Follow-up: The impact of overwhelmingly talented competitors on the rest of the field

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A while back, I wrote on <u>the impact of hardworking employees on their less diligent</u> <u>colleagues</u>. *Slate* uncovered a study that demonstrated the reverse effect: <u>How Tiger Woods</u> <u>makes everyone else on the course play worse</u>. The magic ingredient is the incentive structure. If you have an incentive structure which rewards the best-performing person, and there is somebody who pretty much blows the rest of the field out of the water, then the incentive structure effectively slips down one notch. Everybody is now fighting for second place (since they've written off first place to Tiger Woods), and since the second place prize is far, far below the first place prize, people don't have as much incentive to play well as they did when Tiger wasn't in the mix.

The effect weakens the further down the ladder you go, for although the difference between first and second place is huge, the difference between 314th place and 315th place is pretty negligible.

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