

Macro Roundup Article

Headline: [Managers and Productivity in Retail](#)

Article Link: <https://www.nber.org/papers/w31192>

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Tweet: Using evidence from two large retailers @RDMetcalfe @ASollaci @ChadSyverson find that individual managers, outside of firm-wide management practices, explain 25-35% of variance in store level productivity.

Summary: Overall, managers explain between 25 and 35% of the variance of store-level productivity, which is about 50-70% of the explanatory power of store fixed effects. In the four largest connected sets across both companies, moving a manager from the 10th percentile to the 90th percentile increases overall productivity by between 22% and 82%. On average, this implies an effect on output equivalent to adding a fifth employee to a team of four. We estimate that replacing a manager at the bottom of the distribution by one at the top could increase a store's productivity by at least 50%, and perhaps as much as doubling it, depending on the company and the relevant connected set.

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Primary Topic: Institutional Capabilities

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