

## Herman Aguinis interview

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**H**erman Aguinis is the Avram Tucker Distinguished Scholar and Professor of Management at George Washington University School of Business. Prior to joining The George Washington University School of Business (GWSB), he was the John F. Mee Chair of Management and the Founding and Managing Director of the Institute for Global Organizational Effectiveness in the Kelley School of Business, Indiana University. In addition, he has been a visiting scholar at universities in the People's Republic of China (Beijing and Hong Kong), Malaysia, Singapore, Argentina, France, Spain, Puerto Rico, Australia, and South Africa. He earned his PhD in industrial and organizational psychology from the University at Albany, State University of New York. He has been elected to serve as Academy of Management Program Chair Elect, Program Chair, President Elect, President, and Past President during 2018-2023.

### Is it too simplistic to suggest that reward is the best way to encourage innovation and creativity amongst a workforce?

This is a great question and, coincidentally, I wrote about this issue extensively in the fourth edition of my *Performance Management* book, which was just published (Aguinis, 2019). Hicks Waldron, former CEO of cosmetics giant Avon, in an eloquent statement, explained why rewards are so important: "It took me 30 years to figure out that people don't do what you ask them to do; they do what you pay them to do." So, yes, if the goal is to encourage innovation and creativity, these behaviors should be rewarded. For example, Procter & Gamble (P&G), the world's largest consumer products company, has a strategic goal of appealing "to the heart and caring about

human needs," which requires a great deal of creativity and imagination on the part of employees. So, the performance management systems rewards these behaviors explicitly. Consider a situation in P&G Brazil, where P&G feared a shutdown due to decreased business volume. Low-income consumers were the fastest-growing segment of the population, but P&G's global premium products were too expensive for this market segment. Local P&G teams decided to live with families, scrutinized every P&G process in an attempt to reduce costs, and ended up creating an innovative products line they dubbed "basico" (for "essential" in Portuguese). The team members felt that they were doing good for the world, not just making money for the corporation. Demand immediately outpaced supply when the first "basico" products were launched, which included women's hygiene, diapers, and greener laundry detergent. The company



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quickly captured market share through small neighborhood shops, and premium products were lifted. The business in Brazil became a profitable global growth model, and not just for emerging countries. As a consequence, “Tide Basic” was recently introduced in the USA. P&G’s performance management system encourages, motivates, and rewards employees for engaging in these types of innovative and creative initiatives, particularly when purpose-inspired opportunities and commercial considerations seem to collide.

### Is strategic management research up to scratch?

Strategic management and many other fields are currently immersed in an important discussion regarding the transparency and replicability of research (Aguinis *et al.*, 2018b). The pressures to publish in what are called “A journals” has never been greater. At the same time, many business schools are reducing their budgets for doctoral education and the methodological re-tooling of their professors. So, we are facing a “perfect storm” that is leading to questions about the trustworthiness and credibility of research. We see signs of this in published articles that engage in questionable research practices such as eliminating outliers to make models “fit better,” retroactively creating hypotheses, misusing of control variables, and many other issues (Aguinis *et al.*, 2013; Bernerth and Aguinis, 2016; Murphy and Aguinis, 2018). I believe we must address these challenges head on and immediately. I was recently elected for the five-year presidency track of the Academy of Management (AOM) and will serve as AOM Program Chair Elect & Vice President Elect, Program Chair & Vice President, President Elect, President, and Past President during 2018-2023. I hope to be able to create initiatives addressing these important concerns.

### Are business schools doing enough to deliver an education experience that prepares students for global markets and mobility?

They must do so because the competition for top students and faculty is now global. For example, many rankings now include business schools not only from North America, but also Europe, Asia, and other parts of the world (e.g. Australia) (Ryazanova *et al.*, 2017). Also, business schools have little choice in the matter because the globalization of the world economy has put pressure on business schools to deliver an education experience that prepares students for global markets and mobility. In my opinion, only those universities that can do this will remain viable in the long term.

### How would define a star performer?

Star performers are individuals who produce disproportionately large amounts of cumulative output compared to their peers (Aguinis and Bradley, 2015). Because of their outsized contributions, these individuals have a large positive influence on key outcomes such as firm survival, retention of clients, new product development, and many other outcomes success criteria that are important to organizations. We conceptualize star performers as a rising tide because they raise all boats. Our work in this domain involves studying athletes, researchers, entertainers, call center employees, and individuals in many different types of industries and occupations (Aguinis *et al.*, 2018a; Joo *et al.*, 2017). We found that in more than 90 per cent of cases, a minority of individuals contribute a disproportionate amount of the outcomes. This is why it is critical to implement organizational practices that aim at recruiting, selecting, developing, and retaining star performers.

## How do we successfully get across the message that there is no economic justification for the huge gap between CEO and workers' salaries?

A topic that has received extensive attention is the salary gap between CEOs and workers. But, the first issue in the 2018 volume of the journal *Management Research* includes an article in which we documented the gap between CEO performance and CEO pay (Aguinis *et al.*, 2018d). Based on a sample of more than 4,000 CEOs across 22 different industries including agriculture, forestry, mining, air travel, banking, and basic manufacturing, we found little overlap between top earners and top performers. None of the top 1 per cent performing CEOs are among the top 1 per cent paid CEOs regarding salary or bonus. Only 5 per cent of the top 5 per cent performing CEOs are also among the top 5 per cent paid CEOs and only 20 per cent of the top 5 per cent performing CEOs are also among the top 5 per cent paid CEOs. Our article was followed by commentaries by 18 scholars including Donald C. Hambrick, Michael A. Hitt, Patrick M. Wright, Robert M. Wiseman, Albert A. Cannella, Edward E. Lawler, and James P. Walsh. Together, these articles offer a comprehensive analysis including economic as well as psychological and sociological reasons why CEO performance and CEO pay do not go hand in hand – something that needs to be addressed by boards and compensation committees (Aguinis *et al.*, 2018c).

## Can someone in a repetitive, low-paid job be convinced that work is a central human activity and that they can find meaningfulness through work?

Work is a central human activity and as we strive to find meaningfulness in life, we often do so through work. The general process through which people give meaning to ongoing experiences such as work is called sensemaking. In an article to appear in *Journal of Management*, we describe how individuals make sense of corporate social responsibility (CSR) and find meaningfulness through work – regardless of how repetitive or low pay the job may be (Aguinis and Glavas, 2018). In other words, we analyze how individuals experience CSR by taking an active role in searching for and finding meaningfulness. Because CSR expands the notion of work to go outside of one's particular job and organization, and beyond an exclusive profit-focused perspective, it is an ideal conduit for individuals to make sense of and find meaningfulness through work.

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