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### Citation for published version:

Chalmers, AW, Klingler-Vidra, R, Puglisi, A & Remke, L 2022, 'In and out of revolving doors in European Union financial regulatory authorities', *Regulation and Governance*, vol. 16, no. 4, pp. 1233-1249.  
<https://doi.org/10.1111/rego.12424>

### Digital Object Identifier (DOI):

[10.1111/rego.12424](https://doi.org/10.1111/rego.12424)

### Link:

[Link to publication record in Edinburgh Research Explorer](#)

### Document Version:

Publisher's PDF, also known as Version of record

### Published In:

Regulation and Governance

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# In and out of revolving doors in European Union financial regulatory authorities

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## Abstract

Although the idea of revolving doors evokes the dynamic image of moving in and out of public and private sector jobs, most scholars take a static view of the revolving door phenomenon, looking mainly at entrances, sometimes at exits, but almost never at both. This is a serious oversight given that normative concerns about revolving doors turn mainly on assumptions about how individuals become socialized through their multiple interactions working on both sides of the revolving door. Our study seeks to revive a bidirectional picture of revolving doors. To this end, we use financial regulatory politics in the European Union (EU) as our case and a unique dataset of nearly 200 regulators from three EU financial regulatory bodies as of 2018. We first describe the extent to which these multiple movements are happening and, second, we explain differences between those who make zero revolving door movements and those who make multiple movements. Our central argument is that previous job experience in the regulated industry (finance) generates valuable expertise and network ties that in turn lead to more movements. Experience in industries outside of finance, however, diminishes this expertise and loosens network ties and hence leads to fewer movements. Our results support these arguments. We also find those making multiple movements are not in the business of finance (traders or those leading sales or marketing teams) but instead have careers on both sides of the revolving doors focused on law, policy, and government affairs.

**Keywords:** European Union, finance, regulation, revolving doors.

## 1. Introduction

The revolving door phenomenon inherently evokes a dynamic image; actors are not simply moving to private sector jobs, or into public office, but are revolving between the two realms. One direction through the revolving door consists of public officials entering lucrative private sector or lobbying jobs after their tenure in public office. The other direction of travel through the revolving door sees individuals leaving well-remunerated posts in private sector firms to serve high-profile policymaking or regulatory roles, often overseeing the same sector that the individual had worked in previously. Collectively, individuals moving in and out of the revolving door move between public and private positions over the course of their careers (Makkai & Braithwaite 1992). The bidirectional character of the revolving door phenomenon was identified in one of the earliest works on the topic. Cohen (1986) called this the “two sides of the revolving door,” where we observe both an “entrance”

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Declaration of conflict of interest: The authors declare no conflicts of interest.

Accepted for publication 15 June 2021.

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phenomenon (moving from the private sector to the public sector) and an “exit” phenomenon (moving from the public sector to the private sector).

Recent research, while otherwise making important advances on the subject, has largely taken a static view of revolving door movements, explaining mainly entrances, and sometimes exits, but rarely both directions. In the few cases where exits are studied alongside entrances, the two movements are either kept separate (e.g. Lucca *et al.* 2014<sup>1</sup>) or lumped together to explain some other outcome, like the profits of major banks, in the case of Brezis and Cariolle (2019). As a result, while the language of revolving doors is used, the phenomenon of interest is simply a one-time movement through a door.

The thrust of our contribution is to reinvigorate the study of both directions of revolving door movements. We do this by examining revolvers’ biographical attributes along with their shifts in and out of public and private sector jobs *over the course of their careers*. Our motivating research question is this: What differentiates those who never move through the revolving door, those who move just once, and, ultimately, those who make multiple moves?<sup>2</sup>

This is not just an academic question but instead is one of the main reasons why researchers and policymakers care about the revolving door phenomenon in the first place. Existing studies demonstrate that career trajectories (previous public and private sector job experience) can shape the policy preferences of legislators and regulators (for a good overview see Pérez-Durán 2019). Researchers focusing on regulatory capture and, in particular, cognitive capture show how small, elite groups of industry actors and regulators become *socialized* through past career experiences and start to think about industry objectives and priorities in the same way (Kwak 2014; Veltrop & de Haan 2014; Rex 2020). Underlying much of this research is the assumption that these socialization effects are enhanced by virtue of moving through the revolving door: individuals are influenced through the relationships they build on *both* sides of the revolving door, and the coherence of these patterns strengthens the socialization toward particular beliefs and accepted practices. Taking a static approach to revolving door movements, by only looking at exits or only entrances, overlooks and confuses this critical point.

How processes of socialization work and how these, in turn, get reflected in revolving door patterns are admittedly large and complex questions. We do not purport to address them all in this article. Instead, we have two narrower aims. Our first aim is descriptive. In particular, we map out the number of movements made through the revolving door. How common are individuals who make multiple entrances and exits? Our second aim is to better understand why there are differences between those with multiple movements and those with one or even zero movements. One of the key advantages of examining movements in and out of revolving doors, rather than just exits and entrances, is that we can compare differences in previous public sector and private sector job experience and even differences related to the roles individuals performed in these past jobs. To explore this, we test explanations that focus on revolvers’ career path experiences.

Building on existing studies, we posit the simple argument that previous public and private experience *within the same regulated industry* (in our case finance) helps explain the occurrence of multiple revolving door movements. Each movement corresponds with an individual accruing career-specific expertise, experience, and network connections that see them move through the revolving door. Although our point about intra-industry experience may seem to be uncontroversial, existing studies of revolving doors, despite their focus on previous career experience, fail to specify the exact nature of this experience. In short, existing research is clear about the value of previous public and private sector job experience for revolving door movements but overlooks the extent to which this know-how is industry specific. To test our arguments empirically requires using the notion of an “augmented revolving doors” phenomenon (hereafter just “revolving doors”), where any switch between public and private sector jobs constitutes a movement. This is consistent with much of the literature that treats revolving doors as a movement from a public sector job to a lobbying job and vice versa. However, it differs from a strict interpretation of revolving doors as necessarily being within the same regulated industry. Importantly, as we explain later, this strict interpretation is assumed in existing research, but rarely studied directly.

It is important to note that we are not claiming that more movements result in greater political clout or monetary gains for the individual. In fact, we know that revolving doors often make headlines when the individual in question has made just one “move.” Consider the case of former European Commission President José Manuel Barroso who controversially followed his tenure at the European Union (EU) with a job as a non-executive chairman at Goldman Sachs. Barroso undoubtedly serves as a powerful and well-paid financial industry lobbyist.

However, we are motivated by the contention that perhaps revolving doors research has conflated such “revolvers” like Barroso who make big, but singular movements, with those who are genuinely revolving through both sides of the door. Our expectation is that cases like Barroso’s are exceptional, rather than typical, and come with different levels and forms of substantive and procedural knowledge than multiple revolvers. Our objective is to better understand how much revolving door movements happen and what this means for existing understandings of the revolving doors phenomenon.

The empirical basis of our analysis is a novel dataset capturing the career progression of 192 high-ranking regulators situated in the EU’s three chief financial regulatory agencies – European Banking Authority (EBA), European Securities Markets Authority (ESMA), and European Insurance and Occupational Pensions Authority (EIOPA) – as of May 2018. These agencies exercise considerable regulatory power across the EU’s 27 member states, providing oversight in the form of banking stress tests and regulating credit rating agencies as well as developing regulatory standards, implementing standards and guidelines and recommendations.

We treat financial regulation at the level of these EU regulatory authorities as a “most likely case” for multiple revolving doors (Alexander & Bennett 2005). Existing studies suggest that revolving doors are perhaps most “rampant in financial regulation” (Seabrooke & Tsingou 2020, p. 1). Researchers talk of the “Wall Street–Treasury Complex” and “Wall Street–Washington corridor” in the United States, or the Frankfurt–London Corridor in the EU, to invoke the revolving door phenomenon in finance in particular (Johnson 2009; Baker 2010). Recent data from Revolving Door Watch suggest that revolving doors in the EU are, in fact, most prevalent in finance when compared to all other sectors, including energy, climate, and trade.<sup>3</sup>

Our analysis presents a number of key findings. First, we show that multiple revolving door movements are commonplace for individuals in our dataset. About 40% of regulators in our dataset have made two or more revolving door movements. Second, our regression analysis reveals that an individual’s previous career experience *in finance* has a pronounced positive effect on their number of revolving door movements while experience in jobs *outside of finance* has a negative impact. Going further, we provide evidence that the positive effects of previous jobs in finance are unique to private sector jobs and that the negative effects of extra-industry experience is unique to previous public sector jobs. Finally, examining the type of previous jobs performed, we find that (i) those who make multiple moves through the revolving door have legal or policy expertise and rarely engage in the core business of finance (they are not traders, those doing research on investment strategies, or those leading sales or marketing teams) and (ii) those who rarely move through the revolving door have spent most of their careers in higher education as professors, researchers, and administrators.

## 2. Related literature

Most researchers, while acknowledging that revolving doors entail both an entrance and an exit dimension, limit their empirical work to just one movement in one direction (e.g. Young *et al.* 2017, p. 328).<sup>4</sup> This is, in most cases, related to the fact that the focus of revolving doors research tends to be on explaining how the phenomenon impacts public policy or business outcomes. For instance, studies examine how public officials’ previous private sector experience can get reflected in regulatory decisions (DeHaan *et al.* 2015), policy preferences (Cohen 1986), voting decisions (Gormley 1979), bills in Congress (Makse 2017), and earmarks for education spending (McKay & Lazarus 2020). Examining the impact of revolving doors from the other side, scholars have variously examined the benefits of public sector experience in the private sector, including on lobbying revenues (Vidal *et al.* 2012), bank profits (Brezis & Cariolle 2019), bank performance (Braun & Raddatz 2010), and even on stock market reactions (Luechinger & Moser 2012).

Existing research provides a useful starting point for understanding how movements in and out of revolving doors are purported to contribute to the accumulation of human and social capital. In particular, studies focus on individuals’ career paths and the associated advantages that individuals obtain via the acquisition of what they know (substantive policy knowledge and process knowledge) and who they know (network connections). This helps underpin expectations around the analytical meaning of such movements, which we consider in turn.

Substantive policy knowledge refers to the specific expert knowledge that is acquired by working in either public or private sector jobs within an industry, like finance. It is about having the right information for the right occasion (Coen & Vannoni 2016), a type of “specialized subject matter expertise” (LaPira & Thomas 2014, p. 1),

as well as knowledge of the preferences of “particular constituencies” as they relate to policies (Vidal *et al.* 2012, p. 3732). Whether on the public sector side or the private sector side, substantive policy knowledge allows revolvers to serve as veritable “risk reducers” providing political insurance against an increasingly dysfunctional and unpredictable government (LaPira & Thomas 2017).

Process knowledge, by contrast, is about understanding the nuances of regulatory and policymaking procedures. For instance, lobby firms hire former policymakers because of their ability to expertly navigate exceedingly complex regulatory and legislative environments as well as to translate and untangle complicated process rules and procedures (Vidal *et al.* 2012; LaPira & Thomas 2017). This can include providing insight into the inner workings of the legislative process, cutting red-tape (Brezis & Cariolle 2019, p. 598), and experience of both the formal and, perhaps more importantly, informal rules of the policymaking process. The benefits of process knowledge are conditioned by an individual’s seniority and “proven ability to advance a member’s agenda through the legislative process into law” (Makse 2017, p. 869). Looking at former members of Congress, for example, Lazarus *et al.* (2016, p. 6) show how an individual’s “institutional position” or level of seniority and their “institutional standing” (in the form of party leadership) are key determinants explaining the movement of policymakers into lobbying jobs.

Substantive and process knowledge can be summed up as a type of human capital that is acquired through job experience. However, research has shown that who you know is just as important as what you know (Coen & Vannoni 2016, p. 813; LaPira & Thomas 2014). Bertrand *et al.* (2014, p. 3885), for example, demonstrated that lobbying is more about contacts than information, finding a greater monetary premium for network ties compared to expertise. Makse (2017) confirmed this assumption by using social network connections to explain revolving door “exits,” finding that former members of Congress who have a more “central network connection” are also more likely to become Washington lobbyists. In a similar vein, Lazarus *et al.* (2016, p. 7) explained how acquiring experience and expertise requires spending significant amounts of time with other public and private sector actors.

These insights speak to a broader literature assessing how career trajectories can shape the preferences of bureaucrats, legislators, and regulators (Schneider 1993; Witko & Friedman 2008; Adolph 2013; Pérez-Durán 2019). Most relevant for our purposes is the recent work of Pérez-Durán (2019, p. 12) that examined the previous political ties and interest group ties of management board members in 33 EU authorities (including the three that are the focus of this study). Although focusing on appointment processes, this work is particularly insightful insofar as it reveals the prevalence of regulatory board members with previous career ties garnered from their experience working for business associations, firms, and consultancies (as well as civil society organizations and international organizations).

### 3. Explaining revolving door movements

When it comes to career experience and revolving door movements, the existing literature implies that *more is better*. Career advantages, like substantive and process knowledge as well as network connections, must first be accumulated through intentional effort and skill. Individuals *amass* a stock of know-how and benefit from “human capital accumulation” (Vidal *et al.* 2012, p. 373f). Experience *accrued* through work experience adds to a career-specific “premium” enjoyed by that individual (Coen & Vannoni 2020). Ultimately, this capital can be used by the individual to help them move into a new and presumably more lucrative or prestigious job.<sup>5</sup> Brezis and Cariolle (2019, p. 600) made this point clearly. In their study, individuals working in the banking sector accumulate “bureaucratic capital,” described as a mix of human and social capital, which is built “one piece of red tape or one personal connection” at a time. The individual “decides the optimal amount of bureaucratic capital she wants to develop, that will cost her effort, but will enable her to earn a higher future income.”

Although we agree with these basic insights, we argue that explaining multiple revolving door movements requires nuancing the notion that “more is better.” In particular, what kind of prior experience relates to multiple moves? How does intra-industry experience (prior jobs in the same sector) differ from extra-industry experience (prior jobs in different sectors). Importantly, it is intra-industry experience that is implied when most scholars talk about revolving doors. The main concern, after all, is about former regulators taking up cushy private sector or lobbying jobs *in the same industry* (Dal Bo 2006; Veltrop & de Haan 2014, p. 10). Revolving doors also



conjures up the image of top executives taking regulatory jobs and then operating with a sense of deep “loyalty” to their former industry colleagues (Makkai & Braithwaite 1992, p. 67). Indeed, cognitive capture is premised on how individuals are socialized within an industry – in finance, this means bankers and regulators have the same ideas about how best to regulate banking. These seem to be uncontentious claims.

Nevertheless, existing studies, while focusing on some form of human capital and social capital accumulation, never specify that this capital is accumulated within the same industry. Instead, revolving doors are reduced to former politicians becoming lobbyists (Lazarus *et al.* 2016, p. 6; McKay & Lazarus 2020, p. 8; Makse 2017, p. 871) or lobbyists who have had a period of political employment (Vidal *et al.* 2012, p. 3732). Even studies closest to our own are agnostic about operationalizing the industry in which this capital is accrued. For instance, Brezis and Cariolle (2019) looked at multiple revolving door movements in banking but never specified the industry in which experience is gained. Lucca *et al.* (2014, p. 11) examined bank regulators with previous private sector experience but fail to specify where that private sector experience is from. When it comes to coding career histories, they instead use four blunt categories: private sector, regulatory sector, student, and unemployed. Coen and Vannoni (2020), while looking more broadly at European government affairs employees, differentiated between previous industry-specific experiences (including information, manufacturing, professional, and wholesale experience), but treat these data as control variables and, more importantly, fail to match these experiences to an individual’s specific government affairs portfolio. All of these studies are clear about the value of job-specific know-how as accumulated in either the public or private sectors, but at the same time overlook the fact (or simply assume) that this know-how is industry-specific.

Our point is that research on revolving doors needs to be precise about industry-specific experience if it is able to substantiate causal claims about the impact of revolving doors movements. Thus, we contend that intra-industry experience is critical if individuals are to accrue substantive and process knowledge and develop network ties. By contrast, we assert that revolvers gaining experience *outside* of the industry (extra-industry experience), like moving from finance to manufacturing, limits or even diminishes substantive and process knowledge as well as frays network ties. In short, taking jobs outside of the industry makes individuals less able to trade accumulated experience and network ties for new jobs. It would be particularly difficult to return to highly placed positions in the original industry, where time spent away from the industry has eroded expertise and where network ties have loosened, frayed, or moved on. Finance, insofar as it prioritizes perpetual innovation (Johnson & Kwak 2010), is characterized by an extremely high level of complexity (Philippon & Reshef 2009) and explicitly privileges insiders over outsiders (Levine 2016), makes any extra-industry experience particularly problematic for any movement through the revolving door. As such, when it comes to extra-industry experience, *less is more*. This is not to say that the individual will not be successful in their career (e.g. in terms of monetary gains or obtaining positions of seniority) or will not succeed in obtaining many different jobs over the course of their career. Instead, what we are asserting is that such lateral movements reduce an individual’s value within the industry, both in the private and public sectors, and hence the number of movements an individual is able to make in and out of revolving doors.

One of the central contributions of this analysis is to be specific about intra-industry and extra-industry job experience and to better understand how different types of career experience affect revolving door movements. To this end, we posit the following hypothesis:

*Hypothesis 1. Career trajectories that include more intra-industry jobs will correlate with more revolving door movements while career trajectories that include more extra-industry jobs will correlate with fewer revolving door movements.*

#### 4. Methodology

We test our hypothesis using a unique dataset based on the career progression and biographical details of the chief regulators in the three main EU financial regulatory authorities: EBA (71 regulators), ESMA (66 regulators), and EIOPA (72 regulators). Our data were collected between April and May 2018. There are 209 regulators in total; however, 17 regulators work in more than one authority. As such, after excluding doubles, there are

192 unique regulators in our dataset. Our starting point is to look backwards in time at the career trajectories of these 192 regulators. It is important to note that our dataset comprises only high-ranking regulators serving either on the board of supervisors (150), the management board (24), or at the internal organizational level<sup>6</sup> (35). These regulators are operating at the highest level of responsibility in their respective authorities (Pérez-Durán 2018, 2019, p. 11). Moreover, EBA, ESMA, and EIOPA are the main regulatory authorities of financial services in the EU, performing various regulatory functions across the EU27 and developing key regulatory standards, implementing EU standards, guidelines, and recommendations. Important reforms following the 2008 financial crisis have propelled an increase in the autonomy and power of all three authorities, further drawing attention to the potential for regulatory capture across these venues (Chalmers 2015 p. 484).

Our data collection process entailed systematically gathering information from individuals' curriculum vitae (CVs), which were primarily accessible on the respective authorities' websites (a similar approach is taken by Pérez-Durán 2019, p. 11).<sup>7</sup> When CVs were not available on official websites, we gathered data from LinkedIn. The use of CV-based biographical data in the analysis of revolving doors as well as the relationship between the financial sector and its regulators is common practice in recent studies (Lucca *et al.* 2014; Shive & Foster 2016; Jian *et al.* 2018). Regarding data gathered from LinkedIn, it needs to be noted that these CV details have been posted voluntarily by employees themselves and the website requires no standardized information or proof of employment or education (Jian *et al.* 2018). Accordingly, some information might have been deliberately excluded or exaggerated. Fortunately, only a small percentage (16.7%) of our dataset relies solely on LinkedIn-based information, so we do not expect this limitation to have much of an impact on our results.

#### 4.1. Dependent variable: Movements

Our study seeks to better understand when and why individuals make multiple movements through the revolving door as well as when they make zero or just one movement. Revolving door movements are observed when an individual crosses from the private sector to the public sector or from the public sector to the private sector. As noted above, we use the notion of an “augmented revolving doors” phenomenon that includes any public–private switch, regardless of the industry. This is necessary for us to assess differences in terms in the accumulation of human capital, which we operationalize below. Our augmented definition is nevertheless consistent with many studies of revolving doors that examine movements from public sector jobs to lobbying jobs (e.g. Makse 2017; McKay & Lazarus 2020) as well as with high-profile cases, like that of Barroso detailed earlier.

It is important to note that revolving doors are *not the same* as the number of jobs held over the course of a career. An individual may move from one private sector job to another private sector job and then to a public sector job, and this would count as just one revolving door movement despite the individual holding three different jobs. Revolving doors require private–public switches. For an illustration using data from our dataset, please see the Appendix. Finally, separate analysis of an individual's total number of jobs and the number of specific revolving door movements revealed only a moderate positive correlation ( $r = 0.41$ ,  $P < 0.001$ ). The distribution of revolving door movements in each regulatory authority is detailed in Table 1.

Table 1 illustrates our first major finding: a significant portion of individuals in our dataset has moved through the revolving door *more than once*. Looking at all three authorities, only 15.79% make zero movements,

**Table 1** Distribution of movements by regulatory authority

Authority	Movements					
	Zero	One	Two	Three	Four	Five
EBA	4 (5.63%)	38 (53.52%)	17 (23.94%)	8 (11.27%)	4 (5.63%)	
ESMA	15 (20.83%)	31 (43.06%)	14 (19.44%)	8 (11.11%)	3 (4.17%)	1 (1.39%)
EIOPA	14 (21.21%)	25 (37.88%)	16 (24.24%)	9 (13.64%)	2 (3.03%)	
Total	33 (15.79%)	94 (44.98%)	47 (22.49%)	25 (11.96%)	9 (4.31%)	1 (0.48%)

*Notes:* Values are row frequencies with row percentages in parentheses. Results are based on all 209 regulators. EBA, European Banking Authority; EIOPA, European Insurance and Occupations Pensions Authority; ESMA, European Securities Markets Authority.

44.98% make one move, 22.49% make two moves, 11.96% make three moves, and 4.31% make four moves. Finally, one regulator has moved through the revolving door a total of five times.<sup>8</sup> The prevalence of multiple revolving door movements is something that researchers studying entrances and exits separately overlook.

Since our objective is to explain the number and specific form of movements, we use these data to create two different dependent variables. First, to assess the difference between zero movements and any number of movements, we created a binary-dependent variable, *Movements binary*, where 0 = no movements and 1 = one or more movements. Second, to help us examine multiple movements, we created the variable *Movements*, which is a count of moves (or private–public/public–private switches) ranging from 0 to 5 specific revolving door movements.

#### 4.2. Independent variables

Our main independent variables require distinguishing between intra-industry and extra-industry experience, namely, jobs in finance and jobs outside of finance. To this end, we used the International Standard Industrial Classification Scheme (ISIC rev.4), a United Nations system for classifying different sectors of economic activity. This scheme defines financial services broadly as all activities related to banking, securities, and insurance.<sup>9</sup> This scheme was also applied to public sector jobs as any position that regulates, supervises, monitors, or otherwise governs these same services. As a next step, we used career path data for each individual in our dataset and created the variable *Intra-industry experience*. This is a count of the total number of jobs that an individual has held in finance in both the private sector and the public sector. Next, we include the variable *Extra-industry experience*, which is a count of the total number of jobs held in any sector except finance.

To gain further insight into prior career experiences and revolving door movements, we created four additional independent variables. First, we distinguish between (i) intra-industry private sector jobs (*Private finance*) and (ii) intra-industry public sector jobs (*Public finance*). Both of these variables are counts of the total number of jobs held in finance in either the private or public sector. Next, we distinguish between (iii) extra-industry private sector jobs (*Private nonfinance*) and (iv) extra-industry public sector jobs (*Public nonfinance*). Both are counts of the total number of jobs *outside of finance* in the private and public sectors; please see the Appendix for further information on the operationalization of these variables. A correlation matrix of our two dependent variables and our main independent variables is presented in Table 2.

Our career path data are based on counting individuals changing jobs rather than time spent in each individual job. Time spent in a particular job is a good measure of “experience.” Indeed, various existing studies that

**Table 2** Correlation matrix of main variables

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1) Movement binary	1.000							
(2) Movements	0.603 (0.000)	1.000						
(3) Intra-industry experience	0.398 (0.000)	0.383 (0.000)	1.000					
(4) Private finance	0.508 (0.000)	0.328 (0.000)	0.774 (0.000)	1.000				
(5) Public finance	−0.185 (0.010)	0.066 (0.366)	0.294 (0.000)	−0.377 (0.000)	1.000			
(6) Extra-industry experience	−0.136 (0.060)	0.140 (0.053)	−0.288 (0.000)	−0.284 (0.000)	0.007 (0.921)	1.000		
(7) Private nonfinance	0.218 (0.002)	0.174 (0.016)	−0.119 (0.100)	−0.091 (0.210)	−0.037 (0.611)	0.515 (0.000)	1.000	
(8) Public nonfinance	−0.308 (0.000)	0.042 (0.559)	−0.252 (0.000)	−0.267 (0.000)	0.034 (0.641)	0.806 (0.000)	−0.093 (0.202)	1.000

Note: Correlation coefficients with *P* values in parentheses.



also use career path data to examine revolving doors have focused on the number of years spent in each job rather than a count of jobs (Lucca *et al.* 2014; Brezis & Cariolle 2019; Coen & Vannoni 2020; Seabrooke & Tsingou 2020). We diverge from this approach for two reasons. The first is pragmatic. Although we have very good data on job changes for all of the individuals in our dataset, data on start and end dates for each job is incomplete, especially for the earliest jobs. The second reason is motivated by our theory: for our dependent variables we are interested in instances where individuals *switch* between private and public sector jobs rather than how much time they spend in these jobs. For our independent variable, a count of intra-industry and extra-industry jobs captures the bigger picture of work in or outside of the same industry. However, a combination of time and switches could be an ideal combination for our independent variables. But this will need to be something taken up in future research.

### 4.3. Control variables

We include a number of control variables that may also contribute to the volume and shape of revolving door movements.

First, we control for the impact of senior-level job experience. Existing studies suggest that the value of an individual's experience is conditioned by their institutional position. Hence, expertise and social ties are likely enhanced when an individual holds a senior-level position more so than junior-level positions. Seniority is also a further proxy for social and human capital. As such, we created the variable *No. Senior Jobs*, which is a count of the number of senior-level jobs held by an individual in any industry and in both private and public sectors over the course of the individual's career. There is unfortunately no definitive list of what constitutes seniority or a senior level position. The problem of "title-inflation"<sup>10</sup> poses some challenges to measuring seniority (Martinez *et al.* 2008, p. 19). As such, we have opted to implement a rather high threshold for coding seniority and only include titles with the following words: president, vice president, CEO, chairman, vice chairman, executive (e.g. executive board), director (e.g. executive director, managing director), board of directors, professor, vice governor, and post-titles indicating "senior." Non-senior positions include, for example, (board) advisor, manager, associate, analyst, staff, trainee, and deputy. This approach builds on Lucca *et al.* (2014, p. 20) who code seniority as any job title indicating "management, high-level executive reporting to head, and head of the organization." *No. senior jobs* is a count of the number of senior-level jobs held over the course of a career and takes values between 0 (zero senior-level jobs) and 6 (six senior-level jobs).

Second, an individual's educational experience may have a bearing on career trajectories and, more specifically, revolving door movements. Education may, in particular, confer industry or function-specific expertise. In our case, certain degree subjects, like economics, law, and business, are likely the most conducive to securing jobs in finance compared to other degree subjects. Using data on individuals' educational backgrounds, we created the variable *Degree subject*. We consulted the United Nation's "International Standard Classification of Education: Fields of Education and Training 2013" scheme to code each degree obtained by individuals in our dataset. We derived the following degree subject classifications: (i) Arts and Humanities, (ii) Social Science and Economics, (iii) Business, (iv) Law, (v) Natural Sciences and Math, (vi) Information and Communication, and (vii) Engineering. Individuals can study different degree subjects at different levels (e.g. Bachelors, Masters, and PhD), and hence we cannot construct a single indicator for each individual's degree subject. Instead, we created a series of dummy variables for each degree subject and count it as 1 if the individual obtained a degree in the subject at any level and at least once. Using this approach, we found that the most popular degree subjects among individuals in our dataset are Social Science and Economics (44%), Business (39%), and Law (29%). By contrast, degrees like Arts and Humanities (3%), Natural Science and Math (10%), and Engineering (6%) were obtained by just a few individuals and were therefore omitted from our main analysis. Additional analyses with all degree subject categories could be found in the Appendix.

Next, expertise conferred by education may be enhanced by obtaining higher level degrees, moving from an undergraduate degree to a Masters/MBA and PhD. Lucca *et al.* (2014, p. 20) used degree level as a proxy for human capital that is expected to have positive effects on career trajectories. We take a similar tack, by creating the variable *Degree level* for the highest level of degree obtained by the individual, ranging from 1 = UG degree (6.77%), 2 = MA/MSc/MBA (72.40%), and 3 = PhD (20.83%).

Continuing with educational backgrounds, we examine differences related to obtaining degrees from UK and US universities. Quaglia (2014 p. 37) expressed concerns about a pervasive private-sector friendly ideology prevalent in American and British finance and which starts with how future regulators are educated about economics and finance. We control for individuals obtaining UK or US degrees by including a binary variable *UK/USA education* capturing whether or not the individual has at least one degree from a British or an American university. In our dataset, 31.25% (60 individuals) obtained a degree in the United Kingdom or the United States.

Next, we include (i) *Total no. jobs*, which is the total number of previous jobs held by each individual in our dataset, and (ii) *Total time working*, which is the number of years between the individual's first job and their present job as of 2018. The number of movements through the revolving door depends on the number total jobs worked as well as the total time spent working.

Next, revolving door movements may be reflective of gender and nationality differences. Across our three regulatory authorities, 72% are male while only 28% are female. To control for gender, we include a dummy variable *Gender* (female = 1; male = 0). Additionally, divisions in financial regulation tend to run along national lines insofar as different European countries specialize in different financial sectors (Quaglia 2014, p. 53). As such, we include *Nationality*, a categorical variable accounting for the nationality of each individual in our dataset; see the Appendix for the distribution of *Nationality* in our dataset.

Finally, some variation in our dependent variable may be accounted for by unobservable differences across EBA, ESMA, and EIOPA. Although the three authorities have similar appointment procedures,<sup>11</sup> they regulate different aspects of finance over which the EU has varying degrees of competence (Posner 2010) as well as independence from the European Commission (Pérez-Durán 2018, p. 244). Scholars have also differently implicated the three authorities in terms of their existing, and sometimes cosy, ties with private sector finance (Quaglia 2008; Posner & Veron 2010). To control for these differences across the authorities, we created the variable *Authority*, which is a categorical variable with 1 = EBA, 2 = ESMA, and 3 = EIOPA.

A table of summary statistics and a correlation matrix for all of the variables discussed earlier can be found in the Appendix.

## 5. Analysis

In this section, we estimate a series of standard and fixed effects multilevel regression models to test our main theoretical expectations.<sup>12</sup> We measure our dependent variable in two different ways, first as a binary indicator, *Movement binary*, and second as a count of the number of *Movements* in and out of revolving doors. As such, we necessarily use two different regression specifications, one logistic regression and one ordinary least squares (OLS) regression. For both, we include fixed effects at the level of our three regulatory authorities, EBA, ESMA, and EIOPA. Fixed effects help mitigate omitted variable bias that can arise from unobserved variables that may vary between the authorities. In our case, this might include things such as different attitudes toward financial regulation or, perhaps more importantly, toward the ethical implications of revolving doors. For the sake of comparison, we also include all models without fixed effects. Table 3 presents our main regression results across eight models. Models 1–4 use logistic regression analysis and report odds ratios with standard errors in parentheses. Models 5–8 use OLS and report unstandardized regression coefficients with standard errors in parentheses.

Our regression results support our central argument about the impact of intra-industry versus extra-industry experience. In Models 1, 2, 5, and 6, we see a strong positive correlation between *Intra-industry experience* and revolving door movements. This is consistent using the binary version of our dependent variable (*Movement binary*) as well as our count-dependent variable (*Movements*) and with both fixed effects and without. At the same time, in Models 3, 4, 7, and 8, we can see a statistically significant negative correlation between *Extra-industry experience* and both versions of our dependent variable. Results are consistent with and without fixed effects. In short, while having more jobs in finance relates to more revolving door movements, having more jobs outside finance relates to fewer revolving door movements.

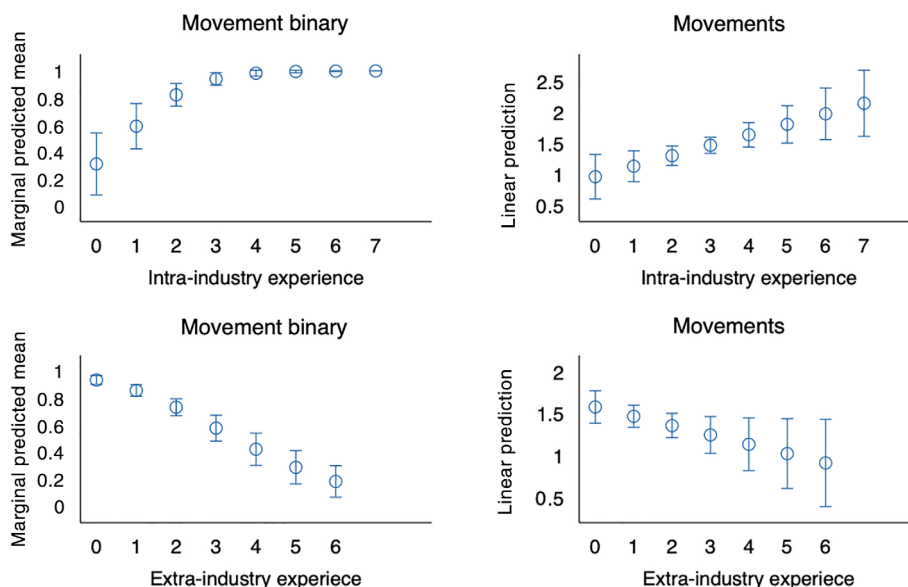
Plotting marginal effects, as we have done in Figure 1, for all four fixed effects models (1, 3, 5, and 7) helps illustrate the magnitude of these effects (see the Appendix for the full results presented as a table). In the top left figure, where our dependent variable is *Movement binary*, we observe large changes in the likelihood of having one or more revolving door movements as an individual moves from zero previous intra-industry jobs to seven

**Table 3** Logistic and ordinary least squares (OLS) regression analysis of revolving door movements

	Movement binary				Movements			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intra-industry experience	4.081*** (1.272)	3.702*** (1.060)			0.170** (0.0646)	0.170** (0.0644)		
Extra-industry experience			0.315*** (0.0837)	0.299*** (0.0796)			-0.113* (0.0584)	-0.112* (0.0571)
Control variables								
No. senior jobs	0.792 (0.228)	0.781 (0.228)	0.995 (0.282)	0.977 (0.280)	-0.0711 (0.0728)	-0.0718 (0.0726)	-0.0463 (0.0721)	-0.0456 (0.0717)
Social science and economics	1.196 (0.662)	1.192 (0.661)	0.874 (0.481)	0.877 (0.488)	0.00363 (0.151)	0.00324 (0.150)	-0.0120 (0.152)	-0.0116 (0.152)
Law	0.418 (0.238)	0.387 (0.220)	0.407 (0.232)	0.387 (0.224)	0.0809 (0.168)	0.0783 (0.167)	0.0760 (0.170)	0.0771 (0.169)
Business	1.285 (0.761)	1.077 (0.609)	1.149 (0.657)	1.078 (0.611)	-0.126 (0.151)	-0.127 (0.151)	-0.132 (0.153)	-0.131 (0.152)
Degree level	0.667 (0.316)	0.665 (0.324)	0.736 (0.357)	0.732 (0.361)	-0.0388 (0.139)	-0.0398 (0.139)	-0.0323 (0.141)	-0.0317 (0.140)
UK/US education	1.666 (0.996)	1.958 (1.173)	1.617 (0.951)	1.738 (1.032)	0.231 (0.153)	0.231 (0.152)	0.217 (0.154)	0.217 (0.153)
Gender	0.505 (0.269)	0.499 (0.267)	0.637 (0.324)	0.604 (0.310)	-0.376* (0.159)	-0.380* (0.157)	-0.341* (0.159)	-0.338* (0.157)
Nationality	0.977 (0.0283)	0.988 (0.0281)	0.967 (0.0289)	0.969 (0.0289)	-0.00103 (0.00796)	-0.000856 (0.00791)	-0.00136 (0.00806)	-0.00143 (0.00802)
Total no. jobs	1.407 (0.322)	1.445 (0.331)	4.894*** (1.666)	5.179*** (1.786)	0.216** (0.0668)	0.216** (0.0666)	0.362*** (0.0662)	0.361*** (0.0658)
Total time working	0.971 (0.0329)	0.976 (0.0329)	0.972 (0.0325)	0.972 (0.0329)	0.00966 (0.00973)	0.00982 (0.00968)	0.00941 (0.00982)	0.00932 (0.00976)
Authority	FE	0.780 (0.248)	FE	0.708 (0.237)	FE	-0.0206 (0.0886)	FE	-0.0272 (0.0893)
Constant		0.38 (0.636)		0.052 (0.09)	-0.252 (0.362)	-0.210 (0.407)	-0.521 (0.367)	-0.466 (0.416)
LR chi2	48.36	52.97	45.35	54.06				
Log likelihood	-50.73	-58.39	-52.23	-57.85				
Obs	192	192	192	192	192	192	192	192

\*  $P < 0.05$ , \*\*  $P < 0.01$ , \*\*\*  $P < 0.001$ . Odds ratios for Logistic regression models; unstandardized regression coefficients for OLS models. *Standard errors in parentheses*. Authority has three groups: EBA, ESMA, and EIOPA. EBA, European Banking Authority; EIOPA, European Insurance and Occupations Pensions Authority; ESMA, European Securities Markets Authority; FE, Fixed Effects.

previous intra-industry jobs. Interestingly, these effects seem to flatten out after four such previous job experiences. This may be a reflection of how individuals' career paths become more stable over time, seeing individuals making fewer job changes and, more importantly for our purposes, fewer movements through the revolving door. In the bottom left figure, the likelihood of one or more revolving door movements decreases by about 90% as an individual moves from zero to six jobs outside of finance. Next, in the top right figure, where our dependent variable is a count of revolving door movements, we can see that as an individual moves from zero to seven previous intra-industry jobs, the number of predicted revolving door movements increases from less than 1 to slightly more than two. Finally, the bottom right figure shows that with each additional previous job outside finance, the predicted number of movements decreases from about 1.5 to about 0.75.



**Figure 1** Marginal effects of intra- and extra-industry experience on movements.

Looking at our control variables, our regression results paint a mixed picture. First, *No. senior jobs* does not appear to have a significant impact on movements. Second, indicators related to educational background do not seem to be informing revolving door movements. Degree subject and degree levels show no significant differences in any of the models. Finally, obtaining a degree in the United Kingdom or the United States also does not appear to drive revolving door movements.

Our final results relate to *Gender*. As noted earlier, our dataset is dominated by male regulators, as across our three regulatory authorities, 73% are male. This breakdown is consistent across the three authorities: EBA has 82% male regulators and both ESMA and EIOPA have 67% male regulators. Our regression results suggest that *Gender* is a major driver of movements in and out of revolving doors, but only for our count-dependent variable. We can see, for instance, in Model 5 that the mean difference in revolving door movements for women compared to men is  $-0.376$  ( $P < 0.05$ ). Women make fewer movements in and out of revolving doors than men. We should note that our data are from 2018. More recent efforts have been made by the European Parliament to strike a better gender balance in the three authorities. In 2020, for instance, members of the European Parliament rejected an EBA nominee over gender balance concerns (Brenton 2020).

## 6. Examining intra-industry and extra-industry experience

A central aspect of this study is to better understand how previous job experience gets reflected in movements in and out of revolving doors. So far, our results show that, in the case of finance, intra-industry experience is central to the number of revolving door movements. Jobs outside of finance have the opposite effect. It may seem obvious that experience in finance is valued by firms or regulators in finance. In fact, in the case of the three regulatory authorities examined in this study, some experience in finance is a minimum requirement for recruitment purposes. However, many previous studies tend to ignore this point. Instead, researchers have made quite broad statements about how previous legislative experience is valued in the lobbying world or how private sector experience in any given industry adds value to securing a job as a regulator. Headline stories, like the one about Barroso, mentioned earlier, suggest the same thing. It is Barroso's executive experience as European Commission (EC) president that landed him a job at Goldman Sachs, not his specific expertise in regulating financial services. Although this is very likely the case, it is also the exception. In contrast to Barroso, former EBA regulator Adam Farkas serves as a good example. In September 2020, Farkas made news headlines when he was appointed Chief Executive at the Association of Financial Markets in Europe (AFME), a top European financial industry business association.<sup>13</sup> Farkas started his career in finance as a consultant at the European Bank for Reconstruction and

Development. His next moves took him to the National Bank of Hungary, before a stint at CIB Bank and then Allianz Bank, all before taking up a post as a chief regulator at the EBA. Farkas's accumulated intra-industry experience is a key factor that not only explains his headline grabbing move to AFME but also his multiple moves in and out of revolving doors.

We have already seen that a large proportion of individuals in our dataset make multiple moves through the revolving door. We have also seen that a key determinant of these moves is having prior experience in finance. In this section, we further explore what we mean by intra- and extra-industry experience, first by distinguishing between private-sector and public-sector experience inside finance (*Private finance* and *Public finance*), and second, by distinguishing between private sector and public sector experience outside finance (*Private nonfinance* and *Public nonfinance*). In this case, we only present results for OLS models using our count-dependent variable, *Movements*.

Table 4 presents four regression models testing different combinations of intra- and extra-industry experience.<sup>14</sup> Models 9 and 11 include *Total number of jobs* and *Total time working*, while models 10 and 12 exclude *Total number of jobs*. First, in model 9, we see a significant positive correlation between *Private finance* and *Movements*. For each additional job in private sector finance, we can expect an increase of nearly 0.188 revolving door movements. The effects for public sector finance are less clear, with significant differences in model 10 but not in model 9. Again, the difference between models 11 and 12, which include and exclude the total number of jobs, respectively, shows that the models are sensitive to the inclusion of *Total number of jobs*. The results for job experience outside finance, presented in models 11 and 12, show quite different stories. In model 11, there are no significant differences for *Private nonfinance* and *Movements*, but there is a negative and statistically significant correlation between *Public nonfinance* and *Movements*. This effect, however, is not seen in model 12, where we exclude *Total number of jobs*.

Our results beg the question: what kind of organizations and what kind of functional positions are related to revolving door movements? First, looking at public sector jobs in finance, our dataset reveals roles that we might expect – individuals tend to have prior public sector experience working for central banks, financial supervisory authorities, and ministries of finance. A deeper look into private sector experience in finance is more complex and more telling. Our dataset reveals that many private sector jobs are in some of the world's leading financial services' firms, such as Citigroup, Munich Re, AEGON, HSBC, and UBS. Critically, however, the individuals working for these organizations are not engaged in the work of finance. They are not working as traders, doing research on investment strategies, and leading sales or marketing teams. Instead, they invariably work in governmental, legal, and public affairs, are advisors, or work in a legal capacity within these financial service organizations. These findings make sense. Highly remunerated individuals actually “doing finance” have little financial incentive to take a public sector job. However, those with a private sector, governmental affairs role or legal role would not only find regulatory jobs appealing but (i) would be well equipped to do them, in terms of their knowledge of the intersection of finance and regulation, and (ii) would likely already have public sector network ties. It is also reasonable to assume that these same individuals, after working in a regulatory role, would be hired by banks or investment firms to work in government affairs or legal roles.

What about jobs outside of finance? In the private sector, where we see a positive impact on revolving door movements, a number of revolvers held jobs in the big four accounting firms (PwC, Ernst and Young, Deloitte, and KPMG); worked as lawyers in law firms (such as Taylor Wessing and Allen & Overy); and worked as consultants, research staff, or in legal positions in some major multinationals, such as Oracle, Shell, and Simobil. We argue that the type of know-how acquired in these posts would be transferable in a way that would see individuals not only make more moves through the revolving door but end up working in one of the EU's chief financial regulatory authorities. To be sure, while working outside of finance, those individuals who move through the revolving door more are working in functional capacities that are more transferrable, such as accounting, law, and consulting.

Public sector jobs outside of finance tell a different story. Many of these public sector jobs were in government roles but working in ministries of labor, trade, and the environment. Others had international experience in embassies and worked in permanent representations to the EU. The largest category of nonfinance public sector jobs in our database constituted experience in higher education, with many individuals serving in research,



**Table 4** Fixed effects ordinary least squares regression of the extra- and intra-industry experience on movements

	(9)	(10)	(11)	(12)
Private finance	0.188** (0.0684)	0.290*** (0.0624)		
Public finance	0.123 (0.0879)	0.229** (0.0838)		
Private nonfinance			-0.0505 (0.0917)	0.135 (0.0912)
Public nonfinance			-0.139* (0.27)	-0.0124 (0.0649)
Control variables				
No. senior jobs	-0.0810 (0.0740)	-0.0141 (0.0729)	-0.0432 (0.0722)	0.154* (0.0667)
Social science and economics	-0.00482 (0.151)	0.0114 (0.155)	0.00168 (0.153)	0.0475 (0.164)
Law	0.113 (0.173)	0.228 (0.174)	0.0807 (0.170)	0.229 (0.180)
Business	-0.131 (0.151)	-0.118 (0.155)	-0.141 (0.153)	-0.0923 (0.164)
Degree level	-0.0470 (0.140)	-0.00728 (0.143)	-0.0297 (0.141)	0.0651 (0.150)
UK/US education	0.235 (0.153)	0.211 (0.157)	0.207 (0.154)	0.108 (0.164)
Gender	-0.365* (0.159)	-0.496** (0.158)	-0.327* (0.160)	-0.414* (0.171)
Country	-0.000846 (0.00797)	0.000680 (0.00817)	-0.00214 (0.00811)	0.00342 (0.00864)
Total no. jobs	0.217** (0.0669)		0.355*** (0.0667)	
Total time working	0.0104 (0.00978)	0.0170 (0.00982)	0.00962 (0.00983)	0.0184 (0.0104)
Authority fixed effects	Yes	Yes	Yes	Yes
Constant	-0.232 (0.363)	0.468 (0.300)	-0.491 (0.368)	0.713* (0.312)
Obs	192	192	192	192

\* $P < 0.05$ , \*\* $P < 0.01$ , \*\*\* $P < 0.001$ . Unstandardized regression coefficients with *standard errors* in parentheses. Three groups: EBA, ESMA, and EIOPA. EBA, European Banking Authority; EIOPA, European Insurance and Occupations Pensions Authority; ESMA, European Securities Markets Authority.

teaching, or administrative roles at places such as Oxford University, the London School of Economics and Politics, University of Copenhagen, Tallin Technical University, and the University of Essex.

Our aim in highlighting these nuanced differences is to paint a more accurate picture of revolving doors. The individuals who move multiple times through the revolving door in finance are not traders, investors, or sales leads. Instead, they are those who have built careers around the policymaking, or regulatory affairs, side of finance. The substantive knowledge that these individuals possess is considerable when it comes to the regulatory process. It is, however, less when speaking about the functioning of sales, trading, and investment operations. It also means that the process knowledge that they possess relates to the regulatory process, rather than the core of banking, investment, or insurance operations.

In summary, our analysis highlights a differentiated understanding of the reality of revolving doors. In particular, the fact that (i) making multiple movements is rather common, and (ii) that the day-to-day work of these multiple movers is relegated to the policy side of finance. This is not to downplay revolving doors. In fact, if the

real danger of revolving doors is groupthink, ingroup bias, and pervasive loyalty to former colleagues, then the most susceptible group of individuals would be those working almost exclusively in one industry (e.g. finance) and, in a specific niche area in that industry, regardless of it being private or public sector (e.g. governmental affairs). What it means, though, is that the way researchers have been understanding the impact of revolvers needs refining.

## 7. Conclusion

The central aim of this article is to examine the “how much” and “why” of movements in and out of revolving doors. Although mainstream research acknowledges that revolving doors have both entrances and exits, empirical studies have largely been limited to just studying one entrance or one exit. Our analysis of augmented revolving door movements in EU financial industry regulation shows the predominance of individuals making multiple revolving door movements. Ours is the first study to show this phenomenon. We contend that our focus on examining revolving doors in EBA, ESMA, and EIOPA counted as a most likely case for revolving doors. A central question then, and one avenue for future research, is to apply our approach to different cases, perhaps comparing different sectors or selecting a least likely case (e.g. an industry where there is little movement between public and private sectors or, equally, an industry that does not value industry-specific experience for career progression). An initial step toward identifying a “least likely case” might involve using *Revolving Door Watch* data. As of the time of writing, these data indicate that policy areas like development, security, and agriculture could serve as a least likely case at the EU level. The descriptive task of mapping out revolving doors has merit in the sense that most of this is still uncharted territory for empirical research.

In addition to describing the dynamic picture of revolving door movements, we also sought to explain what distinguishes those who make multiple movements from those who make zero or just one movement. Our central finding is that the volume of revolving door movements is related to intra-industry experience. Specifically, taking jobs in finance has a positive impact on revolving door movements. These positive effects are consistent whether the job is in the private sector or the public sector. It is also consistent if the previous job is outside finance but in the private sector. It is extra-industry experience in the public sector that has little impact on revolving door movements.

Importantly, our scrutiny of what it is that individuals actually do in these jobs showed that experiences in private sector finance are in governmental affairs and legal roles. Those moving in and out of revolving doors are not high-flying traders or investment managers. Instead, they are individuals who have accumulated experience about the regulatory and policy side of finance. The picture we paint of revolving doors stands in stark contrast to both headline grabbing stories of top legislators moving into cushy private sector or lobbying jobs, such as that of former EC head, Barroso. It is also distinct from the assumption that those moving through the revolving bring with them highly technical know-how about the core business operations of an industry.

Our study, along with much of the research on revolving doors, is underpinned by assumptions about socialization processes. This is not just the case for industry experience or education. For many scholars, such as Nelson and Katzenstein (2014) and Veltrop and de Haan (2014), work experience socializes individuals in a way that may impact how they think, and ultimately, how the finance industry engages in risk-taking activity. Such socialization, in which significant risk taking activities becomes normalized, can go on to shape regulation through the prevalence of revolving door activities (Veltrop & de Haan 2014). We have also based some of our own theoretical assumption on these ideas. However, these assumptions about socialization and the impact of intra- and extra-industry experience still need to be tested empirically. Veltrop and de Haan (2014) made a great start in this direction with a survey of Dutch financial regulators. While gathering data on perceived socialization processes, they did not get detailed information on movements in and out of financial industry revolving doors. Doing so may be an interesting avenue for future research.

## Acknowledgment

Open access funding enabled and organized by Projekt DEAL.

## Data availability statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

## Endnotes

- <sup>1</sup> Lucca *et al.* (2014) test separate dependent variables for entrance and exit in different regression models.
- <sup>2</sup> As we discuss in detail later, revolving door movements are observed when an individual crosses from the private sector to the public sector or from the public sector to the private sector.
- <sup>3</sup> *Revolving Door Watch* (<https://corporateeurope.org/en/revolvingdoorwatch> accessed 4.7.2020) list the following top three sectors: finance = 19%, energy/climate = 14%, trade = 6%. All other sectors are below 4%. These data are derived from the list of “revolvers” on this website.
- <sup>4</sup> Some studies go so far as redefining revolving doors in a way that allows them to avoid the problem of accounting for entrances and exits altogether. For example, Lazarus *et al.* (2016, p. 2) define revolving doors as ‘the phenomenon of high-level government employees [...] leaving their jobs in government and becoming lobbyists’. Hence, revolving doors have been redefined by some scholars to comprise ‘entrance’ only.
- <sup>5</sup> Studies show that in banking, prestige may be just as important as monetary compensation. Macartney’s (2019) research on bank culture argues that “getting the biggest bonus is often more important than the actual financial sum itself. Some studies have therefore concluded that culture may even be *the* determining factor behind the long-term success and sustainability of a firm.” <https://blogs.lse.ac.uk/businessreview/2019/10/09/whats-wrong-with-bank-culture/>. Last accessed 2 December 2020.
- <sup>6</sup> This level includes executive directors, heads of departments, and chairpersons.
- <sup>7</sup> CVs can be found under the sections “Governance” for ESMA, “Organisation” for EIOPA and for EBA under “Governance Structure” (EBA, EIOPA and ESMA 2017).
- <sup>8</sup> The individual with five revolving door movements is Elisabeth Roegele, who served on the management board and board of directors at the time data were collected.
- <sup>9</sup> According to ISIC rev4, financial and insurance activities include “financial service activities, including insurance, reinsurance and pension funding activities and activities to support financial services.” It also includes “activities of holding assets, such as activities of holding companies and the activities of trusts, funds, and similar entities”. For a full description, see <https://unstats.un.org/unsd/classifications/Family/Detail/27>. Last accessed 17 July 2020.
- <sup>10</sup> Title or job inflation “is the process in which the names of employees’ jobs are regularly changed to make them sound more important than they are”. Source: <https://dictionary.cambridge.org/dictionary/english/title-inflation>. Last accessed 1 December 2020.
- <sup>11</sup> Recruitment takes two different routes. From the private sector, staff are recruited as contract or temporary agents who can become permanent after 5 to 10 years. From the public sector, or national competent authorities, individuals are recruited on secondment. It should also be noted that all staff must declare any conflict of interest. These range from economic interests, memberships, activities with other employers, consultancy activities, intellectual property rights, interests of close family members, and any other activities or situations, which might create an actual or potential conflict of interest.
- <sup>12</sup> Our logistic regression equation takes the following form:  $\Pr(Y = 1 | (x_1, x_2, \dots, x_n)) = F(\beta_1 x_1 + \beta_2 x_2 \dots \beta_n x_n)$ , where  $\Pr$  represents the probability of a certain class or event (binary variable *Movement*) that occurs such as revolving door of individual between public/private sector or vice versa,  $F$  is the cumulative standard logistic distribution function, and  $X_i$  is our set of independent variables  $(x_1, x_2, \dots, x_n)$ . The model also applies mixed effects logistic regression in order to address the potential problem that observations in the same cluster are correlated because they share common cluster-level random effects. Results are consistent across the two model specifications. Our OLS regression equation takes the following form:  $y_{it} = \beta_1 x_{1,it} + \beta_2 x_{2,it} \dots \beta_n x_{n,it} + \alpha_{it} + u_{it}$ , where  $y_{it}$  is our second dependent variable (*Movements*),  $X_{it}$  is our set of independent variables  $(x_{1,it}, x_{2,it} \dots x_{n,it})$ ,  $\alpha_{it}$  is our individual fixed effect (*Authority*), and  $u_{it}$  is the error term.
- <sup>13</sup> <https://corporateeurope.org/en/2019/09/laughing-all-way-banks-top-finance-regulator-moves-top-lobbyist-role>. Last accessed 20 December 2020.
- <sup>14</sup> The OLS regression equation takes the following general form:  $y_{it} = \beta_1 x_{1,it} + \beta_2 x_{2,it} \dots \beta_n x_{n,it} + \alpha_{it} + u_{it}$ , where  $y_{it}$  is our second dependent variable (*Movements*),  $X_{it}$  is our set of independent variables  $(x_{1,it}, x_{2,it} \dots x_{n,it})$ ,  $\alpha_{it}$  is our individual fixed effects (*Authority*), and  $u_{it}$  is the error term.

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## Supporting information

Additional Supporting Information may be found in the online version of this article at the publisher's web-site:

**Appendix S1** Supporting information.