Tiger Woods' superstar status hobbled the competition

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Tiger Woods's phenomenal talent won him a ton of golf tournaments. But an article published in the latest issue of the *Journal of Political Economy* shows he has something else going for him: his superstar status hobbles the competition.

According to research by Northwestern University economist Jennifer Brown, when Woods played in a tournament during his heyday, the other golfers' scores were substantially worse compared to tournaments where Woods did not play. Instead of raising their game to play the superstar, golfers facing Woods tended to wilt.

Brown's research is designed to investigate the dynamics of tournament-style competition within companies. For example, a company may reward its top monthly salesperson with some extra money or a prize -- the idea being that competition increases everybody's effort. But what if one salesperson seems to win every month? The others might slack off, knowing they have little chance to take the prize.

Brown's analysis of Woods supports the idea that superstars can be a disincentive to the competition.

She looked at PGA scores from 1999 to 2010 -- years that included Tiger's prime. She found that when Woods played in a tournament, other players shot nearly a full stroke higher -- which in golf means worse. The effect was strongest among the top-ranked players, who would be in direct competition with Woods for the highest payouts.

The poorer play was not due to players attempting longer, riskier shots to try to keep up with Tiger, Brown found. If that were the case, we'd expect to see players hit more eagles (two strokes better than par) and more double bogeys (two strokes worse than par) when playing against Woods, reflecting a high-risk, high-reward strategy. But that's not the case, Brown's research shows. There were significantly fewer eagles and double bogeys when Woods played.

So how much has Woods benefitted from the superstar effect?

"My calculations suggest that Woods's PGA Tour earnings would have fallen from $54.5 million to $48.4 million between 1999 and 2006 had his competitors' performance not suffered the superstar effect,' Brown writes. "By my estimates, Woods pocketed nearly $6 million in additional earnings because of the reduced effort of other golfers -- prize money that would otherwise have been distributed to other players in the field."

The results have implications for businesses that use internal competition to drive incentives, Brown says.

"For example, sales managers and law firms should be aware of the impact of introducing a superstar associate on the cohort's overall performance," she writes.

More information: Jennifer Brown, "Quitters Never Win: The (Adverse) Incentive Effects of Competing with Superstars." Journal of Political Economy 119:5.

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