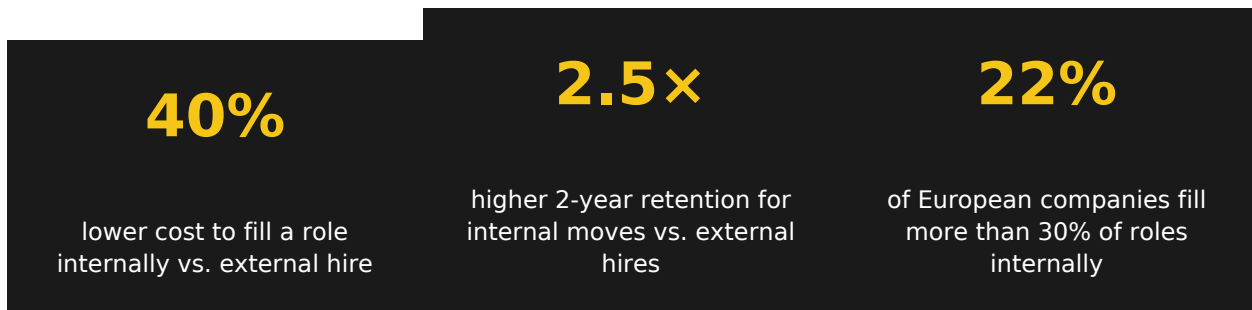


HR RESEARCH SERIES 2026 - REPORT R06 OF 10 (EXTENDED)

Internal Mobility vs. External Hiring

Why internal moves are 40% cheaper and produce 2.5× better retention, and how to build a real internal talent marketplace.

Internal mobility is the most consistently underutilised talent strategy in European organisations. Despite being 40% cheaper per hire, producing 2.5× better retention outcomes and generating significant employee engagement benefits, only 22% of European companies fill more than 30% of roles internally.



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The talent crisis has fundamentally changed the economics of this decision. With external hiring becoming more expensive, slower and more uncertain, the comparative attractiveness of internal hiring has never been stronger.

The internal vs. external decision framework

Factor	Internal favoured	External favoured
Time-to-productivity	Yes (2.3 months avg)	No (4.6 months avg)
Cost	Yes (40% lower)	No
New skills / capability	No	Yes
Cultural fit certainty	Yes	No
Engagement signal	Yes (career path visible)	Mixed
Diversity refresh	Mixed	Yes (when sourced well)
Speed-to-start	Yes (2 weeks median)	No (6 weeks median)

What high-performing internal mobility programmes look like

- **Public internal job board**, every external posting also posted internally, with a 5-day internal-first window.
- **Skills inventory**, every employee profile carries a structured skills graph that AI can match to open roles.
- **Career conversations**, formal twice-yearly career discussions, separate from performance reviews.
- **Manager-blind applications**, internal applicants protected from current-manager retaliation by HR.
- **Move-without-permission policy**, after 18 months in a role, employees can apply internally without manager sign-off.

The economics of internal vs. external hiring

Internal hires reach full productivity in an average of 2.3 months vs. 4.6 months for external hires, a €9,200 productivity gain per internal move at manager level. Companies with mature internal talent marketplaces report 34% lower overall voluntary turnover, career development is the second most cited reason for staying after compensation.

Manager hoarding, the biggest barrier

The primary barrier to internal mobility is manager hoarding, line managers blocking team members from applying for other roles within the organisation. 67% of employees who left a company in 2025 say they would have stayed if offered an equivalent internal opportunity, the vacancy that caused the departure was often not communicated internally.

Measure managers on internal talent exports, not just retention. The best leaders develop talent that other teams want.

AI talent marketplaces and internal mobility tech

AI-powered internal talent marketplace platforms that match employees to open roles increase internal fill rate from 15% to 30%+ within 12 months of deployment. The mechanism is simple: most employees don't know which internal roles exist or whether they qualify, AI matching surfaces opportunities they wouldn't otherwise see.

Building an internal mobility programme, 12-month roadmap

- **Months 1–2**, leadership commitment, define internal-first policy, audit current internal fill rate.
- **Months 3–4**, build internal job board, train hiring managers, launch career-conversation cadence.
- **Months 5–8**, deploy skills inventory and AI matching, pilot move-without-permission policy.
- **Months 9–12**, measure internal fill rate, regrettable attrition, manager talent-export scores.

Forward outlook 2026–2030

Internal mobility will become a top-three CHRO priority across European enterprises, with skills graphs and AI matching making cross-functional moves a default rather than an exception.

Built for what's next.

tenperzent.com is the AI-native ATS designed for European hiring in 2026 - GDPR by default, EU AI Act compliant, free to start, €79/month to scale.

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