

Looking for Greener Grass: How Prior Status Drives Exploitation-Exploration Decisions in Job Searches

Abstract. Research on the returns to specialist versus generalist careers has largely neglected what drives individuals' motivations to build different career profiles in the first place. While specialization is widely associated with benefits, generalist careers are seen as more at risk except in certain mitigated conditions. At the same time, given the uncertainty in labor markets, future returns to specialization cannot simply be assumed. We introduce in this paper a novel mechanism behind the formation of generalist careers, *opportunity-enhancing generalism*, whereby workers willingly give up the benefits to specialization to dissociate from a past expertise considered to yield relatively poor future prospects. On the premise that one's prior experience provides the basis for exploitation-vs.-exploration decisions, we argue that aspects of one's previous jobs, including status, will importantly affect decisions about whether to continue specializing. Specifically, negative feedback about prospects for advancement in their prior jobs will increase workers' motivation to search for jobs in new areas of expertise. Focusing on managerial workers' job search decisions, we predict that individuals who come from low-status firms, low-status work domains, or both will be more likely to search for jobs in a new area than job seekers coming from high-status firms and work domains. Using data on job searches in an MBA labor market, we find support for our prediction and suggestive evidence for the opportunity-enhancing mechanism we propose.

Keywords: generalist vs specialist careers; job search; status; exploration/exploitation; external labor markets; managerial workers; MBA

Introduction

Why are people willing to engage in job searches outside their main area of expertise? Across disciplines, research has documented the many benefits to specialization. Linking jobs within an area of expertise increases productivity and generates accrued returns to specific human capital (Goldsmith and Veum 2002; Dokko, Wilk, and Rothbard 2009, Parent 2000). It also results in focused labor market profiles,

instrumental for signaling the skills and commitment that employers are looking for (e.g., Neal 1998, Autor 2001, Zuckerman, Kim, Ukanwa, and Von Rittmann 2003, Ferguson and Hasan 2013, Leung 2014). This scholarship would suggest that it pays to specialize, as not doing so would imply foregoing important returns.

Yet, specializing is not always an obvious decision. In today's labor markets, including managerial ones, future returns to specialization cannot simply be assumed. Advances in technology, increased competition, and the shareholder rights movement have significantly decreased the relative importance of specialist skills versus generalist skills for top management positions (Murphy and Zaboynic 2004, 2007, Custodio et al. 2013, Frydman, 2019). In addition, this relative value varies with organizational context, including board composition, hierarchy structure, and strategic priorities (Chen and Hambrick 2012, Guadalupe et al. 2014, Chen et al. 2021)—factors that are very hard if not impossible to anticipate.

Recent work has advanced theory on when specialization may not yield an advantage on the labor market, focusing on quality of the screening process, extent of candidate competition, and presence of alternative signals such as endorsements, credentials, or career span (Zuckerman et al. 2003; Merluzzi and Phillips 2016). However, because these papers look at the returns to different experience profiles after workers' career trajectories have materialized, they do not consider how the uncertainty of returns to specialization factors into individuals' career decisions in the first place. Answering that question requires modelling individuals' decision-making processes.

In this paper, we explore what drives managerial workers' job-search decisions towards or away from specializing. We propose that these decisions can be understood as choices between exploitation and exploration (March 1991), where by exploitation we mean the search for jobs within one's previous area of expertise and by exploration the search for jobs away from it. The exploitation/exploration model is especially appropriate for understanding the job search decision-making of managerial job seekers because these workers face uncertain career advancement prospects whether they search within their area of specialization or elsewhere. Applying the exploitation/exploration model suggests that workers' motivation to search for jobs in new areas will increase with negative feedback about prospects for advancement in

their prior jobs. We propose therefore that a key driver of managerial job seekers' decision to diverge from specializing are past career trajectories with low future prospects— a mechanism we refer to as *opportunity-enhancing generalism*.

Among different facets of prior experience that could form the basis for such assessment, we focus in this paper on one that is especially relevant to managerial workers – the status of their past jobs. Affiliations with high status jobs may be seen as a favorable indicator to one's career prospects in that line of work in the future, as status-based resources are cumulative and fungible over time (Bourdieu 1984; Phillips 2001). In other words, affiliations with high status jobs give consistently positive feedback regarding the opportunities for advancement associated with searching for jobs in one's area of expertise and reduce individuals' motivation to explore elsewhere. In contrast, experience in lower status jobs sends more mixed feedback about the opportunities associated with staying in one's area of specialization, increasing the motivation to search elsewhere. Furthermore, we distinguish between two forms of job-related status that can function as indicators of future career prospects: status at the level of the employing firms (firm status) and status at the level of the type of work conducted (work domain status), and we argue that each can contribute to the exploration/exploitation job-search decision. Our main expectation is that individuals lacking high status on either of these dimensions will be more likely to explore away from their area of expertise, potentially letting go of returns to specialization, than job seekers with high status on both dimensions.

We test our hypothesis using a unique dataset of managerial workers searching for jobs: the labor market for MBA graduates from a top international business school. This setting has several advantages for testing our theory. First, since the MBA is a generalist type of degree, exploring new areas of expertise is a real possibility and participants often enroll intending to explore new careers. This makes the context particularly suited for studying the formation of generalist vs specialist career profiles. Second, in an MBA program, especially an elite one, prior job status is a salient source of feedback regarding one's career prospects. Finally, the context makes it possible to collect granular data on a large, controlled sample. In

our case, longitudinal survey, archival information, publicly available prestige rankings, and in-depth interviews allow us to discern among different possible explanations underlying our findings.

Our results indicate that individuals' past firm- and work domain status strongly affect their job-search behavior. Candidates from low-status employers, as well as those who have been working in low-status work domains for high-status employers, are much more likely to engage in exploratory search than those coming from high-status employers and work domains. Conversely, job seekers with high prior status on both dimensions are by far the most likely to search exploitatively. We offer suggestive evidence for the exploitation/exploration search model, and we rule out alternative explanations including pay, expected offers, and differential selection due to personal circumstances. Supplementary analyses reveal that the status of past jobs importantly shapes the final distribution of job matches, mostly through the influence it has on the behavior of job seekers.

Taken together, our findings have implications for research on careers, job search, and status. We contribute to the debate on specialized versus generalist careers by pointing to the status of previous jobs as a key antecedent in the formation of career profiles. We propose the notion of *opportunity-enhancing generalism* as a mechanism underlying individuals' departure from career specialization. Second, we demonstrate the utility of the exploration/exploitation framework for understanding career decision making, in particular with respect to the direction of job searches on the external labor market. Finally, we contribute to the broader literature on status and career outcomes by showing the behavioral consequences of multiple dimensions of job-related status.

Theory Development

Conceptualizing decision making as the quest to balance exploration of new domains and exploitation of known domains has a long tradition across disciplines, including economics, decision science, computational science, and management (Robbins 1952, Gittins 1979, March 1991). In management, most studies have applied the idea to organizational-level decision making (e.g., March 1991, Levinthal and March 1993, Gaba and Greve 2019), although recent research has expanded to individuals' strategic decisions (e.g., Rogan and Mors 2014; Lee and Meyer-Doyle 2017). Simultaneously,

exploration/exploitation models have been used by labor economists to understand people's decisions to quit jobs (Viscus 1979), migrate (McCall and McCall 1987), or engage in executive search (Cappelli and Hamori 2014). We build on the same logic to theorize job search direction decision making – specifically, to understand when job seekers decide to deviate from their previous work domain and search elsewhere.

The exploration/exploitation literature makes two important assumptions about individual decision makers. The first is that decision makers are boundedly rational (Simon 1947, 1955): in seeking to solve a problem people work with incomplete information, so that the value of the different possible solutions is not known in advance. The second, related assumption is that decision makers can learn about the value of possible solutions only by trying them (March 1988, 1996). This idea underlies the slot machine analogy or two-armed slot machine (or bandit), which has been commonly used to formalize the exploitation/exploration contrast into models of decision making. Specifically, the more one plays on one arm of the slot machine, the better the information about the benefits of that arm, but this information will not tell anything about returns from the other arm (March 1996, Denrell and March 2001). Only playing broadly starts providing information about the comparative payoffs.

These assumptions lead to a central feature of two-armed bandit models, that decisions regarding whether or not to search exploratorily are based on feedback from past experiences rather than on expectations about the future states of the world (Arrfelt, Wiseman, and Hult, 2013, Greve 2003, cited in Posen et al. 2018). Since future returns are uncertain in both directions, decision makers can rely only on features of previous performance to decide whether to continue to search in the current site or switch to a new one (e.g., Gigerenzer and Gaissmeier 2011, Billinger et al. 2021, Laureiro-Martinez et al. 2015). Specifically, individuals are expected to explore less when the performance feedback from playing is positive and consistent (e.g., Billinger et al. 2021), and to explore more when this is not the case.

To the extent that job seekers face uncertainty regarding future returns associated with both specializing in one's work domain and switching to a new one, their job search decision making can be conceptualized as playing a two-armed slot machine. With uncertain returns in the two-arms, job seekers can only rely on their experience to assess the potential benefits of engaging in each type of search. That

is, features of their past jobs will serve as a source of feedback for their decisions. If, based on these features, the career prospects of their past jobs are assessed to be positive and consistent, job seekers will be more likely to continue specializing and search for jobs in the same type of work. Otherwise, they will be motivated to stop specializing and look elsewhere.

This logic is a departure from that implied by previous studies of returns to specialist versus generalist profiles (e.g., Zuckerman et al. 2003; Merluzzi and Phillips 2016). These studies consider that the move to a generalist career risks incurring loss of specialization benefits in most cases except some (i.e., in specific labor market conditions or when alternative indicators of skills are available), when this risk is mitigated. The logic we outline here suggests that, in addition, generalist careers can also emerge when workers willingly give up the benefits to specialization in order to dissociate from a past specialization considered to yield relatively poor future prospects. We label this mechanism *opportunity-enhancing generalism*.

Necessarily, our conceptualization of the job search process as an exploration/exploitation decision will apply to some categories of job seekers more than to others. When future returns to specialization seem more certain, for lawyers or software developers for example (Parker 2010; Boh, Slaughter, and Espinosa 2007), job seekers are less likely to approach job search situations as exploration/exploitation decisions. Yet when future returns to specializing are uncertain, as is the case for managerial workers, the focus of our study, exploration/exploitation becomes a relevant job search decision-making model.

Influence of Past Status on the Job Search Decisions of Managerial Workers

Modeling job search as exploration/exploitation decisions hinges on specifying the aspects of past jobs that job seekers use as their basis for assessment. Pay, status, training, or opportunities for promotion have all been shown to influence employees' evaluation of the future prospects associated with their jobs (Cappelli and Hamori 2014) and their turnover intentions (e.g., Cotton and Tuttle 1986; Hom, Lee, Shaw and Hausknecht 2017). In this paper, we focus on job status.

Jobs differ in the amount of status they confer (Blau and Duncan 1967, Abbott 1981), and having jobs of greater status has been found to generally relate to psychological and socioeconomic benefits,

notably with respect to the accumulation of advantage (e.g., Merton 1968, Hogan and Hogan 1991). These benefits are due at least partly to the fungibility of status (Bourdieu 1984), the property whereby different forms of resources—economic, social, and cultural—that result from one’s association with status in the past is convertible into various career-relevant outcomes subsequently. Evidence suggests that affiliation with high status jobs positively influences the subsequent career opportunities of managerial workers (Ho 2009; Rivera 2011; Bidwell et al. 2015).

Building on this idea, we propose that managerial job seekers looking to assess the career prospects associated with holding prior higher status jobs will estimate fewer negative outcomes possible in the future, relative to job seekers holding lower status jobs. In exploration/exploitation terms, high-status incumbents, who expect to reap long term future benefits from their association with high status, will have lower incentives to explore different types of jobs. To elaborate, we build on previous studies that distinguished between two types of status deriving from job affiliations: the status of the employing firm, and the status of the type of work in which one has gained experience, which we refer to as the *work domain*.

The status of the employing firm is commonly associated with better career outcomes for workers. High-status employers provide conditions that enhance the worker’s task competence and career prospects, via aspects such as formal training, high quality peers and mentors, and potential for more valuable networks (Oyer 2006). In the professional services sector, high-status employers also give access to better clients (Jensen, Kim, and Kim 2011), further extending the career opportunities of individuals (e.g., Dinovitzer and Garth 2020). Finally, employer status conveys a valuable signal of employability that can help one secure better jobs in the future (Phillips 2001, Graffin et al. 2008). In a setting similar to ours, Bidwell et al. (2015) found that MBA graduates were willing to take relatively undercompensated jobs with high-status firms because they believed that the firm’s reputation would increase their future employability, prioritizing firm status above characteristics such as pay or work-life balance.

At the same time, the status of their work domains is also seen as consequential for workers’ career outcomes. Attainment studies have long pointed to the perpetuation of advantage associated with working in occupations of high societal prestige, including doctors, lawyers, and managers (Blau and Duncan 1967,

Haller and Portes 1973). Even at the “local” level, within the same occupation, status differences seem to have potent psychological and economic consequences (Frank 1985). For instance, lawyers’ and doctors’ subspecialties carry different levels of prestige and career consequences (e.g., Becker, Geer, Hughes, and Strauss 1961, Laumann and Heinz 1977, Abbott 1981). Previous studies have also considered the relevance of the relative status of different work domains for managerial workers. For example, Sharkey (2014) points out that employing firms have standing relative not only to their peers in the same industry, but also to firms in other industries; a managerial position in a biotech company would be considered to confer higher status than a similar position in a waste-management company. Importantly for our paper, recent work documents that managerial workers trade off work domain status against other valuable workplace characteristics, just as they do for employer status. In the market for externally hired executives, status ordering among different work domains appears to motivate trade-offs between salary and work domain status (Sabanci and Elvira 2020).

Given that both firm- and work domain- status seem to contribute to positive prospects for career advancement, we hypothesize that managerial job seekers will be more willing to engage in exploratory searches beyond their area of expertise when they are lacking in either dimension:

Hypothesis 1. *Managerial job seekers whose previous firms, work domains, or both are low in status will be more likely to engage in exploratory searches than job seekers whose previous firms and work domains are high in status.*

In addition to this general prediction, it might be interesting to explore whether and how these two status dimensions intertwine. The literature provides little guidance on this point. Most research on status and careers has assumed the existence of a single status hierarchy. The recent broader status scholarship has started to consider the possibility of multiple hierarchies (e.g., Wang and Jensen 2019, Han and Pollock 2021), but has mostly focused on how individuals attempt to resolve inconsistencies across different status hierarchies. For instance, individuals’ drive to improve status in a hierarchy in which they lag behind seems to depend on the prestige of a hierarchy in which they fare better (Han and Pollock 2021). Although this work offers grounds to think that belonging to two status hierarchies creates interactive behavioral effects,

it is hard to say a priori whether, in the managerial labor market, the status hierarchies of employer and work domain differ in their prestige, as well as which one ranks higher. We take an abductive approach to explore how the two status dimensions interact. In our results section we explore the joint effects of the two status hierarchies in the labor market for professional managers and interpret the findings with the most plausible explanation considering the specific characteristics of the context.

Methods

The MBA Labor Market

We test our hypothesis using data from the labor market for MBA graduates of an elite institution. First, an MBA context is particularly advantageous for studying the formation of generalist vs specialist career profiles because the generalist nature of the program enable the possibility of career change. In fact, since most individuals who pursue an MBA degree do so to explore new careers (e.g., GMAC 2017), finding evidence of systematic decisions to *not* engage in exploratory job search in this setting should provide a strong test for our theory. Second, a top MBA labor market provides a convenient sample to observe how prior status (dis)advantage influences career decisions because of the clear job-related status hierarchy governing this labor market (e.g., Rivera, 2011; Bidwell et al., 2015).

An important consideration in this setting is the extent to which there is cost associated with job search. Because some employers recruit on campus and MBA schools usually provide a centralized platform for applying to those employers, application costs may be lower here than in other settings. Also, because applicants will be more informed about their previous area of expertise (e.g., what specific language to use or how their previous jobs link to openings), the cost of searching in one's domain of specialization may be lower than the cost of exploratory searches. Nevertheless, at least in the setting we observed¹, the job search did not seem costless for any type of job pursued. Students felt time-constrained and were

¹ To validate our arguments, we draw on additional, qualitative data that one of us collected: in-depth interviews with MBA students and Career Management Services staff, observations of individualized CV writing sessions, and observations of on-campus career-related events.

selective with their job search choices.² Applications required considerable investment of time and effort: revising CVs and creating separate versions for each different type of job pursued, gathering feedback from industry-relevant contacts, and tailoring cover letters to each application. Even applying to jobs within one's prior domain was not effortless. As Interviewee #14 explained, "If you want to have a backup, you're only going to get the backup if you really focus on it. If you just go there without any preparation, then it's just a waste of time because you're not going to get the job." In sum, we do not expect differences in search costs to significantly drive differences in the type of search participants engage in.

Setting and Data

Our research site is a one-year MBA program at a large international business school. The one-year duration of the program is advantageous for our study because job seekers typically look for jobs within a compressed time period, facilitating data collection over the whole job-search process. The school also has a satellite campus located in another country; some students choose to start their enrollment in the satellite campus and then switch to the main campus, or vice-versa. The job-market process is shared across the two campuses.³ Because this program is shorter than other MBA programs, very few students engage in internships, leaving little room for pre-job screening of candidates by the employer. The curriculum is generalist, with no formal academic specialization options.

We examine the job-search process of three cohorts of MBA students who studied between September 2005 and July 2007, a total of 1255 students. To perform the quantitative analyses, we use data from four sources. The first is archival data on the students provided to us by the school's admissions office: demographic information (age, gender, marital status⁴), GMAT scores, admissions rating scores based on school alumni interviews, details on educational background, and granular information about the students'

² The school does not have a bidding system in place for students who vie for positions; all those interested apply, and it is up to employers to select applicants for interviews.

³ We found no significant differences in demographics, previous experience, or kind of job accepted across the two campuses, but we nonetheless control for cross-campus differences when we include all students in the analyses.

⁴ Information about marital status is available for 805 out of 836 students. Including this control did not change our main results. To preserve sample size, we decided not to include this variable in the main analyses.

pre-MBA work experience. Table A1 in the online appendix shows basic descriptive statistics of the target sample.

The second data source is the job-search process survey. This was designed by one of the authors and distributed by the school's career services office at the end of the MBA program to all three cohorts in our study. It asked every graduating student about their job search: details of their application process, offers received, and the job they accepted (if any). Of the total of 1255 participants enrolled across the three cohorts, we obtained usable responses on this survey from 836 individuals. An exploratory analysis of differences between respondents and nonrespondents suggests that the respondents were highly representative of the overall sample (Groves and Peytcheva 2008).⁵

The third data source is the job-search preferences survey, which one of us designed and distributed to the MBA participants at entry into the program. Although this dataset is smaller (the survey was distributed to the 859 individuals located on the primary campus, 524 of whom answered), the information we gathered is useful to examine our theorized mechanism.

Finally, our fourth data source consists of employer prestige rankings from two publicly available sources, *Fortune* and *Vault*. The magazine *Fortune* publishes annual rankings of the most admired largest companies for 50+ industry sectors. Each of these industries' rankings is compiled from ratings given by executives, directors, and analysts who rate enterprises in their own industry on various criteria. A company's score must rank in the top half of its industry survey to be listed.

The *Fortune* industry rankings are often used in research on employer prestige (e.g., Hamori 2006, Gössling and Vocht 2007). While the magazine offers both U.S. and global industry rankings, we opted to use the global industry rankings because of the international nature of our sample. We used all available global industry rankings for 2006 and 2007. The rankings included between 6 and 15 companies per sector,

⁵ A comparison between the 1255 students and the 836 who filled out full details of their job-search process reveals no significant differences in GMAT score, admission rating, or age. Respondents who provided full information on their search were statistically significant more likely to be male (80% versus 78%), less likely to be married (24% versus 26%), less likely to have previously worked in consulting (40% versus 42%) and more likely to have worked in industry (73% versus 72%).

depending on the sector (e.g., the category “temporary help” had 6 companies ranked, whereas “computers” had 15; the modal number of companies ranked in a sector was 10). The number of companies per sector ranking differs because the number of companies evaluated per sector varies.

Following previous research (Bidwell et al. 2015), we use the Vault rankings to complement the *Fortune* rankings for employers in consulting and investment banking. *Vault.com* is a website that provides specialized career-related information for recruiters and job seekers in the professional services sectors, and its services are popular among participants and career services personnel in MBA programs. In our setting, many job seekers come from or seek to enter professional services firms, in particular consulting and banking, so status hierarchies for these two sectors are salient to both applicants and employers in this market. In addition, *Fortune* does not rank companies in the consulting industry, and its ranking in the banking sector (category “megabanks”) covers only the largest companies (by revenue), not including prestigious firms from the investment banking subsector. For example, the top 3 firms ranked in *Fortune* in 2006-2007 were American Express, Bank of America, and Well Fargo, whereas the corresponding top 3 *Vault*-ranked firms for those years were Goldman Sachs, Morgan Stanley, and The Blackstone Group. *Vault*’s annual prestige rankings are compiled from surveys filled out by professionals in the industry about the prestige of the firms that they are familiar with (excluding the firm where they work) on a scale of 1 to 10. The scores are averaged and the firms are ranked accordingly, from 1 (the most prestigious) to 50 (least prestigious) in a given sector. For our analyses, we used the *Vault* prestige rankings for the banking and consulting sectors published in 2006 and 2007.

Variables

Exploratory Search. We measure whether the job seeker engages in exploratory search with a dichotomous variable that takes the value of 1 if the person applied for jobs beyond her main area of expertise, and 0 if the job seeker applied only for jobs within their main area of expertise.⁶

⁶ We reran our analyses with an alternative measure of exploratory applications—the number of different job domains in which job seekers made applications—and found equivalent results.

To construct this variable, for each job spell before the MBA we classified the participants' work experience according to three main areas of expertise relevant in this setting: consulting, investment banking, and industry. Consulting refers to positions in management consulting firms. Investment banking comprises the positions normally housed in a large financial professional services institution, such as financial advisory, investment management, etc. Industry comprises jobs across functions—business development, marketing, general management, etc.—that are found inside any large corporation and across different industrial sectors. This three-way division reflects the way that MBA participants in our setting and in general in top business schools (see, e.g., Rivera 2011) commonly talk about careers, as well as the way that schools themselves report job choices.

The job seeker's main area of expertise was assigned according to the longest time spent in any of the three main job categories. We were able to assess this for 820 out of 836 individuals.⁷ For the remaining 16 respondents, two areas of expertise had equal numbers of years, and we decided to assign as their main area of expertise the last one they worked in before the MBA. This information was missing for one person whom we dropped from the sample. This resulted in 835 individuals for whom we could assess the main area of expertise.⁸

We used the same three categories to classify the jobs that people reported they were pursuing during their MBA job search. The job-search process survey asked respondents to describe up to three different types of jobs they had been pursuing, in an open-ended format (for example, "consultant, management consulting" or "marketing manager, cosmetics.") These responses were not at the level of the individual firm, but at the level of the type of job they were applying for (a combination of industry and functional role). We limited descriptions to three job types because interviews with MBAs, career services staff, and career counselors had indicated that three was a reasonable maximum number of job types to

⁷ Of the 836 students, 56 had predominant experience in law, public administration, or medicine; this previous experience was coded as "other." For robustness checks, we ran our application analyses with and without the 56 individuals with "other" background, and the results were almost identical. In order to maximize our sample, we therefore decided to treat the "other" individuals as similar to respondents with main backgrounds in industry.

⁸ For robustness, we also checked the results obtained when we removed these 16 respondents from the sample, and we found equivalent results.

which a job seeker could devote significant simultaneous attention, given the cost and time required to prepare an effective application. Two researchers coded the students' descriptions into one of the main three job categories (consulting, investment banking, and industry). The interrater reliability for coding was $\kappa = .86$, and differences were resolved by agreement.

Independent Variables. Our main independent variables pertain to firm and work-domain status. We considered individuals to have worked for a high-status firm if they had worked in their main area of expertise at least one year for a top publicly ranked employer.⁹ As we explain above, if the job was in the industry domain, we used the *Fortune* rankings, and if the job was in consulting or investment banking, we used the *Vault* rankings. We considered that an employer had high status if it had been ranked within the top ten within its domain. Limiting high status to the top 10 enabled us to address the issue of different ranking-group sizes across sectors in *Fortune* as well as between *Fortune* and *Vault*. This restrictive definition is also consistent with the idea that status is a positional good: its value derives to a large extent from its scarcity. Our restrictive status measure reflects well how respondents spoke about employer prestige in this setting, as well as in other MBA settings (Rivera 2011), and matches how it has been conceptualized in the literature (e.g., Phillips and Zuckerman 2001, Bidwell et al. 2015, Rider and Negro 2015). Nevertheless, as a robustness test we explore the sensitivity of our results to alternative measures of firm status. In total, 325 people (38.92% of our sample) had worked for a top-10 employer in their main area of expertise: 184 people in industry, 54 in investment banking, and 87 in consulting.

The MBA labor market accords higher prestige to some work domains than others. Especially at elite business schools, management consulting and investment banking are typically accorded the highest status (Ho 2009, Rivera 2011). This results in a funneling effect on job search decisions (Higgins 2001), with half or more of the graduates from selective universities heading into investment banking and

⁹ There were 43 individuals who had worked for a ranked employer but outside of their main area of expertise. Because our theory is related to the role that previous employer status *in a given job domain* has in broadening job searches beyond that domain, we decided to consider these candidates as lacking employer status affiliations. In separate analyses, we found that having worked for a ranked employer outside of one's main area of expertise had an independent, significant, and positive effect on applying broadly, but that its inclusion did not alter the effects of our main variables of interest.

consulting jobs (Merluzzi and Phillips 2015, Binder, Davis, and Bloom 2016). Our four main independent variables assign our respondents to groups that account for employer and work-domain status, as follows:

Low-status employer, low-status work domain. This variable took the value of 1 if the individual had not worked for a top-10 employer in their main area of expertise and also had not worked in a high-status work domain (i.e., consulting or investment banking), and 0 otherwise.

High-status employer, low-status work domain. This variable took the value of 1 if the individual had worked for a top-10 employer in the industry work domain, and the individual's main area of expertise was in industry, and 0 otherwise.

Low-status employer, high-status work domain. This variable took the value of 1 if the individual had not worked for a top-10 employer in consulting and consulting was that individual's main area of expertise, or if the individual had not worked for a top-10 employer in investment banking and investment banking was that individual's main area of expertise, and 0 otherwise.

High-status employer, high-status work domain. This variable took the value of 1 if the individual had worked for a top-10 employer in consulting and consulting was the individual's main area of expertise, or if the individual had worked for a top-10 employer in investment banking and investment banking was the individual's main area of expertise, and 0 otherwise.

These four groups are mutually exclusive and comprehensive, meaning that every individual in our sample fits into one and only one group. Our results remained unchanged when we used alternative cut-off points¹⁰ or a continuous measure of employer status¹¹.

¹⁰ With top-15 and top-20 cutoff points we continue to find evidence that status matters, although the effect is smaller and statistically weaker ($p < .1$) than with top-10 cutoff. With a top-50 cutoff, we no longer find evidence of the status effect. For status to have meaning as a differentiator, it seems reasonable to restrict the range of high status to top 10.

¹¹ Using a continuous variable for employer status, we continue to find equivalent results. To estimate this model, we include a dichotomous variable that indicates whether the employer was a high-ranked employer in each of the work domains and interact it with the specific value of the ranking in each work domain. As the employer's rank decreases, the probability that the job seeker will explore increases.

Control Variables. Our analyses include several control variables. First, we control for demographic characteristics (*age* and *gender*), education (*quantitative background*),¹² and proxies for individual quality (*GMAT* and *school admission scores*). In addition, we constructed the following control variables:

Has changed areas of expertise before (=1 if the person had changed areas of expertise at least once before the MBA, 0 otherwise) to account for individual propensity to change areas of expertise.

Employer sponsored (=1 if the job seeker was sponsored by their pre-MBA employer, 0 otherwise): individuals who were sponsored by their employers may have been less likely to engage in exploratory search.

Had internship (1/0) and *had internship offer* (1/0) since having an internship or an internship offer might limit one's interest in seeking further opportunities.

Off-campus search (=1 if the job accepted was not found through campus-related means, 0 otherwise)¹³: some search means may lead to more exploratory searches than others.

Unsolicited invitations (=1 if the job seeker received any unsolicited invitation to apply to an area other than their previous area of expertise, 0 otherwise): those who received unsolicited invitations may be more inclined to apply elsewhere in response.

Average pay in areas applied for: expected pay level could be a compelling reason to apply in a specific type of job. We calculate the average of the compensation reported by respondents for jobs accepted after graduation in each of the main three job categories (consulting, investment banking, and industry). We use this measure to construct the average compensation of the job types applied for by each person.

Cohort fixed effects: as our sample covered three different cohorts we control for possible differences in labor market conditions across the years of graduation.

¹² Individuals were classified as having a quantitative background if they had a bachelor's or master's degree in mathematics, sciences, or engineering.

¹³ Although we have this information only for the final job accepted, it can still capture some variation in the search means used by job seekers.

Main campus (=1 if the job seeker was primarily based on the main campus, 0 if on the satellite campus) to account for potential systematic differences among job seekers by campus.

Results

Descriptive Analyses

Table 1 shows basic summary statistics and the correlation matrix for the main variables used in the analyses.

----- Insert Table 1 about here -----

The average participant in this MBA program was 30 years old. 44% of participants had already changed areas of expertise in the past, and 78% engaged in exploratory applications during their MBA job search, while 22% did not. Consistent with the expectations for an MBA labor market, exploratory search does indeed appear to be the modal job seeking behavior in this setting.

Table 2 shows the percentages of job seekers in each status category who engaged in exploratory search (vs. applying only within their area of expertise) and the differences in means for each status category relative to the high-employer-status, high-work-domain-status group.

--- Insert Table 2 about here ---

In agreement with our hypothesis, we find significant differences in means between those coming from high-status employers in high-status work domains and those coming from low-status employers, regardless of the status of their work domain. We find the highest proportion of explorers among those coming from low-status employers and high-status work domains (87%), followed by those coming from low-status employers and low-status work domains (79%) and high-status employers and low-status domains (73%). The Chi2 statistics reported show significant differences across the three status groups.

Hypothesis Testing

We test our hypothesis using logit models with the dependent variable *exploratory search*. We show the results of our analyses in Table 3.

---- Insert Table 3 about here ----

Model 1 in Table 3 shows the effects of the control variables on exploratory applications. The average compensation in the jobs applied for, having previously changed areas of expertise, and receiving unsolicited invitations to apply in other areas all show significant positive coefficients. The job seeker's age and being sponsored by the previous employer for the MBA program have a significant negative effect. None of the other variables significantly affects application behavior in this baseline model.

We have hypothesized that managerial job seekers whose previous firms, work domains, or both are low in status will be more likely to engage in exploratory searches than job seekers whose previous firms and work domains are high in status. Model 2 of Table 3 shows the estimates of the model that includes the control variables as well as the variable *High-status employer, high-status work domain*. We find that job seekers in this group are less likely to submit exploratory applications than those in any of the other three groups ($b=-1.041$, $p<0.01$), providing support for our hypothesis.

Interacting effects of the two status hierarchies

Model 3 of Table 3 includes each of the “status-deprived” categories, leaving aside the category *High-status employer, high-status work domain*. This model allows us to compare the job-search behavior of applicants depending on the status dimension they lack, and therefore to explore arguments regarding how the two dimensions of job status determine prospects for career advancement. All three variables reflecting status deprivation—*Low-status employer, low-status work domain*; *Low-status employer, high-status work domain*; and *High-status employer, low-status work domain*—show positive and significant coefficients ($b=.716$, $p<0.05$; $b=1.912$, $p<0.001$; $b=.569$, $p<.1$, respectively). These results indicate that the two status dimensions have separate effects on exploratory applications: lacking either one of them leads to more exploratory search than is conducted by applicants who enjoy both.

In addition, the coefficients of the “partial deprivation” variables, *Low-status employer, high-status work domain* and *High-status employer, low-status work domain*, differ significantly ($\chi^2=16.14$, $p<0.001$). This result suggests differences in the two status hierarchies, with employer status triggering more exploratory search than work-domain status. This result, however, needs to be qualified, because we also find that the effect of lack of previous-employer status on exploratory search depends on whether

individuals come from high- or low-status work domains. Perhaps surprisingly, those who are deprived of both types of status (*Low-status employer, low-status work domain*) do not behave significantly differently from those who lack work-domain status only (*High-status employer, low-status work domain*) ($\chi^2=0.25$, $p<0.615$), and they engage significantly less in exploratory search than those who lack employer status only (*Low-status employer, high-status work domain*) ($\chi^2=16.09$, $p<0.001$).

In sum, lacking employer status triggers job search differently depending on whether the seeker comes from a high- or low-status work domain. The reason might be that low work-domain status mitigates the effect of low employer status, and/or that high work-domain status intensifies it. The former could happen if those who are low in both dimensions stop trying. The latter could happen if, for some reason, the prospects for career advancement for those lacking previous-employer status are seen as worse in high-status work domains.

To get a sense of the practical significance of these differences in behavior, we also calculate the margins for our main predictor variables. After accounting for all our controls, we find that the probability of engaging in exploratory applications is 88% for job seekers coming from low previous employer status and high work-domain status, 76% for job seekers from low previous employer and low previous work-domain status, 75% for job seekers from high employer status and low work-domain status, and 67% for job seekers from high employer status and high work-domain status.

Evaluating different explanations

We posited that opportunity enhancing is the mechanism through by which low status employment affiliations lead to exploratory search. In this section, we provide evidence that suggests that other explanations are less likely to be at place, as well as suggestive evidence of our theorized mechanism.

Results of our analyses to rule out potential alternative explanations are shown in Table 4.

---- Insert Table 4 about here-----

First, we address the possibility that people's drive to search exploratorily is based on worse current pay, which is likely to be associated with low status. In our main analyses, we do not control for pay in the pre-MBA job, because we have information on this variable only for 266 of the 835 students. When we

include pre-MBA pay as a control, we reach the same conclusions regarding our main independent status variables, and pre-MBA pay shows a nonsignificant coefficient (see Models 1 and 2 of Table 4).

Next, we rule out the explanation that our results reflect differences in expectations of getting offers. Individuals coming from lower-status jobs may feel that they are more likely to get offers elsewhere than in their previous area of expertise, for instance because different audiences care about different status rankings (e.g., D’Aveni 1996). In that case they may perceive that their lack of employer status should be less penalized elsewhere, and therefore explore more. Models 3 and 4 of Table 4 show the results when we control for the job seeker’s expectation of getting offers in any focal area.¹⁴ While that expectation shows a negative and significant coefficient, controlling for that variable does not change the conclusions from our results.

In addition, we consider the implications of possible differential selection into jobs with different status before entry into the MBA program. The status of one’s past jobs may be not random but determined by factors that could also affect the individual’s type of job search after graduation. For example, family responsibilities, either current or anticipated, may constrain job searches (Mincer 1978, Benson 2015) and such constraints may affect both the decision to accept a lower-status job before the MBA and the decision to engage in exploratory search after the MBA. To test for this possibility, we run analyses controlling for two- and three-way interactions among gender, marital status, and age above 30 years (a proxy for having children). We show these results in Models 5–6 of Table 4. We find no significant effect of any of these interaction variables on the respondents’ application strategy, nor do they change the coefficients of our status variables. It appears that at least in this setting, constraints related to family status do not influence job seekers’ propensity to apply in an exploratory manner.

To provide suggestive evidence of our mechanism, we start by exploring job seekers’ satisfaction

¹⁴ In the job preferences survey, we listed 15 different job types, including consulting (one job type), investment banking (four job types, e.g., financial advisory, investment management), and industry (ten job types, e.g., general management, business development, marketing, operations). For each job type, students were asked to rate their agreement with the statement, “Suppose you apply for a job in the following job function for a post-MBA job. How likely is it that you get an offer?” Possible responses ranged from 1 (“not likely at all”) to 5 (“very likely”).

with their previous jobs. While we do not have information directly on job seekers' satisfaction with their prospects for advancement in their previous jobs, it is reasonable to expect that those lacking status should be dissatisfied specifically with their future prospects as well as with the job in general, and that the potential for change might have been one motivation for their enrollment in the MBA program. We calculated the mean values across respondents in the different groups for responses to two questions, both measured at the beginning of their MBA studies: "How satisfied were you with your [previous] job?" (1 = very dissatisfied to 5 = very satisfied; N=360) and "Do you intend to make a career change upon finishing the MBA?" (1=Yes, 0=No; N=355). Figures 1 and 2 compare the mean values across the four status groups.

---- Insert Figures 1 and 2 about here----

Job seekers from *High-status employers, high-status work domains* expressed the highest levels of satisfaction with their previous job, significantly higher than the levels for all three other groups. They were also significantly less likely to express an intention to change careers.

In addition, we explore respondents' career outlook after graduation. In the graduation survey participants were asked to evaluate whether the job they had accepted was a "stepping-stone" to another job in the future or "the right path" for them (a forced choice question). Of the 642 participants who answered this question, 52% saw their next job as a stepping-stone and 48% as the right path. Figure 3 shows the differences in the mean values of this variable by status group and by whether the job did or did not involve a change from their previous area of expertise.

---- Insert Figure 3 about here ----

In line with our hypothesized mechanism, we find that job seekers from the three lower status groups were more likely to see the new job as a stepping-stone if they changed areas of expertise than if they stayed in their previous area (although the difference is not significant for *High-status employer, low-status work domain*). The pattern is reversed for job seekers from *High-status employer, high-status work domain*. This yields suggestive evidence that people coming from low-status positions search somewhere else in the hope of better long-term prospects.

Evidence from interviews. Our in-depth interviews show how job seekers lacking in status saw

their previous employment as limiting their career ambitions, and how this aspect influenced their job search decision making. For instance, for individuals coming from high-status employers in low-status work domains the need for upskilling was a common theme. A former employee of a high-tech firm explained:

I looked at my boss, and my boss's boss, and I didn't see myself in them. [...] I want to sit with state governments, with the boards and be on those teams. The places I'm putting myself in are I hope the ones that will give me the exposure to these solutions.[...] I'm impressed with how they're shaping organizations, and I know that they're getting their skills from their consulting background. That's the kind of work I think I want to do and that's the kind of work I think I can bring value to. I can't do it [yet] at the level I want to do it at. (Interviewee #6, high-status employer, low-status work domain)

Similarly, a candidate from a top employer in aerospace looking at investment banking positions reported,

I want to be a CEO in 15 years. Before I left for B school, I spoke to my mentor. He said, "Both investment banking and consulting are good for building skills. Don't go be a manager for Ford." (Interviewee #2, high-status employer, low-status work domain)

In contrast, job seekers from lower-status employers also emphasized the importance of the right network contacts and of visibility to people who could advance their careers, and their impression that these could not be easily achieved in their former positions. A previous tech entrepreneur who was pursuing jobs in management consulting offered the following insights:

In Indonesia, business is who you know. To have success, network has to be good. [B school] people become powerful and hold key positions, in 5–6 years after graduation. I like entrepreneurship, and I want to return to doing it, but my future is not with my old company. It is too local. I want to start a new business. So I am going to do consulting, to learn which industries are good, and get the networks beyond [B-school]. Consulting is the best because they have people from all the other top [business] schools higher up. So your network is great. (Interviewee # 16, low-status employer, low-status work domain)

Via reduced potential for skill acquisition and network development, low status prior jobs were seen as offering limited prospects for future careers. They pushed job seekers to look elsewhere.

Discussion

Taking as given certainty of future returns to specialization, conventional knowledge suggests that individuals are generally better off building careers that link jobs in the same area of expertise, or else risk losing returns to specialized skills. In this paper, we show that in some circumstances job seekers may also actively choose to search for jobs away from their area of expertise, potentially letting go of returns to specialization. Starting from the premise that future returns to specialization cannot simply be assumed and

using an exploration/exploitation logic, we argue that this is specifically the case when job seekers associate staying in their area of expertise with relatively low career advancements prospects going forward. We focus on the status of prior jobs as an important indicator by which people assess the career prospects associated with staying, and we test our theory on the job searches of participants in a top MBA program. We find that giving up specialization is significantly more common among job seekers from lower status prior jobs, with suggestive evidence that this move is driven by their lower appraisal of the long-term career prospects in their prior area of expertise.

Our study contributes to several streams of research. First, it extends the scholarly discussion on specialist versus generalist careers towards explaining individuals' decisions to specialize or span different areas of expertise in the first place. Our paper points to people's past work experience, and status of one's past jobs in particular, as one driver of such decisions. Furthermore, prior work suggests that generalist profiles seem to be beneficial and therefore may emerge when alternative skill indicators are available or in specific labor market conditions when the risks of losing returns to specialization are mitigated. Our study adds that generalist careers can also emerge in order to allow for dissociation from a past specialization considered to yield relatively poor future prospects – a mechanism we refer to as *opportunity-enhancing generalism*.

Our findings also suggest a new possible account behind the returns to specialization. We show that past job status is crucial in shaping the direction of job seekers' efforts towards or away from specialization. Specifically, we find that those who are in high-status employers and high-status work domains are the least likely to engage in exploration, because they estimate better future career prospects  by staying. This suggests that part of the returns to specialization may be attributable to a process of cumulative advantage. If arriving at an advantageous career position early in one's career substantially increases the opportunity costs of exploring, then observing returns to specialization may also be due to the accrual of advantages due to this early career status, in addition to the accumulation of skill and the preservation of a clear labor market identity already documented in the literature.

Second, our paper extends knowledge regarding job search and the construction of careers in external labor markets. Studies have considered how individuals link jobs in the external labor market and have focused on skill accumulation (O'Mahoney and Bechky 2006, Bidwell and Briscoe 2010) or signaling commitment (e.g., Leung 2014) as main mechanisms. We find that factors related to one's prior work experience, such as past job status in our study, can also underlie such linkages, by influencing the locus of one's job search. More generally, our study reinforces the usefulness of the exploration/exploitation model beyond traditional labor economics applications (i.e., migrate, quit a job) to understand individual decisions particularly relevant to the construction of contemporary careers (e.g., Cappelli and Hamori 2004).

Third, we contribute novel findings to the status and careers literature by considering the implications of the coexistence of multiple status hierarchies for individuals' careers. We show that positions in two different status hierarchies, at the work-domain level and the firm level, have separate effects on job-search behaviors. In our setting, job seekers from low-status employers in high-status work domains were most likely to search exploratorily, more so than job seekers from low-status employers and low-status work domains, a result which continued to hold even after accounting for expected offers. A plausible explanation may be that high work domain status intensifies the effect of low employer status. If career-relevant resources (e.g., training, networks, colleagues) are more unequally distributed across employers in the high-status domains, then employer status will matter more to individuals in high-status than in low-status domains. Although we cannot provide direct evidence for this mechanism in the current study, our results imply that, at least in the MBA labor market, the value of the employer hierarchy is nested in the value of the work-domain hierarchy.

The theoretical choices we made and the limitations inherent in our empirical setting point to potential directions for future research. First, we defined exploitation in our paper as searching within one's area of expertise, which is consistent with prior conceptualizations of career specialization in the literature (e.g., Ferguson and Hasan 2013, Merluzzi and Phillips 2016, Leung 2014). In our setting, there are three relevant work domains: consulting, investment, and industry, and we characterize exploitation/exploration using these three domains. Yet, exploitation/exploration decisions may be characterized using alternative

work domains boundaries that may be more relevant in other settings. In the market for top executives, for instance, occupational, organizational or industry may each be considered relevant bases of specialization (e.g., Custodio, Ferreira and Matos 2013). Second, we focused on status as an aspect of prior job indicative of future career prospects. While status is relevant for managerial workers, different dimensions of prior jobs may be relatively more important for other workers. For example, African-American or female job seekers are likely to pay attention to potential discrimination when choosing where to apply (e.g., Pager and Pedulla 2015; Fernandez-Mateo and Fernandez 2016). How other relevant job-level indicators of opportunities for advancement steer the direction of job search is a question that warrants further investigation.

Specificities of our empirical setting also may impact the generalizability of our findings. One aspect is the ease of moving from specialization to generalism. In our setting, most job seekers engaged in exploratory search. And while exploratory applications do not necessarily imply exploratory offers received or jobs accepted, we were able to assess the likelihood of these outcomes in our setting. In supplementary analyses, we found that employers did not penalize applicants from other areas of expertise; on the contrary, in some cases (i.e., applicants from high-status firms in low-status work domains) they even seem to reward them with better offers (see Models 1 and 2, Appendix Table 3). We also found that, conditional on receiving an offer, applicants who applied more exploratorily were also more likely to accept jobs away from their prior areas of expertise (Appendix Table 3, Model 4). These outcomes may well vary with the setting. The MBA labor market in general is propitious for career changes. In addition, the educational status itself can buffer against possible career setbacks (Rider and Negro 2015). Elite MBA programs may provide signals to recruiters that diminish the risk of embarking on generalist careers (Zuckerman et al. 2003, Merluzzi and Phillips 2016). It is plausible that other kinds of managerial workers, such as those without MBA degrees or with MBA degrees from less prestigious institutions, may be more reluctant to search in a new field.

A second aspect is the mapping of work domains to a status hierarchy. Our three-category scheme—consulting, banking, and industry—assigns equal status to all jobs outside consulting or

investment banking. While this classification is well justified in the MBA elite context as the way participants here think about jobs, the more general managerial labor market may distinguish status more finely, for instance within the industry category. As Sharkey (2014) and Sabanci and Elvira (2020) have found, industry sectors—technology, energy, aerospace, defense, etc.—seem to vary in status accorded by external audiences. However, their status may also be liable to shifts in response to extraneous circumstances (e.g., economic, geopolitical) and technological advances. If so, finer-grained classifications of industry sector status may less clearly predict exploratory search than the coarser classification used in this study. Still, future work may want to explore these fine-grained industry status differences further.

One important question that remains open in our study is how far, by affecting job applicants' short-term decisions towards or away from specialization, the status of previous jobs affects long-term career outcomes. In our sample, those with top-tier status at both employer and work-domain levels ended up making the fewest career changes of all (see Appendix Tables 2 and 3). The long-term effects of previous status on career outcomes likely depend then on the cumulative rewards to specialization vs. generalism relative to a specific area of expertise: when in the long run generalism provides the better returns, status can end up constraining careers (Gould 2002, Han and Pollock 2021). As Ho (2009, p. 58) notes, “for the elite, expanding or diverging from the narrow path of status maintenance is understood and experienced as slippage or corrosion.” Yet the exploitative career-making approach of high-status incumbents is not without its own risks. Future research may want to consider the long-term career implications of the potential trade-offs between status and specialization for managerial workers.

In conclusion, the exploration/exploitation distinction provides a useful framework to understand how individuals' careers evolve in the current labor market characterized by high external mobility and uncertain returns to specialization. By affecting individuals' assessment regarding their prospects for advancement, the status of their past jobs can have important imprinting effects influencing the direction their careers take, sometimes contravening the doctrine of returns to specialization. We hope our study will attract more attention to these effects in settings other than the MBA labor market studied here.

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Table 1. Summary Statistics and Pairwise Correlations for the Main Variables

		Mean	S.D.	Min	Max	1	2	3	4	5	6	7	8
1	Exploratory search	0.78	0.42	0	1	1							
2	Male	0.8	0.4	0	1	0.04	1						
3	Age	30.2	2.49	23	39	-0.07	0.19	1					
4	Quantitative degree	0.57	0.5	0	1	0.05	0.15	0.14	1				
5	Admissions rating	4.64	0.44	2.6	5	0.02	0.05	-0.01	0.04	1			
6	GMAT	702.67	36.04	590	800	0.03	0.14	-0.05	0.12	0.04	1		
7	Location (Main campus = 1)	0.67	0.47	0	1	0.02	0	0.04	-0.01	0.05	0.01	1	
8	Cohort (1-3)	1.97	0.83	1	3	-0.01	-0.05	-0.19	-0.08	-0.03	0.04	-0.02	1
9	Employer sponsored	0.05	0.21	0	1	-0.11	0.07	-0.02	0.02	0.02	0.09	-0.07	-0.02
10	Had internship	0.12	0.33	0	1	0.05	0.05	0	-0.01	0.04	0	0.18	0.01
11	Had offer from internship	0.04	0.2	0	1	0.02	0.06	-0.07	-0.01	0.05	0.04	0.11	0.01
12	Off-campus search	0.2	0.4	0	1	-0.05	0.02	0	-0.05	-0.04	0	0.01	0.03
13	Average pay in areas applied for	88986.1	6727.24	79634.69	97864.01	0.28	0.15	-0.14	0.03	0.02	0.04	0.04	0.03
14	Has changed area of expertise before	0.44	0.5	0	1	0.1	0.01	-0.01	-0.12	0	0	-0.02	0
15	Unsolicited invitations to apply to jobs in other area	0.51	0.5	0	1	0.45	0.06	0.03	0.04	0.03	0.03	0.05	-0.04
16	Low status employer, low status work domain	0.37	0.48	0	1	0.02	0.03	0.01	0.03	0.1	0.01	-0.05	0.01
17	Low status employer, high status work domain	0.24	0.43	0	1	0.12	-0.01	-0.01	-0.1	-0.06	-0.1	0.01	0.03
18	High status employer, low status work domain	0.22	0.41	0	1	-0.06	0.04	0.17	0.13	0.02	0.06	0.06	-0.07
19	High status employer, high status work domain	0.17	0.37	0	1	-0.1	-0.07	-0.19	-0.07	-0.08	0.03	-0.02	0.03
		9	10	11	12	13	14	15	16	17	18	19	
9	Employer sponsored	1											
10	Had internship	-0.01	1										
11	Had offer from internship	-0.02	0.57	1									
12	Off-campus search	-0.11	-0.04	-0.05	1								
13	Average pay in areas applied for	0.01	0.08	0.1	0.04	1							
14	Has changed area of expertise before	-0.01	0.03	0.05	0.04	-0.01	1						
15	Unsolicited invitations to apply to other domains	-0.03	-0.05	-0.03	-0.08	0.13	0.04	1					
16	Low status employer, low status work domain	-0.04	0.01	-0.02	0.02	0.14	0.09	0.05	1				
17	Low status employer, high status work domain	-0.09	0.02	0.07	-0.03	-0.22	0.13	-0.06	-0.43	1			
18	High status employer, low status work domain	-0.05	-0.03	-0.06	-0.04	0.02	-0.2	0.03	-0.41	-0.3	1		
19	High status employer, high status work domain	0.21	0	0	0.05	0.05	-0.05	-0.03	-0.34	-0.25	-0.24	1	

Table 2. Exploratory Search by Prior Status

Prior Status	Number of job seekers	Exploratory search (applications in different areas of expertise)	
High status employer, high status work domain	141	96	68%
High status employer, low status work domain	184	134	73%
Low status employer, high status work domain	202	175	87%
Low status employer, low status work domain	308	243	79%
chi2(3) = 19.5403, Pr = 0.000			
Means and test of difference in means vs. High/high			
High status employer, high status work domain		0.681	
High status employer, low status work domain		0.728	<i>ns</i>
Low status employer, high status work domain		0.866	***
Low status employer, low status work domain		0.789	***

Note: The bottom half of the table shows the means of the variables by each status group, and the level of significance of the mean differences relative to the mean for the *High-status employer, high-status work domain* group (High/high). *** p<0.01

Table 3. Effect of Previous Employer Status on Engaging in Exploratory Job Searches

VARIABLES	(1) Exploratory search	(2) Exploratory search	(3) Exploratory search
Male	-0.005 [0.252]	-0.061 [0.255]	-0.129 [0.262]
Age	-0.091** [0.043]	-0.125*** [0.045]	-0.106** [0.046]
Quantitative degree	0.277 [0.209]	0.246 [0.212]	0.338 [0.220]
Admissions rating	-0.015 [0.229]	-0.126 [0.234]	-0.041 [0.244]
GMAT	0.002 [0.003]	0.002 [0.003]	0.003 [0.003]
Location (Main campus = 1)	-0.215 [0.216]	-0.233 [0.219]	-0.232 [0.226]
Cohort (1-3)	-0.049 [0.124]	-0.055 [0.125]	-0.067 [0.128]
Employer sponsored	-1.524*** [0.450]	-1.093** [0.460]	-1.099** [0.460]
Had internship	0.766* [0.403]	0.778* [0.410]	0.845** [0.414]
Had offer from internship	-1.001 [0.613]	-1.048* [0.625]	-1.247** [0.633]
Off-campus search	-0.305 [0.242]	-0.241 [0.246]	-0.239 [0.251]
Average pay in areas applied for	0.000*** [0.000]	0.000*** [0.000]	0.000*** [0.000]
Has changed area of expertise before	0.639*** [0.208]	0.603*** [0.210]	0.529** [0.219]
Unsolicited invitations to apply to other areas	2.868*** [0.280]	3.013*** [0.292]	3.040*** [0.294]
Low status employer, low status work domain			0.717** [0.300]
Low status employer, high status work domain			1.913*** [0.345]
High status employer, low status work domain			0.569* [0.341]
High status employer, high status work domain		-1.041*** [0.272]	
Constant	-6.305** [2.980]	-5.256* [3.001]	-8.551*** [3.117]
Observations	835	835	835

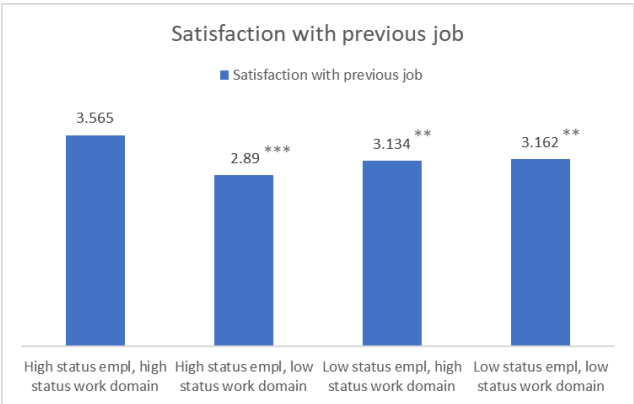
Standard errors in brackets
 *** p<0.01, ** p<0.05, * p<0.1

Table 4. Robustness Tests: Ruling Out Competing Explanations

VARIABLES	PRE-MBA PAY		OFFER EXPECTATIONS		SELF-SELECTION	
	(1) Exploratory search	(2) Exploratory search	(3) Exploratory search	(4) Exploratory search	(5) Exploratory search	(6) Exploratory search
Male	-0.218 [0.432]	-0.309 [0.446]	0.334 [0.468]	0.301 [0.485]	0.031 [0.292]	-0.034 [0.301]
Age	-0.008 [0.086]	0.013 [0.088]	-0.180** [0.077]	-0.150* [0.080]	-0.147** [0.072]	-0.117 [0.073]
Quantitative degree	0.626* [0.370]	0.891** [0.398]	0.380 [0.366]	0.427 [0.382]	0.286 [0.216]	0.372* [0.223]
Admissions rating	-0.500 [0.412]	-0.386 [0.424]	-0.545 [0.426]	-0.522 [0.438]	-0.123 [0.239]	-0.033 [0.249]
GMAT	-0.004 [0.005]	-0.004 [0.005]	0.008 [0.005]	0.008 [0.005]	0.001 [0.003]	0.002 [0.003]
Location (Main campus = 1)	-0.125 [0.370]	-0.095 [0.381]			-0.263 [0.224]	-0.263 [0.231]
Cohort (1-3)			-0.075 [0.208]	-0.097 [0.214]	-0.051 [0.128]	-0.069 [0.131]
Employer sponsored	0.640 [0.767]	0.633 [0.782]	-0.372 [0.705]	-0.380 [0.697]	-1.132** [0.471]	-1.125** [0.471]
Had internship			0.667 [0.491]	0.700 [0.496]	0.746* [0.411]	0.807* [0.416]
Had offer from internship			-1.065 [0.875]	-1.172 [0.877]	-1.051* [0.627]	-1.243** [0.633]
Off-campus search	0.053 [0.414]	0.069 [0.419]	-0.392 [0.432]	-0.435 [0.444]	-0.283 [0.250]	-0.277 [0.256]
Average pay in areas applied for	0.000*** [0.000]	0.000*** [0.000]	0.000*** [0.000]	0.000*** [0.000]	0.000*** [0.000]	0.000*** [0.000]
Has changed area of expertise before	1.082*** [0.369]	1.049*** [0.379]	0.936*** [0.363]	0.831** [0.379]	0.570*** [0.215]	0.493** [0.224]
Unsolicited invitations to apply to other areas	2.760*** [0.462]	2.836*** [0.466]	3.411*** [0.516]	3.412*** [0.521]	2.922*** [0.293]	2.947*** [0.296]
Pay in pre-MBA job	0.000 [0.000]	0.000 [0.000]				
Expected probability of getting offers in areas applied for			-0.839*** [0.215]	-0.794*** [0.218]		
Married					0.299 [0.564]	0.272 [0.572]
Female x Married					0.269 [0.689]	0.259 [0.702]
Age > 30					0.294 [0.377]	0.211 [0.386]
Female x Married x Age>30					0.318 [0.499]	0.325 [0.513]
High status employer, high status work domain	-0.876* [0.465]		-1.581*** [0.494]		-0.926*** [0.279]	
High status employer, low status work domain		0.102 [0.584]		1.104* [0.571]		0.474 [0.348]
Low status employer, low status work domain		0.797 [0.543]		1.319** [0.555]		0.628** [0.305]
Low status employer, high status work domain		1.451*** [0.558]		2.378*** [0.604]		1.757*** [0.350]
Constant	-3.554 [5.450]	-5.333 [5.549]	-6.094 [5.472]	-9.815* [5.679]	-4.378 [3.432]	-7.762** [3.537]
Observations	266	266	373	373	805	805

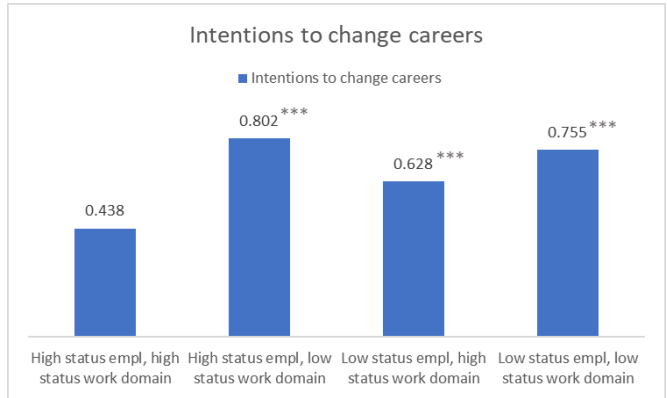
Standard errors in brackets,*** p<0.01, ** p<0.05, * p<0.1

Figure 1. Satisfaction with Previous Job by Status Group, Measured before Engaging in Job Search



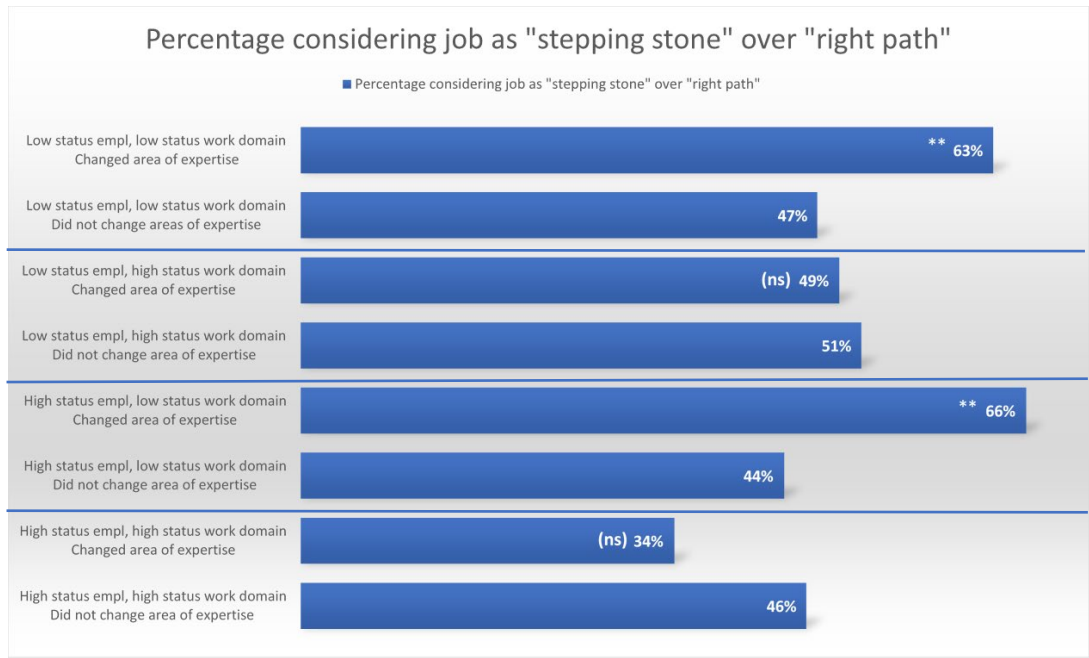
Significance refers to difference in means relative to High, high group. *** $p < 0.01$, ** $p < 0.05$.

Figure 2. Intentions to Change Careers by Status Group, Measured before Engaging in Job Search



Significance refers to difference in means relative to High, high group. *** $p < 0.01$, ** $p < 0.05$.

Figure 3. Career Outlook after MBA by Status Group, Measured at the End of the Job Search



Significance refers to difference in means between two consecutive groups. ** $p < 0.05$, ns – not significant.

ONLINE APPENDIX

Target sample demographics

Our target sample consisted of the 1,255 participants enrolled in an international MBA program between 2006 and 2007. Table A1 presents the basic sample demographics.

---- Insert A1 about here ----

Descriptive analysis of progression through stages of job search by prior status

We present next a descriptive analysis of the job seekers' progression through the different stages of the job search by prior status. Table A2 shows this progression.

---- Insert A2 about here -----

The upper half of the table shows from left to right the percentage of individuals from each of the four status groups who (1) engage in exploratory search; (2) conditional on having applied within a different area, received offers in that area; (3) conditional on having received offers in a different area, accepted one of these offers; and (4) accepted a job in a different area of expertise at graduation, regardless of the outcomes in the application and offers stages. For each stage of the job search, we show the Chi2 tests for the mean differences by status group between explorers and nonexplorers. These tests indicate significant differences across the status groups regarding their applications and acceptance behaviors, and no significant difference regarding offers.

The lower half of A2 shows these results for each status category relative to the high-employer-status, high-work-domain-status group. At the offers stage, we note that applicants from two of the lower status groups (*High-status employer, low-status work domain* and *low-status employer, high-status work domain*) actually appear more likely to receive offers, conditional on applying, than their counterparts in both *High-high* or *Low-low* groups. At the acceptance stage, people who had already worked for a high-status employer in a high-status job domain are much less likely to have accepted a job in a different area of expertise than are people in all three other groups, and, as the test of differences in means reveals, these differences are statistically significant.

Regression analysis of offers, acceptances, and final distribution of jobs by prior status

Finally, we used data on offers and final acceptances to analyze via multivariate regressions whether the job seekers' behavior influences the final distribution of jobs or whether it is offset by employers' behavior at the offers stage. Specifically, we investigated the effects of the status of previous jobs on the likelihood of receiving offers in a new area of expertise (given that one has applied there); on accepting a job offer in another area of expertise (given applications and offers there), and on the final job allocation elsewhere vs. the previous area of expertise, independently of the stages of applications, offers and acceptances. We show these results in Table A3.

----- Insert A3 about here -----

Regarding offers, we find that job seekers from the lower status groups are not penalized, and one group (*High-status employer, low-status work domain*) even enjoy an advantage relative to the high-status group (see Models 1 and 2 of Appendix Table 3). When looking at acceptances of jobs in different domains conditionally on obtaining offers as well as without conditioning on obtaining offers, job seekers from the low-status work domain, regardless of their employer status, appear significantly more likely to accept offers in new domains if they receive them (see Models 3 and 4 of Appendix Table 3). Finally, we find that all three lower-status groups are significantly more likely to change area of expertise after the MBA than are the highest-status job seekers. In contrast, job seekers coming from high-status employers and the highest status work domain groups are between 60% and 66% as likely as those coming from the less advantaged status positions to change area of expertise upon graduation (see Models 5 and 6 of Appendix Table 3). That is, the status of the job seekers' past jobs plays an important role in the final distribution of jobs upon graduation, at least in part because it influences their application behavior.

Table A1. Target sample demographics

	Obs.	Mean	S.D.	Min	Max
Male	1255	0.78	0.42	0	1
Age	1255	30.19	2.53	23	39
Married	1207	0.25	0.43	0	1
Quantitative degree	1255	0.54	0.5	0	1
Admissions rating	1255	4.64	0.46	2	5
GMAT	1255	702.41	36.25	560	800
Pay in pre-MBA job	398	62529.73	37350.29	5149	216981

Table A2. Funnel of Job-Search Process by Prior Status

Prior Status	Number of job seekers	Exploratory search (applications in different areas of expertise)		Offers in different areas of expertise (conditional on applying)		Acceptance in a different area of expertise (conditional on having an offer)		Acceptance in a different area of expertise (not conditional on offer)	
High status empl, high status work domain	141	96	68%	56	58%	34	61%	45	32%
High status empl, low status work domain	184	134	73%	95	71%	79	83%	93	51%
Low status empl, high status work domain	202	175	87%	120	69%	87	73%	110	54%
Low status empl, low status work domain	308	243	79%	152	63%	130	86%	169	55%
		chi2(3) = 19.5403, Pr = 0.000		chi2(3) = 5.5428, Pr = 0.136		chi2(3) = 18.3651, Pr = 0.000		chi2(3) = 22.9934, Pr = 0.000	
		Means and test of difference in means vs. High/high		Means and test of difference in means vs. High/high		Means and test of difference in means vs. High/high		Means and test of difference in means vs. High/high	
High status empl, high status work domain		0.681		0.583		0.607		0.319	
High status empl, low status work domain		0.728	<i>ns</i>	0.709	**	0.832	***	0.505	***
Low status empl, high status work domain		0.866	***	0.686	*	0.725	*	0.545	***
Low status empl, low status work domain		0.789	***	0.626	<i>ns</i>	0.855	***	0.549	***

Note: The bottom half of the table shows the means of the variables by each status group, and the level of significance of the mean differences relative to the mean for the *High-status employer, high-status work domain* group (High/high). *p<.1, ** p<0.05, *** p<0.01

Table A3. Outcomes: Effect of Prior Status on Offers (Conditional on Applying), Acceptances (Conditional on Applying and Offers), and Final Distribution of Jobs

VARIABLES	(1) Offer in different area of expertise (cond on applying)	(2) Offer in different area of expertise (cond on applying)	(3) Accept job in different area of expertise (cond on offer)	(4) Accept job in different area of expertise (cond on offer)	(5) Accept job in different area of expertise (uncond'l)	(6) Accept job in different area of expertise (uncond'l)
Male	0.356 [0.223]	0.333 [0.224]	0.189 [0.324]	0.227 [0.332]	-0.048 [0.192]	-0.092 [0.195]
Age	-0.046 [0.036]	-0.060 [0.037]	0.007 [0.056]	-0.014 [0.057]	-0.025 [0.032]	-0.046 [0.033]
Quantitative degree	-0.282 [0.178]	-0.278 [0.179]	0.240 [0.258]	0.162 [0.264]	0.039 [0.154]	0.018 [0.156]
Admissions rating	0.398** [0.191]	0.426** [0.194]	-0.288 [0.322]	-0.344 [0.325]	0.099 [0.169]	0.058 [0.173]
GMAT	-0.001 [0.002]	-0.001 [0.002]	-0.001 [0.003]	-0.001 [0.004]	0.000 [0.002]	0.001 [0.002]
Location (Main campus = 1)	0.248 [0.182]	0.226 [0.183]	0.102 [0.281]	0.137 [0.285]	0.041 [0.161]	0.044 [0.163]
Cohort (1–3)	0.188* [0.105]	0.205* [0.106]	0.176 [0.158]	0.184 [0.160]	0.124 [0.091]	0.120 [0.093]
Employer sponsored	-0.298 [0.447]	-0.148 [0.462]	-1.502** [0.605]	-1.239* [0.634]	-1.722*** [0.443]	-1.377*** [0.453]
Had internship	-0.169 [0.303]	-0.149 [0.306]	-0.477 [0.427]	-0.612 [0.433]	-0.011 [0.276]	-0.001 [0.279]
Had offer from internship	0.405 [0.525]	0.378 [0.529]	-0.312 [0.633]	-0.004 [0.649]	0.017 [0.440]	-0.020 [0.446]
Off-campus search	-0.250 [0.215]	-0.208 [0.217]	-0.081 [0.337]	-0.003 [0.347]	0.030 [0.185]	0.100 [0.188]
Average pay in areas applied for	0.000 [0.000]	0.000 [0.000]	0.000*** [0.000]	0.000 [0.000]	0.000*** [0.000]	0.000*** [0.000]
Has changed area of expertise before	0.150 [0.171]	0.189 [0.178]	0.771*** [0.257]	0.864*** [0.273]	0.692*** [0.150]	0.661*** [0.155]
Unsolicited invitations to apply to other areas	-0.137 [0.177]	-0.111 [0.180]	0.103 [0.255]	0.075 [0.262]	0.789*** [0.150]	0.801*** [0.152]
Low status employer, low status job domain		0.054 [0.282]		1.084** [0.425]		0.812*** [0.233]
Low status employer, high status job domain		0.444 [0.285]		0.261 [0.386]		1.006*** [0.253]
High status employer, low status job domain		0.598* [0.323]		1.150** [0.466]		0.865*** [0.261]
Constant	-0.780 [2.610]	-1.055 [2.933]	-3.833 [3.852]	1.027 [4.251]	-5.200** [2.267]	-5.576** [2.355]
Observations	648	648	423	423	835	835

Standard errors in brackets; *** p<0.01, ** p<0.05, * p<0.1