Study uncovers recipe for producing and managing star performers

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While the contributions and value added by star performers can be extraordinary and even legendary, companies today often overlook the influence those top employees can have on others around them, according to new and previous research by an Indiana University Kelley School of Business management professor.

Writing in the journal *Organizational Dynamics*, Herman Aguinis, the John F. Mee Chair of Management and professor of organizational behavior and human resources, discusses how companies can effectively produce and manage star performers.

"Star performers produce more than other individuals, help increase the productivity of those around them and have an important impact on the performance of their organizations as a whole," Aguinis wrote with Kyle Bradley, a Ph.D. candidate at Kelley in the article, "The Secret Sauce for Organizational Success: Managing and Producing Star Performers."

In a series of research studies conducted over the past five years involving more than 600,000 people, including scientists, entertainers, politicians and athletes, Aguinis and his associates have found that the performance of individuals does not follow a normal distribution, which usually follows a characteristic "bell curve."

In fact, many top organizations have forced managers to unrealistically assign a set percentage of their people to certain performance measures in order to create a normal distribution. But this practice places restrictions on who can succeed and clusters the majority of people around the average—or center—of the distribution.

"Rather than a normal distribution, our research suggests that performance usually follows a power law distribution ... Under this type of distribution, we expect to see many more star performers," Aguinis and Bradley wrote.

For example, in 2012 Aguinis and Ernest O'Boyle Jr., an assistant professor at the University of Iowa, gathered publication data for more than 25,000 researchers across more than 50 scientific fields. If data followed a normal distribution, there should have been about 35 researchers with 10 or more publications. By comparison, they found 460 people who had produced that high level of publication.

In a sample of 3,300 entertainers who were nominated for Grammy Award, five would be expected under a normal distribution to receive at least 10 nominations. However, 64 artists have been nominated at least 10 times.

"It is becoming apparent that the performance distribution is not normal in most cases and consequently star performers are more common than previously assumed," Aguinis and Bradley said.

"If an organization implements a performance evaluation system that forces a normal distribution when performance actually follows a power law distribution, several star performers will be rated as average," they said. "This could have demoralizing effects on the individual and result in loss of motivation, drops in performance or even turnover of some of the organization's most valuable human capital."

The reason for this shift is today's movement to a service-oriented economy and resources provided by new technologies, which enable more people to emerge as star performers.

Most of the paper focuses on the "secret sauce": what organizations can do to effectively manage and produce star performers. Recommendations include advice on transparency and fairness in policies, how work is structured, training and development interventions, employment decisions and compensation.

"Implementing such practices may get us closer to reaching one of the most coveted 'holy grails' in management: turning human capital into an unbeatable and long-lasting source of competitive advantage," Aguinis and Bradley concluded.

Among their recommendations:

- Fairness does not mean equality in terms of rewarding everyone the same, but it involves everyone being given the same opportunity to become a star performer. To do so, organizations need to be transparent about the relationship between specific employee behaviors and results with rewards. Chipotle was cited as an example, due to its promotion process that enables anyone to move from making burritos to senior management.
- Remove situational constraints, which unleashes star performance, including when teams are put together. "Managers should leverage their star performers in team settings. This can be accomplished by allowing star performers to rotate in and out of teams, instead of keeping them locked down to one specific team," they wrote. "As stars rotate through teams, they will be able to have an impact on several other individuals."
- Instead of focusing training resources on average workers, managers should "recognize that small, incremental improvements to star performers can have a much larger impact than trying to shift all individuals up the performance scale," they

said. "Managers should use stars to help train and develop others within the organizations."

Provided by Indiana University

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