Internal Labor Markets and Inequality*

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Abstract

Internal labor markets are central to labor economics, yet we lack systematic evidence on their prevalence or consequences. We provide an economy-scale measurement of firms' internal-hiring policies, combining a new firm survey—fielded with NAV, the Norwegian Labour and Welfare Administration—with administrative data on the universe of private-sector workers in Norway. Most firms have the infrastructure to hire from within, but few do so consistently. Whether a firm fills positions internally is a persistent, firm-specific trait. We link these policies to workers' careers and ask how internal hiring shapes who reaches management and the wages firms pay.

JEL Codes: J62, M51, J16, J31

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