

Job mobility has recently been promoted in the public sector across countries as a way to diversify and enhance staff knowledge, experience, and skills. According to recent reports from the Organization for Economic Cooperation and Development (OECD) on the public human resource management of its members and partner countries, an increasing trend of internal mobility of civil servants within government exists, along with the increased publicity of available positions or the establishment of available staff pools in certain countries (e.g., Japan, the Netherlands, Italy, Belgium, and Austria). Other countries plan to increase such mobility (e.g., the United Kingdom, South Korea, Germany, Hungary, and Australia).² However, the effect of enhancing job mobility has never been evaluated. This issue is concerned with the internal labor market (ILM) that is one of themes in the comparative civil service system research (Van der Meer, 2011).

In the literature of organizational behavior, how various organizational factors affect the staff's attitude and behavior (e.g., job performance, organizational commitment, turnover intention) is a significant focus of studies (e.g., for office characteristics, see Kim & Young, 2014; for person-environment fit, see Sun, Peng, & Pandey, 2014), but we find no literature to examine the function of ILM policy and its subsequent effects. This paper fills this knowledge gap by examining the ILM in the civil service system of Taiwan.

Taiwan boasts a civil service system that allows flexible job mobility for nearly all statutory civil servants (SCSs) across government agencies, a type of occupational internal labor market (OILM) rarely found in other countries. This paper reviews how Taiwan makes this possible. Despite the flexible ILM setting, the OILM is only open to SCSs, and government contract employees (GCEs) are denied access to it. What can be learned from this discriminating ILM setting from the perspective of human resource management? The author compares the consequential behavioral performances of these two staff categories to elucidate the effect of such a selective ILM opening.

The author argues that a career-based civil service system and centralized recruitment are prerequisites for an efficacious ILM opening. They facilitate the cross-agency mobility of the SCSs. However, such a uniform system and a low opportunity cost of turnover emboldens SCSs to enter the OILM frequently for an alternative position. The OILM forms a secondary quasi-free job market for government agencies and SCSs.

² See reports from the OECD public employment and management website (<http://www.oecd.org/gov/pem/hrpractices.htm>).

The OILM helps lower the civil service turnover rate, but such a quasi-free market is dampening SCS commitment to organizations compared with GCEs and leads to a serious internal brain drain.

I. Internal Labor Market as an Analytical Theme for Public Personnel Management

A. ILM as an analytical concept

ILM typically refers to a firm measure in which pricing and allocation of labor are governed by a set of administrative rules and procedures. The remainder of jobs within the ILM is filled by promoting or transferring workers who have already gained entry into a firm or industry. The ILM is shielded from the competition of the external labor market (ELM) (Doeringer & Piore, 1971).

The ILM typically involves a specific structure of job ladders and job mobility within a firm or industry and offers opportunities for employees to develop and advance their career in an organization or a job cluster. The ILM also offers opportunities for managers to mobilize existing human resources to respond to ever-changing skill demands of jobs and helps reduce labor turnover, as more career advancement opportunities are offered to in-house workers. The rise of the ILM emanated from emerging large corporate firms during industrialization. The employers of these large firms faced increasing job security of employees guaranteed by newly-enacted labor laws and unionization from the early twentieth century onward. The problem of firm-specific skills and technology, the development of on-the-job training, personnel departments, formalized rule structures, and bureaucratic control all forced and facilitated a self-development of human capital from the incumbent pool by means of the ILM (Althausser, 1989; Osterman, 1984).

Typically, an ILM is a highly structured market composed of a series of job ladders. Job mobility in the ILM typically works in a vertical pattern moving up along one of the job ladders in a firm. Movement from one ladder to another may occur for similar job clusters, or from the top of one ladder to other ladders that contain higher ceilings (Pinfield, 1995). However, this so-called pattern of firm internal labor market (FILM) is not the sole category. The other category, OILM, can be identified by certain specific managerial,