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ABSTRACT

Internal labor market theory is extended to identify market domains that influence administrative staffing decisions, and a theoretical predictive model about the role of market domains in decisions to promote or hire is proposed and tested. Information is presented as follows: theoretical framework; labor markets within higher education; and the structure of administrative work (administrative unit, functional specialization, position type, and pay level). The theoretical predictive model is a priori posited to address the question of whether decisions to promote or hire are influenced by market domains of the vacancy. Data were gathered from official university personnel records, with all vacancies for regular, full-time positions from each fiscal year (1982-1985) included and analyzed. The findings indicate internal labor market theory offers a rich framework for understanding the functioning of markets in university administrative appointments. The clear patterns of promoting and hiring evidenced confirm that opportunity for promotion and mobility are influenced by market domains associated with the position. Such patterns reflect the practice of hiring officials who are making decisions based upon their perception of a complex array of norms regarding promotion and recruitment within the organization. It is not known to what extent market domains supercede other such considerations in decision making. Contains 34 references. (SM)

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THE CASE OF UNIVERSITY ADMINISTRATIVE APPOINTMENTS

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DECISIONS TO PROMOTE OR HIRE:
THE CASE OF UNIVERSITY ADMINISTRATIVE APPOINTMENTS

Whether an administrative position is filled by a candidate from outside of the organization or an employee from within the organization is a crucial human resource decision. Organizations use internal promotions to select and advance competent employees. Organizations use external recruitment to secure new talent and to promote change. The greater the opportunity for promotions, however, the less permeable the organizational boundary is to external candidates. Commitment to the promotion of employees may constrain the organization's ability to address changing needs in organizational staffing or to achieve balance in the representation of minorities or women. Thus, the decision to promote or to hire has important consequences for individual advancement as well as organizational vitality.

Much of the literature focusing on organizational staffing decisions examines either intraorganizational mobility (Spilerman, 1977; Rosenbaum, 1984; Granovetter, 1974; Kanter, 1977; Osterman, 1984; Baron, Davis-Blake, and Bielby, 1986) or interorganizational mobility (Wallace and Kalleberg, 1981; Bibb and Form, 1977; Beck, Horan and Tolbert, 1978; Stolzenberg, 1978; Parcel and Mueller, 1983). Rarely is the prior question considered. What factors determine whether positions are filled by promoting employees or recruiting and hiring external candidates? What determines when positions are to be filled within the boundary of an organization or across the boundaries of organizations?

The appropriate level of analysis for addressing these questions is a matter of debate (Baron and Bielby, 1980, 1984; Hodson, 1984; Spilerman, 1986). Analyses that aggregate organizations may obscure differences in the arrangement of work or the norms and procedures for filling vacancies that exist within

organizations. Internal labor market theory suggests that multiple markets may exist within organizations or occupations and that these markets differ in opportunity for mobility (Althauser and Kalleberg, 1981). In this study, the decision to promote internally or to hire externally is explored to identify factors within one higher education organization that may influence the decision. These factors are posited to constitute market domains within a university internal labor market. The purpose of this study is twofold: 1) to extend internal labor market theory to identify market domains that influence administrative staffing decisions, and 2) to propose and test a theoretical predictive model regarding the role of market domains in decisions to promote or hire.

THEORETICAL FRAMEWORK

Theoretical perspectives on labor markets provide a means for explaining internal promotion and external recruitment and hiring. Labor markets are broadly defined as arenas in which employment, mobility, skill development, and/or wages are structured (Freedman, 1976), and these arenas contain both internal and external markets connected by ports of entry (Kerr, 1954). External markets are conceived to include those persons within geographic arenas from which organizations draw employees. Internal labor markets are conceived to include those persons within the organization or the occupational arenas from which organizations draw employees. Formal criteria for determining those clusters of jobs which comprise internal labor markets have been conceptualized to include job ladders, limited entry from external markets, and hierarchical movement based upon developing knowledge and skill (Althauser and Kalleberg, 1981).

Internal labor markets are thus differentiated to describe various employment arenas. Firm internal labor markets are those markets within organizations in which the criteria of job ladders and limited entry are met along with the criterion that individuals are likely to advance through on-the-job training. Firm internal labor markets are differentiated from occupational internal labor markets in which mobility is internal to the occupation rather than internal to one organization. Within occupational internal labor markets, individuals bring advanced training or preparation to the occupation and advance by moving across organizations rather than by promotion within organizations.

Firm and occupational internal markets are posited to coexist within organizations but particular positions reside in one or the other. Professional and craft occupations are typically viewed as those belonging to occupational internal labor markets; managerial and administrative occupations are those posited as belonging to firm internal labor markets (Doeringer and Piore, 1971; Althausser and Kalleberg, 1981). Individuals in both firm and occupational internal labor markets enjoy protection from competition with those in external markets; however, their external markets differ. Within firm internal labor markets, protection depends upon barriers to the entry of external candidates into the organization at levels other than the bottom; within occupational labor markets, protection depends upon the ability to enter the organization at a level commensurate with one's training and preparation. Thus, a position vacancy within a firm internal labor market provides a different arena for employment than a position vacancy within an occupational labor market as well as indicating different means for recruitment and selection.

Empirical findings are beginning to confirm the importance of the domain of employment to mobility. For example, Osterman (1984) examined the internal labor markets of four occupations (sales, low level management, computer

programming and clerical) and found different employment subsystems which vary by occupation and subject employees to different opportunities and policies for promotion. Similarly, DiPrete and Soule (1988) concluded that the federal civil service is an internal labor market segmented by job ladders, job ladder groupings and graded tiers. Their findings indicate that employees' placement on ladders and within tiers influence promotion and promotion outcomes. In a study of 100 establishments, Baron, Davis-Blake, and Bielby (1986) found that rather than one internal labor market, there may be a number of job clusters which vary in their opportunity for promotion. Thus, evidence supports the need to examine the multiple arenas of the position vacancy and their relation to the decision to promote or to hire. Internal labor market theory provides a framework for examining promotion and recruitment but markets must be further delineated to enhance our understanding of their relationship to organizational staffing decisions.

LABOR MARKETS WITHIN HIGHER EDUCATION

Colleges and universities have been described as labor markets. The focus, however, has been primarily on faculty (e.g. Academic Labor Markets and Careers by David W. Breneman and Ted I. K. Youn). With few exceptions (Sagaria, 1988; Smolansky, 1984; Twombly, 1986), the mobility of administrative staff members has not been examined within the framework of labor market theory. This gap in the literature is surprising because in many respects, administrative staffs provide a more appropriate setting to explore labor market concepts than faculties provide. Labor market theories have been derived primarily from manufacturing organizations, and have been adapted for white collar and professional organizations. Faculty positions can be characterized as belonging to an occupational labor market. The academic market for faculty is a national

market, and the advanced training and experience of faculty members allow them to move within their discipline and across institutions. The extent to which faculty look to a national disciplinary community for recognition and career advancement rather than to the campus community differs, however, by institutional affiliation. The occupational labor market criteria, for example, may fit faculty employed within research universities better than it does community college faculty. Moreover, faculty in general comprise a unique segment within their professional organizations: recruitment, selection and promotion decisions are made essentially by peers rather than by administrative hiring officials; tenure provides protection from external and internal competition for positions; faculty perform the same basic functions throughout their careers (i.e. teaching, research and service); thus, advancement on the "job ladder" from assistant to associate to full professor is not a change in job responsibilities or function.

In contrast, the recruitment, selection and promotion of administrative staff members in higher education more closely resembles the process in most corporate or industrial settings (Kanter, 1977) than it resembles the process for faculty. For administrators, the extent to which the market is a national one is determined more by position type and level (Scott, 1978; Sagaria, 1984). At the same time, the market for administrators is broader in regard to the skills, experience and training relevant to positions. Similarly, advancement by position change is the primary means for administrators to accumulate skills and experience and build their careers (Sagaria and Johnsrud, 1987). Thus, although labor market concepts have yielded important insights for faculty careers and mobility, it is less a conceptual stretch to apply labor market theory to administrative staffs, and thus, such applications may have more to contribute to theory building.

Moreover, applications of labor market theory to administrative mobility are beginning to yield promising findings. Smolansky (1984) examined administrative mobility across institutional types. Her findings generally confirmed that the market for administrators is segmented by such institutional variables as region, affiliation, size, mission and resource level. More specifically, Twombly (1986) found that the administrative labor market within two-year colleges tends to be closed for administrators from four-year institutions. This tendency varies, however, by position. The labor market for presidents, chief academic officers and chief student affairs officers appears relatively closed while the labor market for chief business officers appears relatively open. Similarly, Sagaria (1988) found divergent patterns of mobility within administrative specialities. Mobility patterns within and between institutions varied for administrators in academic affairs, student affairs and administrative affairs.

These studies demonstrate the relevance of labor market theory to administrative mobility and underscore the fallacy of assuming a homogenous administrative labor market. Although they provide important information about aggregate patterns of mobility, they do not focus on the level at which staffing decisions are made. In order to identify factors existing within an organizational arrangement of work that influence administrative careers and mobility, this study focuses on a level of analysis more proximate to the decision. Thus, the level of the analysis is the organization, and the unit of analysis is the position vacancy.

THE STRUCTURE OF ADMINISTRATIVE WORK

The arrangement of work for the administrative and professional staff within a higher education organization is an example of what Spilerman labels a

unitary structure (1986). The unitary structure is a strategy of human resource management in which the organizational rules are a set of norms concerning prototypical career development applied in personnel decisions. Persons with appropriate knowledge, skills, and experience are matched to jobs requiring those knowledge, skills, and experience. This matching occurs within a system which provides for managerial discretion and flexibility by establishing a set of norms for decision making. Norms regarding the decision to promote or to externally recruit and hire evolve within the organization as a result of both policy and practice. For example, sustaining the possibility of promotion to as many persons as possible is perceived as an important source of employee motivation (Rosenbaum, 1984; Sagaria and Moore, 1983). At the same time, norms supporting the development and advancement of employees will be weighed against perceptions about the need for "new blood" or "fresh thinking" within a particular unit at a particular time.

Internal labor market theory essentially argues that these norms operate differently for different positions, and consequently for the employees moving through these positions; that is, the opportunity for promotion may depend upon characteristics of the job and the market domains in which it resides. Administrative and professional positions within higher education exhibit a number of factors that may influence the mobility of staff members within an internal labor market. Four such factors are explored in this study: administrative unit, functional specialization, position type and pay level.

Administrative unit. In most colleges and universities, administrative units serve as an organizational scheme for defining the primary activities and functions of the academic organization. Staff members are typically assigned to administrative units, such as academic administration, student services, business and financial services, and external affairs (Frances and Mensel, 1981; Moore,

1983). Each of these administrative units is charged with distinct roles and responsibilities, has varied degrees of centrality and power within the organization, and commands a proportion of the available financial resources (Hackman, 1985). Although each administrative unit is subject to centralized policies and procedures for hiring and promotion, each unit is autonomous in its ability to select and reward those individuals deemed most qualified to fulfill specific roles and responsibilities. Decisions to select or promote may require approval from outside of the unit, but essentially, these decisions are made within the unit. Thus, each administrative unit develops its own informal system of contacts, sponsorship and information relevant to matching persons and jobs. Evidence from the public and private sectors suggests that it is at the domain of the administrative unit where the informal system may result in advantages to some and disadvantage to others (Kanter, 1977; Granovetter, 1974). Advantages result by virtue of the extent to which individuals are known or trusted or their sponsors are known and trusted. Research in higher education also suggests that the patterns of movement of administrators differs by administrative specialty (Moore, 1983; Evans and Kuh, 1983; Sagaria, 1988).

For example, academic administration requires persons with appropriate academic credentials, and one internal market for recruitment is the academic faculty. Nonetheless, the majority of the positions within academic administration do not require faculty rank and tenure (i.e. positions other than those at senior levels such as deanships and academic vice-presidencies), and candidates may be drawn from administrative as well as faculty ranks. The opportunity for administrative and faculty members to move into and advance through administrative positions within their own institution must be balanced with the need to draw in experienced academic administrators from external markets. National data suggests that academic administrators tend to build their

careers within institutions as opposed to moving between institutions (Sagaria, 1988). Thus, we expect academic administrative positions to be filled primarily by promotion at all levels of the salary structure.

Administrative units differ in their responsiveness to internal constituencies and external environments. External affairs which includes such functions as public relations, communications, and fund-raising is far more responsive to its external environment than are academic administration and business and financial affairs. It is also an administrative area of higher education which has emerged in response to increased pressures for enhanced image and the need to develop new sources for revenue. Thus, the need to draw in skill and experience from external markets is marked. We expect positions in external affairs to be filled primarily from external markets at all levels of the salary structure.

Business administration includes a number of positions in which on-the-job training and knowledge of the organization is of benefit. Positions such as accountants, auditors, business managers, and personnel assistants are all administrative positions to which we can expect the firm internal labor market criteria to apply. We expect positions in business administration to be filled primarily by promotion. Entry from markets external to the unit is expected to be limited to lower level positions.

Student services professionals tend to be a mobile group (Sagaria and Johnsrud, 1988). In a national random sample, twenty-six percent changed positions every two years, and the majority of the positions changed were internal to an institution rather than between institutions. Like business administration, student services provides opportunities to progress through positions by developing skills and competences on the job. We expect positions in student

services to be filled primarily by promotion. Entry from external markets is expected to be limited to lower level positions.

Functional specialization. Within higher education, several functional specializations differentiate the members of an administrative staff. The breadth and diversity of skills, training, and experience required in administrative positions provides an opportunity to examine administrative, professional, and technical staff positions as differing contexts of employment within one organization. Administrative positions are those positions charged with managerial-supervisory responsibilities and are line functions (e.g. Coordinator, Manager, Assistant-, Associate-, and Director). Professional staff positions are those positions charged with tasks requiring particular expertise and are staff functions (e.g. Architect, Systems Engineer, Staff Attorney, Head Coach, and Development Officer). Technical positions are those positions which require specific technical skill and training (e.g. Programmer, Scenery Designer, Graphic Illustrator, and Instrument Maker).

Internal labor market criteria suggests that these groups represent different internal markets. For example, administrative positions belong to firm internal markets and thus entry into the organization would occur at lower levels; professional and technical positions belong to occupational internal markets and thus entry into the organization could occur at any level commensurate with skill and training. Thus, we expect the decision to promote to be more prevalent for administrative positions and the decision to hire external candidates to be more prevalent for professional and technical positions.

Position type. Positions to be filled may be positions that have been vacated by an employee or newly created positions. The decision to promote or to hire may vary depending on the nature of the position. Certain new positions may be created by the organization to acknowledge or reward employees within

the organization. Or a position may be created to match the interests or qualifications of an external person the organization wishes to recruit. In a study of 1600 job transition among non-academic personnel at a large research university, 7-12% of the new jobs were jobs tailored to individuals (Miner, 1987). Other new positions may be created to meet specified organizational needs without a particular person in mind to fill the position. New positions provide increased opportunity for individuals within organizations to advance; at the same time, they provide opportunity for organizations to recruit new talent. Thus, whether a position is newly created or previously held may be a factor in the decision to promote or hire. There is, however, insufficient guidance in the literature to hypothesize as to the relationship between position type and the decision to promote or hire.

Pay level. Typically, in large higher education organizations, job titles are classified according to the knowledge, skills and experience required as well as some judgment as to the worth of the job to the organization. Then the titles are arranged into a hierarchy of pay levels that are associated with salary ranges. Thus, pay levels are assigned to positions not employees. As employees are promoted or new employees are hired, the range of their salary is determined by the pay level of the position they occupy.

Pay level provides direct application of internal labor market criteria (Althausser and Kalleberg, 1981). Employees within an organization are protected from external competition to the extent that entry is allowed at the bottom rungs of the pay structure, thus reserving higher paying positions for the promotion of internal employees. The pay level to which a position is assigned may be a factor that has implications for mobility; that is, the decision to hire or promote may be related to the pay level of the vacant position. We expect the proportion of

decisions to promote to increase as the pay level of the position vacancy increases.

Theoretical Predictive Model

In addition to identifying market domains within the administrative labor market and examining their impact, a second purpose of this study is to propose and test a theoretical predictive model regarding staffing decisions. The model to be tested in this study is a priori posited to address the question of whether decisions to promote or hire are influenced by market domains of the vacancy. The model reflects the delineations of internal labor markets suggested by Althauser and Kalleberg (1981) applied to administrative staffing within a higher education organization. Thus, the proposed model posits that decisions to promote or hire are directly influenced by the market domains of the position.

As illustrated in Figure 1, the proposed model posits the existence of two domains, domain of the vacancy and domain of salary, that are hypothesized to influence staffing decisions. Because internal labor market theory suggests that pay level is a fundamental factor in determining entry and movement within a market, pay level is conceptualized here as constituting one domain directly influencing staffing decisions. The other three factors measured in this study, administrative unit, functional specialization, and position type, are conceptualized as constituting another domain that directly influences staffing decisions. In addition, it is posited that the salary domain indirectly influences the decision through the domain of the vacancy. Testing the proposed model allows for the examination of the simultaneous contribution of the measured factors and the hypothesized domains to staffing decisions.

METHOD

The case study method was used to investigate the staffing decisions made to fill regular, full-time vacancies occurring in administrative and professional positions in a large, public research university over a three year period (1982-1985).¹ Because it is important to examine staffing decisions within an employing organization in which practices are guided by the same personnel policies, and criteria such as salary, classification levels, and job titles are consistent, a single institutional study was judged most appropriate for examining the extent and nature of multiple market domains operating within a university internal labor market.

This university is well suited for examining staffing decisions in a large organization. During the 1984-85 academic year, the university employed 1,944 administrative staff employees (Sagaria and Johnsrud, 1987). This number increased from 995 positions in 1978-79 indicating that the university experienced the growth in administrative positions typical of other large public research universities (Frances and Mensel, 1981; Moore, 1983; Brown, 1981). Furthermore, its personnel policies regarding hiring, promotion and benefits are similar to many of the 100 research universities that employ approximately one-third of the higher education workforce (Plisko and Stern, 1985).

Data Set

The data were gathered from official university personnel records. All vacancies for regular, full-time positions from each fiscal year (1982-1985)

¹ Administrative and professional staff members include those individuals whose assignments carry responsibility for developing and implementing policy, coordinating resources and activities, supervising administrative units that support academic function, and /or serving as liaisons to a variety of constituents such as faculty, students, business and industry, and government. Titles include directors, managers, coordinators, supervisors, advisors, assistants, counselors and specialists.

included and analyzed. The population used for this study includes all administrative and staff positions that provide support to the academic function and excludes those positions which require faculty rank or tenure. The data set includes 840 administrative and professional position vacancies for which the disposition of the vacancy was known.

Analyses

The data set used for these analyses represents a population; that is, a sample was not drawn for purposes of this study. The values represent the actual parameters of the population. Thus, descriptive data (numbers and percentages) are provided to describe the extent of the decision to promote or to hire across the population and by the variables measured.

This study used LISREL VI (Linear Structural RELations) to estimate and test the proposed predictive model (Joreskog and Sorbom, 1985). There are three latent variables in the proposed model. The two independent latent variables are "domain of the vacancy" and "domain of salary." Domain of the vacancy is a construct that describes the administrative unit (positions located in academic administration, student affairs, business affairs and external affairs), functional specialization (positions designated as professional staff, technical staff, and administrative staff), and position type of the vacancy (positions that previously existed or were newly created). Domain of salary is a construct that reflects the pay level of the vacancy (a seventeen level range extending from 54 to 71). The dependent latent variable is the "staffing decision" which represents the decision to hire from markets external to the University or to promote from within.

The structural equation model describes the influence of the latent and observed variables upon staffing decisions in accordance with our understanding of internal labor market theory. For example, the construct of the domain of

salary represents our theoretical understanding that the salary level of the position directly affects the decision to promote or hire; that is, a firm internal labor market provides protection for employees from external hiring at salary levels other than entry level. At the same time, the impact of the domain of the vacancy upon the decision will also be influenced by the domain of the salary. For example, according to internal labor market theory administrative staff enjoy the protection provided in firm internal labor markets but professionals work within occupational labor markets that provide for entry into an organization at any salary commensurate with skill and experience. Thus, the model posits the indirect as well as the direct effect of salary upon decisions.

The proposed model was tested using LISREL VI. The use of unweighted least squares (ULS) fitting function for estimating the parameters of the model was called for because of the presence of dichotomous variables (Joreskog and Sorbom, 1985).

RESULTS

Data are provided in Table 1 to describe the distribution of the decision to promote or hire across the population as well as by the market domains measured. Results indicate that of the 840 position vacancies, 386 (46.0%) positions were filled by hiring external candidates and 454 (54.0%) positions were filled by promoting internal candidates. Noteworthy differences in appointment decisions exist, however, among the factors measured.

For example, the pattern of decisions to promote or hire varies by administrative unit. As expected the majority of vacancies in business administration and external affairs are filled by promoting from within (62.0% of the 242 vacancies in business were filled by promotions, and 58.0% of the 119 vacancies in external affairs were filled by promotions). Unexpectedly, student

affairs was least likely of the administrative units to promote current employees (42.0% of the 81 vacancies were promotions). There is no clear tendency in academic administration; decisions to fill vacancies are almost evenly divided between promotions and external and hires (49.5% of the 398 vacancies were filled by promotions).

The decision to promote or to hire differed considerably by functional specialization. Administrative positions were most likely to be filled by promotion (64.3% of the 434 vacancies were promotions). On the other hand, professional positions were twice as likely to be filled by hiring as by promoting (only 33.5% of 176 positions were filled by promotions). Vacancies for technical positions were evenly divided between promotion and hiring (50.4% of the 230 vacancies were filled by promotions).

Noteworthy differences were also found in the decision to promote or to hire and the position type. New jobs were almost twice as likely as previously held jobs to be filled by promotion (64.5% of 456 vacancies were filled internally).

The decision to promote or to hire also differed by pay level (for purposes of presentation, the seventeen level range was divided into five levels: I-low, II-mid-low, III-mid, IV-mid-high, and V-high). The proportions of vacancies filled by promotion increased with each pay level (at the low level 32.1% are promotions, at the mid-low level 48.1%, at the mid level 60.5%, at the mid-high level 62.1%, and at the high level 72.2%).

Controlling for pay level provides a closer examination of decisions to promote or hire. For example, the overall pattern illustrates the tendency for promotions to increase and external hires to decrease as the pay level of the vacancy increase. There are, however, variations by administrative unit. External affairs tends to fill entry level vacancies from external markets, fill mid-level

vacancies by promotion, and then return to external recruitment for higher level vacancies. Although student affairs tends overall to hire rather than promote, the proportion of vacancies filled by promotion increases with each pay level until the highest level at which the decisions are evenly divided between promotion and hiring. Similarly, both business administration and academic administration show strong patterns of promotion as the pay level increases.

Examining the proportions of decisions made to promote or to hire by functional specialization confirms our hypothesized expectations. Not only are the majority of professional positions filled from external markets, but also the majority of professional positions at each pay level are filled externally. The opposite is the case for administrative positions. The majority are filled internally at each pay level. Although the technical vacancies are divided almost equally overall between promotions and hires, the pattern of proportions indicates that as the pay level increases, promotions increase and external hires decrease.

The proportions of decisions to promote or hire to fill vacant new positions and previously held positions also differ. The use of promotion to fill new jobs increases as pay level increases until the mid pay level and then it decreases. Decisions to fill previously held positions mirror the overall tendency: the use of promotion increases as pay level increases. The opposite is true for external hires. The likelihood of an external hire to fill a previously held position decreases as the pay level increases. Decisions to fill new jobs follow this trend until the mid pay level, and then the likelihood of an external hire decreases.

Theoretical Predictive Model

Figure 2 presents the LISREL parameter estimates of the proposed model. Observed variables are enclosed in squares in the diagram, and latent variables

(hypothetically existing constructs) are enclosed in circles. The relationships between variables are also illustrated. Causal relationships are represented by a straight line between two variables, and correlations are represented by a curved line between two variables.

Parameter estimates are indices that represent the simultaneous contribution of each observed and latent variable to the overall model. The indices indicate the observed variables, administrative unit, functional specialization and position type, each contribute to the construct labeled "domain of the vacancy." As indicated in Table 2, the coefficient of determination for the measurement model is .82 indicating a strong relationship between the observed variables and the latent variables included in the model. This is basically a reliability index of the observed variables as indicators of the latent constructs. Thus, the measurement model is good.

The assessment of fit of the overall model is indicated by the goodness of fit index which is .987 and the adjusted goodness of fit index which is .985. A final indicator of the model fit is the root mean square residual which is .049. These indices indicate a good model fit; in other words, the proposed model accounts for a high degree of the variance and covariance in the data.

Because we have established that the model fits the data well, we can now assess the direct and indirect affects of the latent constructs on decisions. The domain of the vacancy has a strong causal relationship with staffing decisions. The domain of salary also has a direct effect upon decisions but it is only half as powerful as the effect of the domain of the vacancy. As theoretically conceptualized, however, the domain of salary also has an indirect effect upon staffing decisions, and thus, is contributing to the strong predictive relationship between the domain of the vacancy and staffing decisions.

Discussion

The findings of this case study indicate that internal labor market theory can serve to enhance our understanding of administrative staffing decisions made within an higher education organization. The patterns of promoting and hiring in general adhere to the expected patterns derived from theory. The overall pattern of promotion increasing with the pay level of the vacancy indicates that individuals within this institution enjoy protection from external markets, and thus, are afforded opportunity to advance within an internal labor market. On the other hand, this protection is not absolute and varies to a great extent according to the administrative unit, functional specialization and type of position. As the theoretical predictive model indicates, staffing decisions in this organization are strongly influenced by the domain of the vacancy as well as the salary domain.

The administrative unit of the vacancy influences the decision to promote or hire. Although there were no strong tendencies to promote over hire in the academic administration, vacancies in this unit filled by promotion increased as pay level increased indicating a strong norm for the development and advancement of employees. As expected, vacancies within business administration tend to be filled internally presumably reflecting the degree of on-the-job training and the value of experience within the organization to this unit. Findings confirmed the expectation that external affairs would also rely upon external markets to fill vacancies. External affairs is the most recent addition to the administrative structure of colleges and universities, and so it seems likely that talent is sought outside of the organization, and perhaps, outside of higher education. It may be that overtime promotion will increase as the skill level and experience of employees within institutions increases. Contrary to expectations, student affairs showed a different pattern of decisions. Although the proportion of promotions did increase with pay level, the slight overall tendency to hire from external

overall tendency to hire from external markets was unexpected. It should be noted that student affairs had the smallest proportion of the vacancies among the administrative units (9.6% of the total vacancies for the period studied), and that the majority occurred at the mid-low to mid pay levels (only nine of the 81 vacancies occurred at pay levels four and five). Thus, there was relatively little opportunity for internal candidates to be promoted to higher pay levels.

In general, staffing decisions made within administrative units suggest that there are internal labor markets operating. In academic administration and business administration, there would seem to be firm internal markets operating to protect employees from external hiring. In external affairs, and to a lesser degree in student affairs, it would appear that employees move within a market external to the organization. These data do not allow us to measure the extent to which a market is operating internal to the occupations typical of each of these units but it seems reasonable that specializations within such units as external affairs and student affairs might constitute an occupational internal market.

Functional specialization provides the most straightforward application of internal labor market theory. Positions within the administrative ranks tend to be filled in accordance with criteria associated with a firm internal labor market; that is, entry to the organization is primarily at the lowest pay levels; thus, employees are protected from external competition as they advance within the organization. Professional and technical positions tend to be filled in accordance with criteria associated with an occupational internal labor market; that is, positions are filled at any level commensurate with the skill and training of the individual. Promotion is less likely for these positions indicating that advancement for individuals within these positions may be a matter of moving between organizations.

Although there was no clear expectation regarding the decisions to promote or hire to fill new positions as opposed to previously held positions, these findings indicate a clear preference in practice within this organization. That the majority of new positions are filled by promotion may provide support for the contention that hiring officials are often seeking to decrease the uncertainty surrounding decisions to fill vacancies (Kanter, 1977). A position new to the organization may represent an even higher level of uncertainty than previously held positions because there is presumably no precedent or clear expectations for the prerequisites necessary for success. Thus, the only avenue for reducing uncertainty may be to select persons known to the organization for newly created positions.

CONCLUSION

These findings indicate that internal labor market theory offers a rich framework for understanding the functioning of markets in university administrative appointments. The clear patterns of promoting and hiring evidenced in this case study confirm that opportunity for promotion and mobility are influenced by market domains associated with the position. Such patterns reflect the practice of hiring officials who are making decisions based upon their perception of a complex array of norms regarding promotion and recruitment within the organization.

The model posited in this study to predict staffing decisions fits the data well; there are, however, factors influencing decision making that are unmeasured in this study. Such factors may include the norms for employee advancement, the perceptions of need for new talent, the quality of the internal and external pools of candidates, institutional affirmative action guidelines, or the relative cost of recruitment versus promotion. We do not know, based upon these data, to what

extent market domains supercede other such considerations in decision making. Nonetheless, the fit of the predictive model confirms what internal labor market theory has suggested: the market domains in which positions reside have implications for the mobility and advancement of current employees as well as those who aspire to enter the organization.

Delineating the market domains within the administrative labor market is important to our understanding of the ways in which individuals are enabled to build careers in higher education and the ways in which those careers are shaped by the nature of administrative labor markets. Market domains in higher education organizations deserve further attention for their potential to explain organizational staffing decisions and their consequences for individual advancement.

Figure 1

Predictive Model of Factors Influencing Staffing Decisions

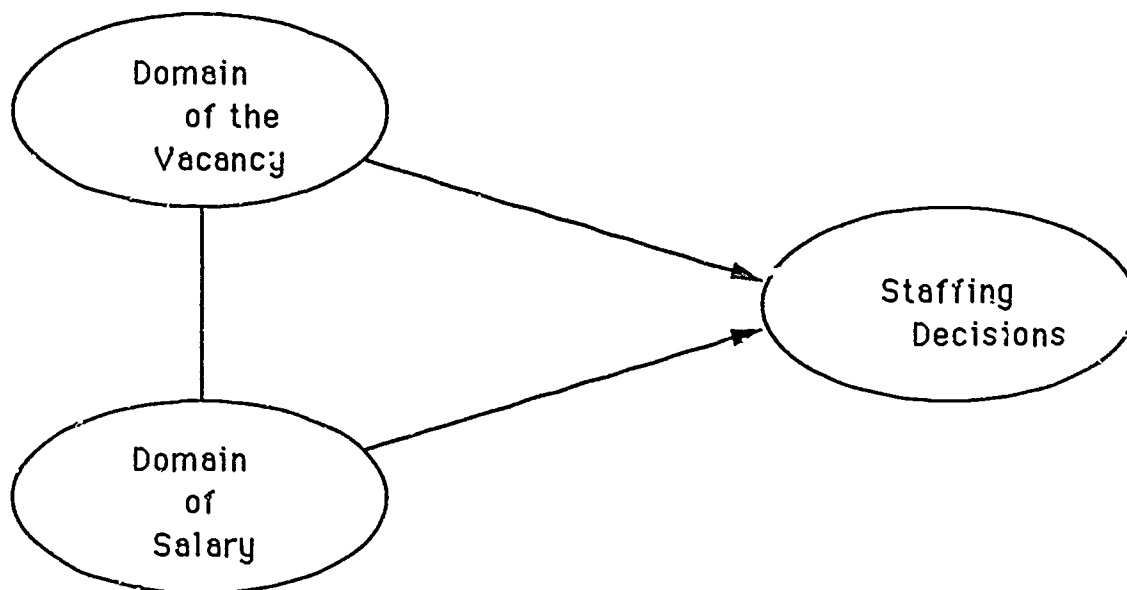


Table 1

Percentage of Decisions to Promote or Hire by Pay Level

		<u>I-Low</u>	<u>II-Mid Low</u>	<u>III-Mid</u>	<u>IV-Mid High</u>	<u>V-High</u>	<u>Total</u>
Promotion	(P)	32.1 (18)	48.1 (163)	60.5 (201)	62.1 (59)	72.2 (13)	54.0 (454)
Hire	(H)	67.9 (38)	51.9 (176)	39.5 (131)	37.9 (36)	27.8 (5)	46.0 (386)
<u>Administrative Unit</u>							
Academic Admins	(P)	36.2 (17)	44.5 (65)	54.7 (93)	74.1 (20)	75.0 (6)	50.5 (201)
	(H)	63.8 (30)	55.5 (81)	45.3 (77)	25.9 (7)	25.0 (8)	49.5 (197)
Student Affairs	(P)	00.0 (0)	25.7 (9)	55.6 (20)	57.1 (4)	50.0 (1)	42.0 (34)
	(H)	100.0 (1)	74.3 (26)	44.4 (16)	42.9 (3)	50.0 (1)	58.0 (47)
Business Admin	(P)	20.0 (1)	56.3 (63)	68.7 (68)	61.9 (13)	100.0 (5)	62.0 (150)
	(H)	80.0 (4)	43.8 (49)	31.3 (31)	38.1 (8)	0.0 (0)	38.0 (92)
External Affairs	(P)	0.0 (0)	56.5 (26)	74.1 (20)	55.0 (22)	33.3 (1)	58.0 (69)
	(H)	100.0 (3)	43.5 (20)	25.9 (7)	45.0 (18)	66.7 (2)	42.0 (50)
<u>Functional Specialiation</u>							
Professional	(P)	22.2 (2)	32.1 (25)	36.4 (24)	34.8 (8)	0.0 (0)	33.5 (59)
	(H)	77.8 (7)	67.9 (53)	63.6 (42)	65.2 (15)	0.0 (0)	66.5 (117)
Technical	(P)	30.6 (11)	43.5 (37)	59.4 (60)	100.0 (8)	0.0 (0)	50.4 (116)
	(H)	69.4 (25)	56.5 (48)	40.6 (41)	0.0 (0)	0.0 (0)	49.6 (114)
Administrative	(P)	45.4 (5)	57.4 (101)	70.9 (117)	67.2 (43)	72.2 (13)	64.3 (279)
	(H)	54.5 (6)	42.6 (75)	29.0 (48)	32.8 (21)	27.8 (5)	35.7 (155)
<u>Position Type</u>							
Previously Held	(P)	30.3 (10)	38.5 (69)	44.8 (56)	55.2 (16)	83.3 (5)	41.9 (156)
	(H)	69.7 (23)	61.5 (110)	55.2 (69)	44.8 (13)	16.7 (1)	58.1 (216)
Newly Created	(P)	36.4 (8)	59.2 (93)	70.9 (144)	67.2 (43)	60.0 (6)	64.5 (294)
	(H)	63.6 (14)	40.8 (64)	29.1 (59)	32.8 (21)	40.0 (4)	35.5 (162)

Figure 2

LISREL Parameter Estimates of the Proposed Model

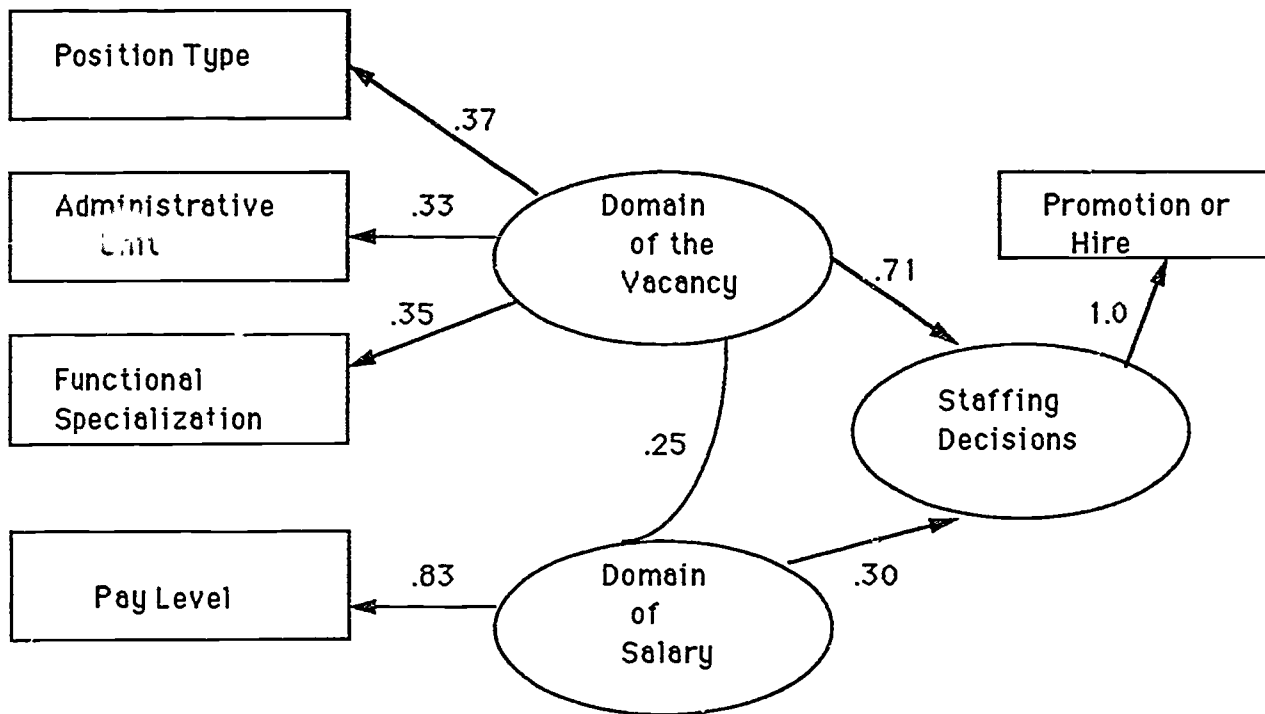


Table 2

Coefficient of Determination	.820
Goodness of Fit	.987
Adjusted Goodness of Fit	.985
Root Mean Square Residual	.049

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