0.00954]   |
| High status employer            | 0.456*     | 0.434*     | 0.454*      | 0.405*      | 0.404*      | 0.385+      |
|                                 | [0.193]    | [0.194]    | [0.195]     | [0.197]     | [0.198]     | [0.199]     |
| Time in current job             | -0.0262    | -0.0128    | -0.0298     | 0.016       | 0.0238      | 0.00645     |
|                                 | [0.0230]   | [0.0236]   | [0.0267]    | [0.0314]    | [0.0318]    | [0.0339]    |
| Functional similarity           | 0.163      | 0.187      | 0.164       | 0.169       | 0.184       | 0.194       |
|                                 | [0.144]    | [0.145]    | [0.145]     | [0.145]     | [0.146]     | [0.146]     |
| Industry similarity             | 0.145      | 0.112      | 0.138       | 0.136       | 0.118       | 0.105       |
|                                 | [0.152]    | [0.153]    | [0.153]     | [0.153]     | [0.153]     | [0.154]     |
| Lateral move                    | 0.0633     | 0.082      | 0.0647      | 0.0985      | 0.104       | 0.0884      |
| (base category: promotion)      | [0.223]    | [0.224]    | [0.222]     | [0.224]     | [0.224]     | [0.225]     |
| Demotion                        | 0.154      | 0.147      | 0.153       | 0.152       | 0.147       | 0.127       |
| (base category: promotion)      | [0.377]    | [0.379]    | [0.377]     | [0.377]     | [0.379]     | [0.381]     |
| Erraticism                      | 0.0646     | -0.319     | 0.0621      | 0.075       | -0.234      | -0.239      |
| (base category: promotion)      | [0.255]    | [0.293]    | [0.255]     | [0.256]     | [0.297]     | [0.298]     |
| Observations                    | 1.712      | 1.712      | 1.712       | 1.712       | 1.712       | 1.712       |

Standard errors in brackets; ** p<0.01, * p<0.05, + p<0.1
Table 2.4: The effect of mobility signals on the likelihood of proceeding to the final round

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<th>4</th>
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<th>6</th>
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<td>Number of positions in current company</td>
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<td>-0.0523</td>
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<td>[0.0328]</td>
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<tr>
<td>Tenure in current company (&lt;=3)</td>
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<td></td>
<td>0.0316</td>
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<td></td>
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<tr>
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<td></td>
<td>[0.0427]</td>
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<td></td>
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<tr>
<td>Tenure in current company (&gt;3)</td>
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<td>-0.0125*</td>
<td>-0.0122*</td>
<td>-0.0124*</td>
<td>-0.0122*</td>
<td>-0.0123*</td>
</tr>
<tr>
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<td>[0.00527]</td>
<td>[0.00527]</td>
<td>[0.00527]</td>
<td>[0.00527]</td>
<td>[0.00528]</td>
</tr>
<tr>
<td>High status employer</td>
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<td>0.182</td>
<td>0.200+</td>
<td>0.202+</td>
<td>0.200+</td>
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<tr>
<td></td>
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<td>[0.117]</td>
<td>[0.117]</td>
<td>[0.118]</td>
<td>[0.118]</td>
<td>[0.118]</td>
</tr>
<tr>
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<td>-0.0520**</td>
<td>-0.0551**</td>
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<td>-0.0446</td>
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<td>[0.0825]</td>
<td>[0.0825]</td>
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<td>[0.0827]</td>
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<tr>
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<td>-0.216*</td>
<td>-0.214*</td>
<td>-0.214*</td>
<td>-0.214*</td>
<td>-0.215*</td>
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<td>[0.0864]</td>
<td>[0.0865]</td>
</tr>
<tr>
<td>Lateral move</td>
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<td>0.102</td>
<td>0.108</td>
<td>0.103</td>
<td>0.0991</td>
<td>0.0972</td>
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<td>[0.123]</td>
<td>[0.122]</td>
<td>[0.123]</td>
<td>[0.123]</td>
<td>[0.123]</td>
</tr>
<tr>
<td>Demotion</td>
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<td>-0.284</td>
<td>-0.285</td>
<td>-0.294</td>
<td>-0.293</td>
<td>-0.291</td>
</tr>
<tr>
<td>(base category: promotion)</td>
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<td>[0.201]</td>
<td>[0.201]</td>
<td>[0.201]</td>
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**Observations**: 3,628

Standard errors in brackets; ** p<0.01, * p<0.05, + p<0.1
3. Chapter 3

Table 3.1: Varying topic groups across different topic number specifications

<table>
<thead>
<tr>
<th>10 topics</th>
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<tbody>
<tr>
<td><strong>GROUP 10-A:</strong> leadership financial relationship building influence role credibility respect position trust key consensus analysis international familiarity state responsive regulatory travel</td>
</tr>
<tr>
<td><strong>GROUP 10-B:</strong> leadership professional personal style mission integrity driven values commitment presence sensitivity motivate builder manner flexible willingness standards thinking issues</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>15 topics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROUP 15-A:</strong> team leadership style results people player open judgment hands flexible achieve willingness energetic deliver savvy politically potential mentor serve</td>
</tr>
<tr>
<td><strong>GROUP 15-B:</strong> leadership relationship staff building diverse influence collaborative build credibility respect members trust develop groups consensus engage responsive negotiating volunteers</td>
</tr>
<tr>
<td><strong>GROUP 15-C:</strong> commitment mission community driven values leadership appreciation thinking diversity state promote travel philosophy center sensitivity catholic institution impact core</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>20 topics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROUP 20-A:</strong> team style results people leadership player hands builder open flexible willingness energetic motivating deliver exceptional mentor serve confident passionate</td>
</tr>
<tr>
<td><strong>GROUP 20-B:</strong> leadership staff community develop capacity members appreciation motivate administrative groups inspire engage volunteers network manner partnerships collaboratively colleagues efforts</td>
</tr>
<tr>
<td><strong>GROUP 20-C:</strong> leadership relationship building collaborative build influence credibility respect trust consensus negotiating responsive consistent demeanor visible interactive recognize basis promoting</td>
</tr>
<tr>
<td><strong>GROUP 20-D:</strong> commitment professional personal mission integrity driven values presence thinking sensitivity promote philosophy center ethics catholic core stewardship impeccable honesty</td>
</tr>
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</table>
Table 3.2: Bag of words for each topic

<table>
<thead>
<tr>
<th>Labels</th>
<th>Words</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Education</td>
<td>degree business administration field public bachelor master engineering mba advanced relevant graduate discipline science masters undergraduate college cpa certification</td>
</tr>
<tr>
<td>B Leadership</td>
<td>leadership influence build data credibility respect trust consensus direction responsive establish visible difficult quick interactive recognize basis innovation capabilities</td>
</tr>
<tr>
<td>C (formal)</td>
<td>leadership senior executive community board position members corporate administrative groups director president staff volunteers capital investment foundation ceo administrators</td>
</tr>
<tr>
<td>D (managing teams; mentorship)</td>
<td>team style leadership people player hands flexible focused energetic articulate proactive motivating member mentor serve passionate recruiting brand sleeves</td>
</tr>
<tr>
<td>E Management</td>
<td>organization change environment complex sensitivity culture multi competitive political cultural fast matrix issues context paced ambiguity dynamic fiscal officer</td>
</tr>
<tr>
<td>F (managing strategic relationships)</td>
<td>internal external direct complex manner constituencies situations thinker private group future act customers relate media activities employees analyze partnerships</td>
</tr>
<tr>
<td>G (collaboration)</td>
<td>relationship build collaborate staff diverse stakeholders negotiating consistent colleagues demeanor network maintain constituents shared decisive peers partnership externally impeccable</td>
</tr>
<tr>
<td>H Communication</td>
<td>skill communicate interpersonal written presentation analytical open oral verbal listening exceptional interact transparent honest write speak language inspirational english</td>
</tr>
<tr>
<td>I Commitment and values</td>
<td>commitment professional personal mission integrity driven values presence appreciation standards promote philosophy center ethics catholic core stewardship addition thinking</td>
</tr>
<tr>
<td>J Strategy</td>
<td>strategy business resource human marketing develop acumen plans plan execute compensation planning training benefits design line visioning tactical benefit</td>
</tr>
<tr>
<td>K Financial and technical skills</td>
<td>financial experience services technology role process accounting finance broad background expertise technical analyze familiarity functions institution deep budget reporting</td>
</tr>
<tr>
<td>L Operations</td>
<td>management organization implement planning vision global operational operations supply chain challenges operating prioritize marketplace conceptualize meeting models supplier ensuring</td>
</tr>
<tr>
<td>M Internally inconsistent topics</td>
<td>experience years progressive industry education responsibility international profit responsible general manufacturing operations prior department complexity commercial facilities arts industrial</td>
</tr>
<tr>
<td></td>
<td>record track develop performance system accountability management initiatives time ensure mentoring metrics enhance driving mindset identifying experienced emphasis alignment</td>
</tr>
<tr>
<td></td>
<td>management knowledge relations project practices information extensive functional risk employee office computer software consulting compliance labor federal expert policies</td>
</tr>
<tr>
<td></td>
<td>decision service customer judgment processes system information solutions focus cost thinking savvy ideas political people sound innovative evidence intelligence</td>
</tr>
<tr>
<td></td>
<td>deliver company support sales quality growth improvement principles partner practice outcomes innovative negotiation safety revenue comprehensive continuous concepts integrated</td>
</tr>
<tr>
<td></td>
<td>results goals achieve multiple objectives motivate capacity willingness project deal inspire term engage travel action goal demands detail order</td>
</tr>
<tr>
<td></td>
<td>develop programs product issues research market create diversity key program potential talent person identify interest impact social efforts strengths</td>
</tr>
<tr>
<td></td>
<td>sense environment creative opportunity energy entrepreneurial problem function approach clear solving drive priorities passion positive starter confidence initiative humor</td>
</tr>
</tbody>
</table>
Table 3.3: Predicting the probability of receiving a job offer (Conditional logit)

<table>
<thead>
<tr>
<th></th>
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<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
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<th>11</th>
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</thead>
<tbody>
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<td>Female</td>
<td>-0.686</td>
<td>0.346</td>
<td>-0.302</td>
<td>1.142</td>
<td>-0.555</td>
<td>0.237</td>
<td>3.764*</td>
<td>-0.977</td>
<td>0.302</td>
<td>0.222</td>
<td>0.227</td>
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Observations: 1,547 1,547 1,547 1,547 1,547 1,547 1,547 1,547 1,547 1,547 1,547 1,547

Standard errors in brackets
** p<0.01, * p<0.05, + p<0.1
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<th>(6) OLS</th>
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<td>-20.36+</td>
<td>128.2**</td>
<td>-2.09</td>
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Standard errors in brackets ** p<0.01, * p<0.05, + p<0.1
Table 3.5: Gender-based selection at the initial contact stage

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<th>(2) OLS</th>
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<td>[2.181]</td>
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<td>[1.768]</td>
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<td>J: Strategy</td>
<td>30.63**</td>
<td>4.181**</td>
</tr>
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<td>[1.523]</td>
</tr>
<tr>
<td>K: Fin/tech</td>
<td>-9.822**</td>
<td>-1.571</td>
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<td>[1.321]</td>
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<tr>
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<td>-0.827</td>
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<td>[0.00771]</td>
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<tr>
<td>Log(salary) of vacancy</td>
<td>-0.0537**</td>
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<td>[0.00917]</td>
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Standard errors in brackets

** p<0.01, * p<0.05, + p<0.1
Table 3.6: Exploratory factor analysis of the topics

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<th>Variable</th>
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<th>Factor2</th>
<th>Factor3</th>
<th>Factor4</th>
<th>Factor5</th>
<th>Uniqueness</th>
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<td>0.0225</td>
<td>0.0705</td>
<td>0.1206</td>
<td>0.3864</td>
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<tr>
<td>(formal)</td>
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<td>0.5616</td>
<td>-0.2456</td>
<td>-0.2911</td>
<td>0.3328</td>
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<tr>
<td>(managing teams; mentorship)</td>
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<td>0.8564</td>
<td>-0.1046</td>
<td>-0.0676</td>
<td>-0.0802</td>
<td>0.2478</td>
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<td>0.8377</td>
<td>-0.1191</td>
<td>-0.0782</td>
<td>0.3055</td>
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Table 3.7: Predicting the characteristics of candidates using factors

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<td></td>
<td>Female</td>
<td>Mobility</td>
<td>Tenure at</td>
<td>Functional</td>
</tr>
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<td>0.164</td>
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<td>[0.350]</td>
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Standard errors in brackets; ** p<0.01, * p<0.05, + p<0.1
4. Chapter 4

Table 4.1: Summary statistics and correlations (N=1577)

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<td>0.08</td>
<td>1.00</td>
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<td></td>
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<tr>
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<td>0.49</td>
<td>0.04</td>
<td>0.00</td>
<td>1.00</td>
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<td>-0.29</td>
<td>1.00</td>
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<td>0.39</td>
<td>0.04</td>
<td>0.00</td>
<td>-0.17</td>
<td>0.04</td>
<td>1.00</td>
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<td>0.50</td>
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<td>-0.01</td>
<td>0.54</td>
<td>-0.21</td>
<td>-0.10</td>
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</table>

Table 4.2: Cox hazard model predicting the hazard ratio of client relationship formation

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<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
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</thead>
<tbody>
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<td>2.738**</td>
<td>2.551**</td>
<td>3.581**</td>
<td>3.110*</td>
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<td>[0.965]</td>
<td>[0.908]</td>
<td>[1.411]</td>
<td>[1.636]</td>
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<tr>
<td>Located in the same city</td>
<td>1.606</td>
<td>2.991*</td>
<td>2.870*</td>
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<tr>
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<td>[0.702]</td>
<td>[1.510]</td>
<td>[1.456]</td>
<td></td>
</tr>
<tr>
<td>Poached*Located in the same city</td>
<td>0.138+</td>
<td>0.141+</td>
<td>0.159</td>
<td>0.165</td>
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<tr>
<td>Specialty</td>
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<td>2.245*</td>
<td>3.145*</td>
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<td>Employee moved to competitor</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.462</td>
<td></td>
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<tr>
<td></td>
<td>[0.247]</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Poached*Employee moved to competitor</td>
<td>1.404</td>
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<td>[1.017]</td>
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Observations 1,577 1,577 1,577 1,577

Standard error in
exponentiated form in
brackets
** p<0.01, * p<0.05, + p<0.1
FIGURES

1. Chapter 1

Figure I.1: The "Make or Buy" decision that firms make

Where to find the new executive?  
Within the organization "Make" (or "Reallocate")

Outside the organization "Buy"

Use existing capabilities
Permanently bring in capabilities
Hire a contractor "Buy"
2. Chapter 2

Figure 2.1: The proposed model

- Relative frequency of employer change
- Tenure at the current firm
- Functional diversity (Signal of breadth)
  - H2a
  - Perceived to be a serial job-hopper
  - H1
  - Perceived to be culturally inflexible
  - H3
- Internal promotion (Signal of competence)
  - H4c
- Probability of receiving an offer
  - H2b
  - H4b
  - H4c
Figure 2.2: The candidate filtering process at SearchCo

* The dotted line represents the stage of selection that is used in this paper.

Figure 2.3: An example of resume parsing procedure

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
<th>K</th>
</tr>
</thead>
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<tr>
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<td>JobTitle1</td>
<td>Startdate1</td>
<td>Enddate1</td>
<td>Region1</td>
<td>Company2</td>
<td>JobTitle2</td>
<td>Startdate2</td>
<td>Enddate2</td>
</tr>
<tr>
<td>2</td>
<td>John Doe</td>
<td>DIGITAS, LLC</td>
<td>Senior Vice P</td>
<td>2001</td>
<td>2004</td>
<td>New York, NY</td>
<td>DIGITAS, LLC</td>
<td>Vice Presider</td>
<td>2000</td>
<td>2001</td>
</tr>
</tbody>
</table>
3. Chapter 3

Figure 3.1: Scree plot of eigenvalues after factor analysis

4. Chapter 4

Figure 4.1: An example of a publicized search that reveals the identity of the search firm

Texas paid search firm $267K in Charlie Strong hiring

The hiring of a new head football coach is a pretty big deal at the University of Texas.

It’s such a big deal that Texas paid $266,990 to a search firm to help find the right person for the job, according to invoices obtained by USA TODAY Sports this week.

The executive search firm Korn/Ferry International billed Texas $250,000 for helping hire coach Charlie Strong in January, plus an administrative fee of 6 percent — $15,000. An additional invoice dated March 10 detailed Texas’ $1,000 in expenses.

Source: USA Today, April 2014