ORIGINAL ARTICLE

Shadows and shields: Stars limit their collaborators' exposure to attributions of both credit and blame

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Abstract

Building on the notion of cumulative advantage, we undertake a nuanced examination of how collaborating with a star affects attributions of credit and blame to nonstars in collaborative endeavors. Situating our inquiry in the US hedge fund industry, we hypothesize two-way interactions predicting that collaboration with a star comanager will weaken both the positive effect of comanaged fund success and the negative effect of comanaged fund failure on nonstar managers' professional status attainment (i.e., the status of a manager's subsequent employing firm). Specifically, we argue that the involvement of a star comanager will weaken prospective employers' attributions for positive or negative performance to a focal nonstar manager, due to presumptions of the star's disproportionate influence in collaborative decisions. We then theorize a series of three-way interactions specifying the roles of other signals of a nonstar manager's competence in this process. More precisely, we argue that a nonstar's performance outside the collaborative context and the status of the nonstar's current employer will weaken the dampening effect of comanaging with a star in the context of success and strengthen the favorable, blame-reducing effect of comanaging with a star in the context of failure. Therefore, we suggest that nonstars who can signal their competence

with these independent status signals will achieve greater professional status attainment than will those lacking such signals following both collaborative success and collaborative failure with a star. Our primary analyses support our hypotheses, while our supplementary analyses offer corroborative support for theorized mechanisms and evidence to address alternative explanations.

1 | INTRODUCTION

An extensive body of research has examined the consequences of collaborating with stars—individuals who demonstrate exceptional performance and enjoy broad visibility relative to industry peers (Groysberg et al., 2008). Much of this research has offered evidence that stars, due to their expert knowledge and broad status, bolster the productivity of their collaborators (Azoulay et al., 2010; Kehoe & Tzabbar, 2015; Oettl, 2012). Yet, other work has noted that stars' esteemed standing may carry a cost, highlighting that stars may limit their peers' access to resources (Prato & Ferraro, 2018), hamper their creativity (Li et al., 2020), and foster their over-dependence on stars' contributions (Chen & Garg, 2018).

A related vein of research, rooted in the notion of cumulative advantage (Merton, 1968), suggests that stars' broad status and influence may also hinder their nonstar collaborators' own professional status attainment. This research indicates that while stars attract visibility to their collaborative endeavors (Groysberg et al., 2011), stars also receive disproportionate credit when these collaborations succeed. This operation of cumulative advantage is consistent with the self-perpetuating relationship that scholars have observed between stars' superior performance and privileged status. Indeed, stars appear to enjoy more external support (Fuller & Rothaermel, 2012; Higgins et al., 2011), more favorable evaluations for comparable performance (Kim & King, 2014; Simcoe & Waguespack, 2011), and more credit for collaborative successes (Merton, 1968, 1988) than their lower status peers in contexts spanning sports, R&D, and entrepreneurial ventures.

While prior research has offered valuable insights into how established status hierarchies promulgate unequal attributions of credit between high and low status actors (Merton, 1968), this dominant focus has resulted in at least two gaps in our knowledge related to how stars influence the professional status attainment of their collaborators. First, a sole focus on discrepancies in the recognition received by high versus low status actors following collaborative successes obscures important nuances underlying how cumulative advantage *differentially* influences lower status actors. This is important, as such nuances underlie the conditions under which nonstars are more or less likely to be overshadowed should they collaborate with a star.

Second, the disproportionate focus on attributions of credit for collaborative successes has coincided with a relative lack of attention to how cumulative advantage influences attributions of blame for collaborative failures. This is problematic, as strong performance is not guaranteed—even among stars (Groysberg et al., 2008; Kehoe et al., 2018). Moreover, failure often carries a stigma that can threaten individuals' subsequent professional status attainment, resulting in difficulty securing future employment in firms or jobs of comparable standing (Cannella et al., 1995; Rider & Negro, 2015). Thus, uncovering how the involvement of a star shapes attributions of blame when a collaborative failure occurs represents an important missing piece in our understanding of stars' effects on their peers.

In the present study, we address these gaps in our knowledge by examining how collaborating with a star influences the credit that nonstars receive for collaborative successes and the blame that nonstars receive for collaborative failures. Specifically, focusing on the hedge fund industry, we examine the influence of star comanagers on the professional status attainment—defined as the relative status of one's employer (Rider & Negro, 2015)—of focal nonstar hedge fund managers who change employers in the year following their involvement in a successful or failed comanaged hedge fund. Combining insights from expectation states theory (Berger et al., 1972), attribution theory (Heider, 1958), and signaling theory (Spence, 1973), we note that prospective employers incorporate multiple signals of focal managers' (FMs') quality in evaluating FMs' attractiveness as potential employees. We further suggest that prospective employers' propensities to rely on the success (failure) of an FM's comanaged fund as a positive (negative) signal in the hiring decision is likely to depend on their attributions of the FM's relative accountability for the comanaged fund's performance. We argue that these attributions will be weakened by the involvement of a star comanager due to stars' presumed disproportionate influence in collaborative decision-making. On these bases, we predict a two-way interaction between comanaged fund performance (or failure) and working with a star comanager. Specifically, we contend that collaborating with a star comanager will reduce the credit (and increase in professional status attainment) that FMs enjoy in the context of collaborative success as well as the blame (and decrease in professional status attainment) they receive in the context of collaborative failure. We then predict a series of three-way interactions that specify the moderating roles of two additional status characteristics in shaping prospective employers' evaluations of FMs' potential. Specifically, we argue that an FM's performance outside the collaborative context and the status of an FM's current employer will weaken the dampening effect of comanaging with a star in the context of success and strengthen the blame-reducing effect of comanaging with a star in the context of failure.

We seek to advance research on stars' effects on their colleagues' professional status attainment in several ways. First, we provide an empirical test and extension of Merton's (1968) seminal findings on cumulative advantage. Adding to the logic that stars enjoy disproportionate credit for their collaborative successes with lower status peers (in our context, FMs), we develop corollary arguments that lower status actors will receive more credit for the same collaborative performance when *not* working with a star, enabling us to more closely examine the implications of cumulative advantage for those disadvantaged by its operation (Prato & Ferraro, 2018).

Second, we highlight that a counterpoint to the disproportionate credit attributed to stars for collaborative successes may be the disproportionate blame shifted to stars for collaborative failures. We again examine this idea through the lens of nonstars, arguing that FMs will receive less blame for a collaborative failure experienced with a star comanager as opposed to with a nonstar comanager. This focus highlights a fascinating silver lining for stars' nonstar collaborators: the very status hierarchies that lead to the overshadowing of nonstars by their star collaborators in the context of success may offer them protection in the face of failure.

Third, by examining the role of FMs' status signals in shaping the effects of succeeding or failing with a star comanager, we highlight that nonstars may have some agency in the operation of cumulative advantage. Namely, to the extent that FMs can secure employment at a high status firm and/or achieve strong performance outside of their collaboration with a star, they may be less likely to be overshadowed by a star comanager when they succeed and better poised to benefit from shifts of blame to a star comanager should they fail.

2 | THEORETICAL BACKGROUND

2.1 | Expectation states theory and the signaling effects of performance and failure

Expectation states theory suggests that actors consider individuals' distinguishing status characteristics in forming judgments about their future behaviors and performance (Berger & Webster, 2006). In organizational contexts, employers and clients rely on imperfect signals—including individuals' prior performance and achievements (Higgins et al., 2011), reputation (Groysberg & Lee, 2009), prior employment affiliations (Bidwell et al., 2015; Higgins & Gulati,

2003, 2006), and educational prestige (Hitt et al., 2001; Sauer et al., 2010) in evaluating individuals' potential and in deciding whether to engage in sales, investing, and employment relationships with them.

Importantly, decision makers also attend to negative status cues. An individual's association with a stigmatizing event (e.g., failure, scandal, or bankruptcy)—particularly one connected to performance—may be interpreted as a negative signal of one's value. Indeed, the "stigma by association" that individuals experience following involvement with organizational failure (Wiesenfeld et al., 2008) has been shown to result in poorer labor market outcomes among executives (Semadeni et al., 2008; Sutton & Callahan, 1987), managers (Cannella et al., 1995), and professional service employees (Rider & Negro, 2015).

2.2 | Integrating an attribution theory perspective

Attribution theory suggests that actors incorporate available information about focal individuals and their surrounding contexts in making attributions concerning the cause of an event or outcome (Heider, 1958). The attribution of causality for an event *away from* a focal individual is likely to follow from the conclusion that the individual had limited control in shaping the outcome (Weiner, 1985), such as when another cause for an event—often the responsibility of another individual—can be identified (Shaver, 1985). Consistent with this logic, scholars have demonstrated that in collaborations involving both eminent and less established scientists, external observers tend to attribute success to the eminent scientists based on these individuals' existing reputation for exceptional performance—leaving their less established collaborators to receive disproportionately little credit or acclaim (Merton, 1968, 1988).

Attributional shifts apply to less favorable outcomes as well. For instance, the career penalties individuals experience following an association with organizational failure are reduced by signals that decrease such individuals' apparent accountability for the failure. This can include when such individuals have a lower organizational rank (Cannella et al., 1995) or lower tenure (Rider & Negro, 2015); when they exit the organization prior to the failure (Semadeni et al., 2008); or when other actors have been singled out for blame (Wiesenfeld et al., 2008).

Integrating this perspective with the tenets of expectation states theory suggests that the effect of a collaborative success or failure on an individual's professional status attainment will depend on a complex balance of status information weighed by prospective employers. In particular, employers' perceptions of the credibility of an individual's observed collaborative performance as a signal of his or her competence and future potential are likely to be based both on attributions of the individual's responsibility for this performance and on the presence of other signals of the individual's competence outside the collaborative context (Connelly et al., 2011). Consistent with this logic, Rider and Negro (2015) found that while lawyers' involvement in a failed law firm predicted mobility to lower status employers, this effect was mitigated by a lawyer's association with a prestigious law school (i.e., a positive status signal). Similarly, Cannella et al. (1995) found that the prefailure financial condition of a manager's bank mitigated the career penalties tied to managers' association with a bank failure.

2.3 | Stars as status epicenters

Stars' exceptional performance tends to attract broad visibility that spans beyond their organizations' boundaries (Groysberg & Lee, 2008), as reflected in the disproportionate attention stars receive from recruiters, customers, and investors (Gardner, 2005). This positive attention often translates to increased client attraction (Groysberg & Lee, 2010), sales revenues (Lucifora & Simmons, 2003; Ravid, 1999), and IPO achievement and proceeds (Fuller & Rothaermel, 2012; Higgins et al., 2011), as well as preferential access to knowledge (Hess & Rothaermel, 2011; Oldroyd & Morris, 2012) and exchange partners (Groysberg & Lee, 2009) for stars' firms.

The resulting combination of outstanding performance and status affords stars significant influence in their organizations. Indeed, stars often occupy central roles in the routines (Chen & Garg, 2018) and informal decision-making hierarchies (Groysberg et al., 2011; Kehoe & Tzabbar, 2015) governing their interdependent work. As a consequence, association with a star collaborator may present a double-edged sword for less accomplished employees. On one hand, stars convey a broad array of knowledge- and status-based spillovers that benefit the quality and visibility of their colleagues' work (Fuller & Rothaermel, 2012; Rothaermel & Hess, 2007). On the other hand, stars are positioned to exert enormous influence in collaborative decision-making and problem-solving processes, which can crowd out the contributions (Tzabbar & Kehoe, 2014)—as well as the recognition (Prato & Ferraro, 2018)—of their nonstar peers.

2.4 | On the hedge fund context and the success and failure of managers' funds

We develop and test our hypotheses in the context of managers in the US hedge fund industry. The hedge fund setting represents a professional service context, where a firm's products are the hedge funds under its management, and where the individuals and institutions that invest in these funds are the firm's clients (Stultz, 2007). Similar to mutual fund managers (Kosowski et al., 2006), hedge fund managers have significant discretion in the funds they manage, leading to a close connection between managers' contributions and final product quality (i.e., fund performance; Li et al., 2011). This reflects a parallel with other professional service contexts (e.g., legal services [Hitt et al., 2001], banks [Sirmon & Hitt, 2009]), where key employees have direct influence on the services rendered and are evaluated by both internal and external actors on this basis.

In the present study our focus is on the professional status attainment of FMs who separate from their firms in a year immediately following their involvement in a comanaged fund. An FM may turnover while the comanaged fund with which he or she is involved continues to exist or following the failure of a comanaged fund; we are interested in both of these mutually exclusive conditions. In our hypotheses related to the effect of fund performance in the context of surviving comanaged funds (i.e., Hypotheses 1a, 2a, and 3a), we limit our focus to FMs who separate from their employing firms following involvement in a surviving comanaged fund that represents the largest fund (i.e., with respect to total assets under management) in the FM's portfolio to ensure that this fund has a strong potential to be viewed as a salient performance signal by prospective employers. In our hypotheses related to the effect of comanaged fund failure (i.e., Hypotheses 1b, 2b, and 3b), we focus on FMs who separate from their employing firms following the failure (or more precisely, liquidation—which refers to the closure of a fund and entails selling investment holdings and returning capital to investors) of any fund they comanaged. We compare the professional status attainment of these FMs to that of all FMs who leave their employing firm in the year following their involvement with any comanaged fund. Because fund failure is so significant, rare, and salient, we include all comanaged fund failures in our examination of these hypotheses, rather than limiting our focus to failure of an FM's largest fund.[1] Indeed, unsurprisingly, scholars have demonstrated that fund managers who turnover following involvement in a fund failure suffer a stigma of failure and devaluation in status as they reenter the labor market (Ellul et al., 2017). This makes sense, as in these cases, prospective employers must weigh not only their own assessments of what the failure signals about the manager's future performance potential in managing funds, but also the implications of the failure for clients' confidence in entrusting investments with the manager.

Building on the centrality of fund managers to fund performance in the present context, as well as on prior research establishing a close connection between individuals' job performance and professional status attainment (Groysberg & Lee, 2008), we adopt the baseline expectation that the success (failure) of an FM's comanaged fund will be positively (negatively) related to the FM's professional status attainment. Thus, we focus our theoretical arguments on the moderating role of star comanagers and FMs' independent status signals on these relationships.

3 | HYPOTHESES

3.1 | Collaborating with a star: Consequences of success and failure

Stars enjoy increased accolades for their involvement in successful initiatives relative to their peers in part due to external observers' reasonable expectations about stars' influence and centrality in their collaborations (Chen & Garg, 2018; Groysberg et al., 2011). Indeed, Chen and Garg (2018) found evidence in the professional basketball context that team routines are often built around teams' star players, while in the biotechnology context, Kehoe and Tzabbar (2015) demonstrated that star scientists' collaboration patterns exert a strong effect on the productivity of their peers. These expectations, we argue, are likely to cause external actors to attribute the performance of collaborations involving stars to the stars themselves, rather than to stars' lower status collaborators—a prediction consistent with Merton's (1968) observation that acclaimed scientists receive disproportionate credit for their contributions in scientific collaborations. In particular, external observers may be inclined to assume that, when present, stars will have assumed control over the major decisions and activities underlying their collaborative work arrangements—including the comanagement of hedge funds in the present research context. As a result, prospective employers may be less likely to interpret strong performance in a comanaged fund as a credible signal of the competence of stars' nonstar comanagers.

While receiving diminished credit could generally be viewed as a downside of working with a star, we argue that a star's peers may enjoy a silver lining to stars' status in the unfortunate case of failure. Specifically, external actors may also be less likely to rely on an FM's involvement with a comanaged fund's failure as an indicator of his or her (lack of) competence when there is a star comanager present, thereby mitigating the negative effect of failure on the FM's subsequent professional status attainment. Indeed, when an individual is perceived to have had limited influence in the decision-making that caused a failure, he or she may be absolved of blame by observers (Shaver, 1985). This logic is consistent with prior findings that the negative effect of organizational failure on individuals' subsequent professional status attainment is weakened in contexts where blame is intuitively attributed to other actors (e.g., Cannella et al., 1995; Rider & Negro, 2015; Semadeni et al., 2008). On the basis of the preceding arguments and patterns observed in prior research, we predict:

> **Hypothesis 1a**. The involvement of a star comanager weakens the positive effect of comanaged fund performance on FMs' professional status attainment.
>
> **Hypothesis 1b**. The involvement of a star comanager weakens the negative effect of comanaged fund failure on FMs' professional status attainment.

Our logic above integrates insights from attribution theory and expectation states theory to suggest that that when an FM's comanaged fund involves a star comanager, external observers are likely to perceive that the performance of the fund provides less useful information (or serves as a less credible signal [Connelly et al., 2011]) related to the competence of the FM. In these circumstances, prospective employers will likely incorporate additional information in forming their holistic evaluations of the FM's potential, pointing to the increased importance of other signals of an FM's competence and attractiveness as an employee in these contexts. Such indicators may be rooted in personal characteristics that reflect task competence and/or in FMs' broader associations with high or low status entities (Magee & Galinsky, 2008).

Signaling theory suggests that the effectiveness of signals depends on their perceived credibility—that is, the extent to which signals convey clear and reliable information about the unobservable quality that they are meant to reflect. On this basis, we focus on the signals conveyed by an FM's performance outside the collaborative context (i.e., in managing other funds [Groysberg & Lee, 2008]) and the status of an FM's current employer (Bidwell et al., 2015). We argue that these signals will weaken the dampening effect of a star's involvement in a successful comanaged fund

and strengthen the mitigating effect of a star's involvement in the failure of a comanaged fund on an FM's professional status attainment. Specifically, we expect these additional signals to operate by disambiguating and/or further reducing the weight given to the noisy signal associated with the performance of the FM's comanaged fund. In particular, by providing distinct information about an FM's quality, these indicators can help to contextualize the performance outcomes observed in the FM's comanaged fund. When positive, these signals may increase the propensity of prospective employers to credit an FM for the success of a fund comanaged with a star and/or to further dissociate the FM from the stigma accompanying the failure of a fund comanaged with a star.

3.2 | FMs' performance outside the collaborative context

An FM's performance outside the collaborative context is a performance-based status characteristic that is independent of the comanaged fund, and when strong, indicates the FM's high potential for strong performance (Gardner, 2005). Such a positive signal can contribute to a more complete picture of the FM's work performance, and is likely to be especially valued by prospective employers for its credibility in signaling the FM's competence when the signal associated with the FM's comanaged fund is noisy due to the involvement of a star comanager.

In particular, when an FM's comanaged fund is successful, the additional independent performance indicator may reinforce the credibility of this positive signal, increasing prospective employers' perceptions that the FM deserves some credit for the comanaged fund's success despite the involvement of a star comanager. In this way, an FM's performance outside the collaborative context may influence prospective employers' holistic evaluations both by providing an independent signal of the FM's value and by favorably shaping their interpretations of the FM's responsibility for the success of the comanaged fund. Indeed, research on signaling theory demonstrates the positive influence of signal consistency—or agreement across multiple signals from one source (Connelly et al., 2011)—in determining signal effectiveness (e.g., Gao et al., 2008). This reinforcing effect is likely to be particularly pronounced among FMs with star comanagers, who are those least likely to otherwise receive credit for their collaborative successes.

Alternatively, when an FM's comanaged fund ends in failure, the FM's performance outside the collaborative context may counterbalance the negative effect of the failure on the FM's subsequent professional status attainment. This expectation is akin to Rider and Negro's (2015) finding that educational prestige, another important competence-based status characteristic, counterbalanced the negative effects of law firm failure on the professional status attainment of displaced lawyers. As above, we expect this additional performance-based signal to be particularly influential in the context of FMs whose comanaged funds involve a star comanager. Such FMs' strong performance outside the collaborative context provides evidence of their competence and reinforces prospective employers' propensities to attribute the failure to the star and thus devalue it as a signal of the FM's future potential. On these bases, we predict:

> **Hypothesis 2a**. High FM performance outside the collaborative context mitigates the dampening influence of the involvement of a star comanager on the positive effect of comanaged fund performance on FMs' professional status attainment.
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> **Hypothesis 2b**. High FM performance outside the collaborative context strengthens the mitigating influence of the involvement of a star comanager on the negative effect of comanaged fund failure on FMs' professional status attainment.

3.3 | FMs' current employer status

Research has documented the reliance on employer status as an important status characteristic by a multitude of external actors, including prospective employers (Bidwell et al., 2015; Wade et al., 2008), customers (Roberts

et al., 2011), and investors (Burton et al., 2002; Higgins & Gulati, 2003, 2006). First, given the preferential access to resources, financing, and exchange partners enjoyed by prestigious organizations and the assumption that individuals broadly prefer higher status affiliations, external actors may assume that high status employers have their choice of the best talent. On this basis, an individual's mere selection by a high status employer may be perceived as a signal of competence (Rider & Tan, 2015). Second, an individual's employment at a high status firm may offer improved access to quality colleagues, leading to favorable learning, development, and mentoring opportunities and thus greater improvements in human capital within the course of the individual's employment with the organization (Bidwell et al., 2015), as well as the promise of a valuable professional network following mobility to another employer.

On these bases, employer status is likely to be viewed by prospective employers as a welcome additional signal of an FM's attractiveness as an employee, which may be particularly helpful in resolving the ambiguity created by the involvement of a star comanager in an FM's comanaged fund. In particular, for FMs whose comanaged funds are successful, association with a high status employer bolsters the credibility of the signal associated with their collaborative success (Cole & Cole, 1968) and may signal additional value attached to the FM's professional ties—a boost that is needed more among FMs who are otherwise at risk of being overshadowed by star comanagers (Azoulay et al., 2014). Meanwhile, for FMs whose comanaged funds failed, association with a high status employer may counterbalance the negative effect of the failure—a mitigating effect that we again expect to be stronger in the presence of a star comanager. In particular, as we have suggested, such failure contexts are likely to trigger prospective employers to attribute blame toward the star and to seek out additional signals about the performance potential of the FM. An association with a high status employer offers prospective employers a positive signal that provides more information about the FM's value as an employee and further diminishes the weight given to the comanaged fund's failure in their holistic evaluation of the FM (Rider & Negro, 2015). Thus, we predict:

> **Hypothesis 3a.** High current employer status mitigates the dampening influence of the involvement of a star comanager on the positive effect of comanaged fund performance on FMs' professional status attainment.
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> **Hypothesis 3b.** High current employer status strengthens the mitigating influence of the involvement of a star comanager on the negative effect of comanaged fund failure on FMs' professional status attainment.

4 | METHODS

4.1 | Overview of the sample

We tested our hypotheses using data obtained from two sources: (a) *Eurekahedge*, a private third-party investment research firm specializing in compiling data on hedge funds and fund managers, and (b) *Institutional Investor*, a media organization known for its trade journal that publishes lists that rank hedge fund firms and fund managers. Our data consist of monthly observations on US hedge funds from 2005 to 2019 and career histories of the managers of these funds. Our full dataset includes information on 59,337 nonstar fund managers involved in the management of 28,304 funds. As our hypotheses focus on mobility events among fund managers involved in comanaged funds, we first restricted our sample to managers who changed firms within a year following their involvement in a comanaged fund, reducing our sample to 48,762 FMs across 15,238 funds. Next, we excluded observations with incomplete data in the 2 years prior to a manager changing employers, further reducing our sample to 43,630 FMs across 13,524 funds. After dropping observations due to missing data, we retained a final sample of 32,278 FMs across 9311 comanaged funds at 2872 firms. On average, 1249 firms operated in the industry in any given year, with a mean of $356 million in assets under management. Within this sample, 4094 FMs (12.6% of all managers in our sample) were involved in the failure of 1229 comanaged funds (13.2% of all comanaged funds in our sample).[2]

4.2 | Measures

4.2.1 | Professional status attainment

Following prior work (Rider & Negro, 2015), we assessed FMs' professional status attainment based on the status of the firm joined by an FM following departure from the firm where the focal fund was comanaged. We measured firm status as a firm's rank among other firms in the industry, based on total assets under management (AUM; Ibbotson et al., 2011; Eichengreen et al., 1998). We reverse-coded this ranking (such that higher values reflect greater employer status) to facilitate interpretation of results. To confirm the validity of this approach, we compared our rankings to the ranking of firms in *Institutional Investor's* annual list of top 100 hedge fund firms, which has been used as an alternative gauge of firm status (de Figueiredo et al., 2013). The correlation between the *Institutional Investor* rankings and our rankings was .83, demonstrating the validity of our status measure. This is important, as the *Institutional Investor* list ranks only the top 100 hedge funds, whereas our approach captures firm status across the entire industry.

4.2.2 | Comanaged fund performance

For the hypotheses concerning the effect of comanaged fund performance in the context of surviving comanaged funds (i.e., H1a, H2a, and H3a), we limited our focus to comanaged funds that represented the largest fund managed by an FM in the year prior to his or her mobility. We operationalized *comanaged fund performance* using the Sharpe ratio (Eggars, 2012; Smith, 2011)[3] for the year preceding the FM's turnover.[4] The Sharpe ratio provides a measure of fund performance, adjusted for market and industry returns and the level of investment risk, and is computed using the following formula:

$$\frac{R_p - R_f}{\sigma_p} \tag{1}$$

where, R_p refers to the average monthly return of the fund's investment portfolio, R_f refers to the risk-free rate (i.e., US government treasury yield), and σ_p refers to the standard deviation of the investment portfolio's return in excess of a target benchmark performance rate.[5]

4.2.3 | Comanaged fund failure

We identified a fund failure when a fund's investment portfolio was liquidated and money was returned to investors. To test hypotheses concerning the effect of comanaged fund failure (i.e., H1b, H2b, and H3b), we created a dummy variable (*comanaged fund failure*), which we set equal to one if an FM comanaged a fund that failed in the year preceding turnover to another employer, zero otherwise[6].

4.2.4 | Star comanager

We identified star fund managers based on managers' recognition in *Institutional Investor's* annual hedge fund manager awards. Each year, *Institutional Investor* nominates top performing hedge fund managers across different strategic fund orientations (e.g., event-driven, activist). These awards carry immense prestige, with winners enjoying increased attention and confidence from clients, employers, and colleagues (Groysberg & Lee, 2008, 2009). We identified star managers as those who had been nominated in any of the categories in the preceding 3-year window, which resulted

in the classification of approximately 3% of fund managers as stars. This approach aligns with our conceptualization of stars as those with exceptionally high performance and broad industry status while accounting for year-to-year fluctuations in individual performance.[7] We operationalized *star comanager* using a dummy variable set equal to one if an FM collaborated with a star comanager in his or her focal comanaged fund, zero otherwise. Consistent with our interest in predicting the professional status attainment of nonstar comanagers, we excluded star managers from our sample of FMs.

4.2.5 | FM performance outside the collaborative context

We assessed *FMs' performance outside the collaborative context* (*FMPOCC*) as the average performance (Sharpe ratio) of all hedge funds, other than the focal comanaged fund, which were managed by an FM and which did not involve a star comanager, in the 2 years leading up to the mobility event. Using a 1-year performance window to operationalize this variable yielded consistent results.

4.2.6 | Current employer status

Current employer status refers to the status of the firm employing the FM in the year leading up to the FM's mobility event. Consistent with our measure of professional status attainment, we measured an FM's *current employer status* as the firm's reverse-coded ranking with respect to total AUM among all firms in the sample.

4.2.7 | Controls

We included a number of variables to control for factors likely to influence FMs' professional status attainment. First, to capture FMs' experience at his or her current (i.e., premobility) employer, we controlled for *FM firm tenure* (Li et al., 2011). Second, as prospective employers are likely to value the broader experience that an FM accumulates within the industry over time (Boyson, 2010), we included a control for *FM industry tenure*. To mitigate concerns related to multicollinearity with firm tenure, we operationalized industry tenure as the number of years an FM was employed in the hedge fund industry outside the current (premobility) firm. Third, as labor market dynamics are likely to influence FMs' professional status attainment (Makarius & Stevens, 2019), we controlled for the *unemployment rate* in the state where the focal hedge fund was located. Lastly, to account for the stigma and increased necessity of changing employers that result from organizational failure (Rider & Negro, 2015), in tests of hypotheses related to the effects of comanaged fund failure, we included a dummy, *firm closure*, to account for the closure of an FM's employing firm in the year following fund failure.

We also controlled for several fund characteristics that may influence FMs' professional status attainment. First, to account for the susceptibility of a fund's investment portfolio to changes in the broader stock market (Bali et al., 2007), we controlled for *value at risk* to capture a fund's market risk exposure (Chevalier & Ellison, 1999). Next, we included a control for whether the comanaged fund was a *flagship fund*, or the premier investment fund of a firm (Baba & Goko, 2009). We controlled for *fund strategy* using traditional industry classifications (Smith, 2011).[8] We controlled for *fund's assets under management* (in millions) to account for the size of the comanaged fund (Bris et al., 2007). We transformed this variable using the natural log to adjust for non-normality. We also controlled for the *number of comanagers* to account for the size of the management team of the comanaged fund. Lastly, we controlled for whether an FM's employer operated in an *industry hub* to account for the status- and knowledge-based spillovers that may accrue to firms in such locations (de Figueiredo et al., 2013). Specifically, we included a dummy variable set equal to one if a firm operated in one of the hubs identified in prior research—namely Chicago, New York, or Connecticut, zero otherwise.

5 | FOCAL ANALYSES AND RESULTS

5.1 | Estimation approach

5.1.1 | Estimation technique

We tested our conceptual model using panel generalized least squares. We conducted a Hausman test to determine whether random- or fixed-effects estimation was appropriate. The results of the test did not indicate the presence of unobserved heterogeneity ($\chi^2 = 3.84$, $p = .078$), suggesting the appropriateness of a random-effects estimation technique. This technique is also more suitable for testing our conceptual model for two reasons. First, this technique addresses heteroskedasticity by creating a random effect, which is a combination of the fixed fund manager effect and a time varying component, as a means to account for variability both between managers and over time (Greene, 2003). Second, given that our interest centers on factors that are time-invariant (e.g., comanaging with a star), a fixed-effects estimation would be inappropriate as time-invariant characteristics and factors would be collinear with each manager dummy (Greene, 2003). To further address heteroskedasticity, we estimated the models using robust standard errors. Lastly, we estimated variance inflation factors (VIFs) following each regression to check for the presence of multicollinearity; all VIFs were below the suggested level of 10 (Greene, 2003).

5.1.2 | Sample selection and endogeneity checks

We conducted two tests to assess potential biases in our models related to sample selection and endogeneity. We followed recommendations (Certo et al., 2016) to test for sample selection bias due to our focus on a subsample (i.e., comanaged) of hedge funds. Such bias can be ruled out if the correlation between the residual for the model predicting fund comanagement and that for the model predicting professional status attainment is not statistically significant. The residuals from both models were not significantly correlated ($r = .02$), suggesting that sample selection bias is not a concern. We also conducted a Durbin-Wu-Hausman test to determine whether comanaging a fund with a star is endogenous. The results supported treating comanaging a fund with a star as exogenous in the models predicting FMs' professional status attainment ($\chi^2 = 9.51$, $p = .064$).

5.2 | Tests of hypotheses

Descriptive statistics and correlations are provided in Table 1. Table 2 provides the regression results for the models testing Hypotheses 1a, 2a, and 3a. Table 3 provides the regression results for the models testing Hypotheses 1b, 2b, and 3b. Regression coefficients reported in both tables are unstandardized.

Our theory rests on the assumption that comanaged fund performance will be positively related to FMs' subsequent professional status attainment and that comanaged fund failure will be negatively related to FMs' subsequent professional status attainment. Consistent with these assumptions, as shown in Tables 2 and 3 (Models 1a and 1b, respectively), comanaged fund performance is positively related to the status of an FM's subsequent employer ($b = 45.88$, $p = .000$), and comanaged fund failure is negatively related to the status of an FMs' subsequent employer ($b = -23.80$, $p = .000$). Specifically, a one standard deviation increase in comanaged fund performance is associated with subsequent employment at a firm ranked 88 spots higher in the industry ranking (or an increase in $69 million in employer AUM[9]). Conversely, comanaged fund failure is associated with employment at a firm ranked 24 spots lower in the industry ranking (or a decrease of $20 million in employer AUM). As a point of reference, on average, a given fund manager's career is characterized by employment at firms contained within a range of 268 spots in the industry

TABLE 1 Means, standard deviations, and correlations

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Professional status attainment	632.72	90.52															
2. Comanaged fund performance	2.34	1.92	.13														
3. Comanaged fund failure	.13	.30	−.07	−.04													
4. Star comanager	.17	.30	.12	.10	−.04												
5. FM performance outside of the collaborative context	2.25	1.97	.08	−.05	.05	−.13											
6. Current employer status	601.47	92.39	.12	.21	−.11	.14	.09										
7. FM firm tenure	5.16	8.62	.05	.07	−.08	.08	.07	.06									
8. FM industry tenure	17.82	8.71	.05	.06	−.13	.10	.03	.08	.17								
9. Unemployment rate	5.14	2.34	−.04	−.02	.05	.02	−.02	−.05	.11	−.05							
10. Firm closure	.14	.39	−.11	−.15	.25	−.04	−.06	−.06	.06	−.03	.02						
11. Value at risk	5.57	.07	.06	−.05	.07	.04	.03	.07	−.05	−.07	−.04	.09					
12. Flagship fund	.28	.14	.08	.07	−.02	.17	.03	.11	.11	.09	.04	−.02	.05				
13. Fund strategy	6.28	3.15	.01	−.02	.00	.03	−.01	−.01	−.01	−.01	.00	.03	.02	−.02			
14. Fund's assets under management	81.09	209.96	.03	−.04	−.07	.06	.02	.12	.09	−.06	−.06	.02	−.05	.09	.03		
15. Number of comanagers	3.38	1.42	.06	.05	−.06	.14	−.05	.06	−.01	.04	.02	−.01	.05	.20	.03	.12	
16. Industry hub	.77	.42	.09	.09	−.05	.14	.06	.14	.01	.05	.07	−.01	.07	.17	.03	.13	.05

Note. $N = 32{,}278$. Correlations above .03 are significant at the 5% level.

TABLE 2 The effect of comanaged fund performance on FMs' professional status attainment

	Model 1a	Model 2a	Model 3a	Model 4a
Constant	106.08***	107.10***	107.92***	107.90***
	(4.50)	(4.53)	(4.66)	(4.66)
Value at risk	54.20	54.17	52.19	52.17
	(46.03)	(48.28)	(48.04)	(47.99)
Fund strategy	2.09***	2.11***	2.18***	2.18***
	(0.57)	(0.60)	(0.61)	(0.60)
Flagship fund	26.95***	26.76***	25.58***	25.61***
	(3.53)	(3.52)	(3.48)	(3.53)
Industry hub	28.83***	28.51***	27.16***	27.10***
	(4.34)	(4.34)	(4.36)	(4.42)
Unemployment rate	−1.48***	−1.49***	−1.46***	−1.49***
	(0.37)	(0.37)	(0.38)	(0.39)
FM industry tenure	0.09***	0.08***	0.09***	0.11***
	(0.02)	(0.02)	(0.02)	(0.03)
FM firm tenure	0.32***	0.32***	0.29***	0.30***
	(0.03)	(0.03)	(0.03)	(0.03)
Number of comanagers	0.34*	0.33*	0.33*	0.33*
	(0.16)	(0.16)	(0.16)	(0.16)
Fund's assets under management	1.73***	1.71***	1.67***	1.68***
	(0.08)	(0.08)	(0.08)	(0.08)
Current employer status (CES)	0.58***	0.64***	0.65***	0.48***
	(0.02)	(0.03)	(0.03)	(0.04)
Focal manager performance outside of the collaborative context (FMPOCC)	6.15***	6.90***	6.96***	6.95***
	(0.59)	(0.93)	(1.02)	(1.05)
Star comanager (SCM)	32.89***	36.28***	35.02***	18.30***
	(3.40)	(3.81)	(3.85)	(4.17)

(Continues)

ranking—or a difference of 268 spots between the best-ranked and worst-ranked firms for which a manager works at any point in his or her industry tenure.

In Hypothesis 1a, we predicted that the involvement of a star comanager would weaken the positive effect of comanaged fund performance on FMs' professional status attainment. As shown in Table 2, Model 1a, having a star comanager is positively related to the status of an FM's subsequent employer ($b = 32.89, p = .000$). To test Hypothesis 1a, we entered an interaction between comanaged fund performance and star comanager. As shown in Model 2a, the interaction is negative and statistically significant ($b = −23.74, p = .000$). As shown in Figure 1, the positive effect of

TABLE 2 (Continued)

	Model 1a	Model 2a	Model 3a	Model 4a
Comanaged fund performance	45.88***	47.60***	22.17***	24.95***
	(2.45)	(2.47)	(2.21)	(2.90)
Comanaged fund performance*SCM		−23.74***	−29.76***	−30.66***
		(3.03)	(2.81)	(3.84)
Comanaged fund perfor- mance*FMPOCC			8.10***	
			(1.27)	
SCM*CES				0.03**
				(0.01)
SCM*FMPOCC			−10.08***	
			(0.85)	
Comanaged fund performance*CES				0.02*
				(0.01)
Comanaged fund perfor- mance*SCM*FMPOCC			11.89***	
			(2.65)	
Comanaged fund perfor- mance*SCM*CES				0.19*
				(0.03)
R-square	.22	.23	.25	.25
Wald χ^2	3564	3651	4242	4238

Note. N = 28,184. Standard errors are in parentheses. All models include a series of dummy variables to control for years.
*p < .05;
**p < .01;
***p < .001.

comanaged fund performance on the status of FMs' subsequent employing firm is weaker among FMs who comanaged with a star (slope = 23.86, p = .000), relative to FMs who did not comanage the fund with a star (slope = 47.60, p = .000). Specifically, among FMs who comanaged with a star, a one standard deviation increase in comanaged fund performance is associated with employment at a firm ranked 46 spots higher in the industry ranking (or an increase of $38 million in employer AUM), as compared to FMs who did not comanage with a star, for whom a one standard deviation increase in comanaged fund performance is associated with employment at a firm ranked 92 spots higher in the industry ranking (or an increase of $77 million in employer AUM). The difference between these slopes is statistically significant (t = 11.37, p = .000). These results provide support for Hypothesis 1a.

In Hypothesis 1b, we predicted that the involvement of a star comanager would weaken the negative effect of comanaged fund failure. The interaction between comanaged fund failure and comanaging with a star, shown in Model 2b, is positive and statistically significant (b = 55.63, p = .000). As shown in Figure 2, the effect of comanaged failure is not only less negative—but is in fact *positive* (slope = 29.43, p = .000)—among FMs who comanaged with a star, whereas

TABLE 3 The effect of comanaged fund failure on FMs' professional status attainment

	Model 1b	Model 2b	Model 3b	Model 4b
Constant	30.09***	30.08***	32.41***	32.38***
	(6.85)	(6.92)	(7.10)	(7.24)
Value at risk	19.06***	19.06***	20.06***	19.48***
	(1.04)	(1.04)	(1.24)	(1.20)
Fund strategy	1.73**	1.69**	1.65*	1.65*
	(0.53)	(0.65)	(0.69)	(0.69)
Flagship fund	25.60***	25.54***	25.34***	25.36***
	(3.50)	(3.50)	(3.49)	(3.50)
Firm closure	−2.79	−2.80	−3.17	−3.15
	(2.93)	(3.01)	(2.98)	(3.02)
Industry hub	27.19***	26.98***	26.87***	26.82***
	(4.32)	(4.33)	(4.32)	(4.33)
Unemployment rate	−4.55***	−4.54***	−4.66***	−4.96***
	(0.09)	(0.09)	(0.09)	(0.09)
FM industry tenure	0.01	0.03	0.03	0.03
	(0.02)	(0.02)	(0.02)	(0.02)
FM firm tenure	0.26***	0.26***	0.26***	0.26***
	(0.03)	(0.03)	(0.03)	(0.03)
Number of comanagers	0.59***	0.59***	0.59***	0.60***
	(0.16)	(0.16)	(0.16)	(0.16)
Fund's assets under management	2.21***	2.21***	2.21***	2.20***
	(0.08)	(0.08)	(0.08)	(0.09)
Current employer status (CES)	0.43***	0.43***	0.42***	0.32***
	(0.02)	(0.02)	(0.03)	(0.04)
Focal manager performance outside of the collaborative context (FMPOCC)	13.08***	13.10***	15.89***	12.42***
	(1.95)	(1.97)	(2.25)	(2.03)
Star comanager (SCM)	33.83***	38.03***	29.04**	28.49**
	(9.31)	(9.64)	(9.74)	(9.75)
Comanaged fund failure	−23.80***	−25.57***	−31.96***	−31.16***
	(2.80)	(2.83)	(3.38)	(3.35)
Comanaged fund failure*SCM		55.63***	36.70**	19.13**
		(11.67)	(11.65)	(5.74)

(Continues)

TABLE 3 (Continued)

	Model 1b	Model 2b	Model 3b	Model 4b
Comanaged fund failure*FMPOCC			2.26**	
			(0.82)	
SCM*CES				−0.01**
				(0.00)
SCM*FMPOCC			−5.09***	
			(1.26)	
Comanaged fund failure*CES				0.01***
				(0.00)
Comanaged fund failure*SCM*FMPOCC			14.19***	
			(2.20)	
Comanaged fund failure*SCM*CES				0.13**
				(0.04)
R-square	.18	.20	.23	.23
Wald χ^2	1502	1610	1725	1721

Note. N = 4094. Standard errors are in parentheses. All models include a series of dummy variables to control for years.
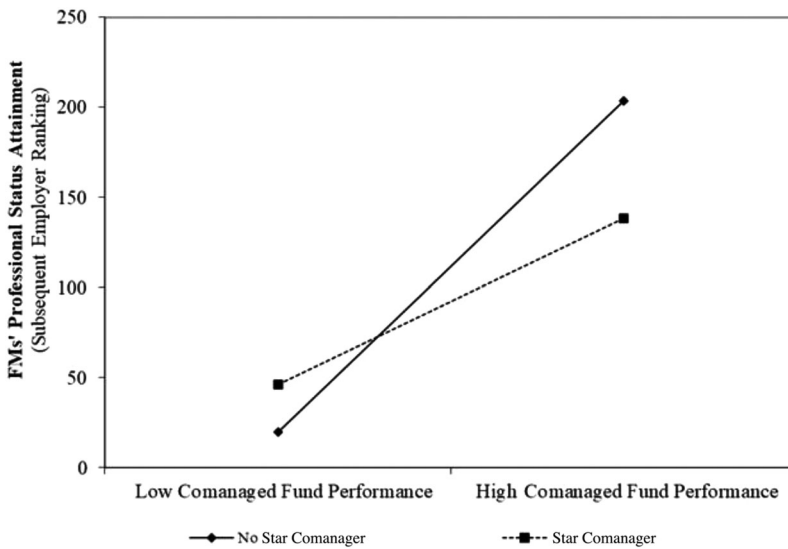*$p < .05$;
**$p < .01$;
***$p < .001$.

FIGURE 1 Plot of the interaction between comanaged fund performance and comanaging with a star on FMs' professional status attainment
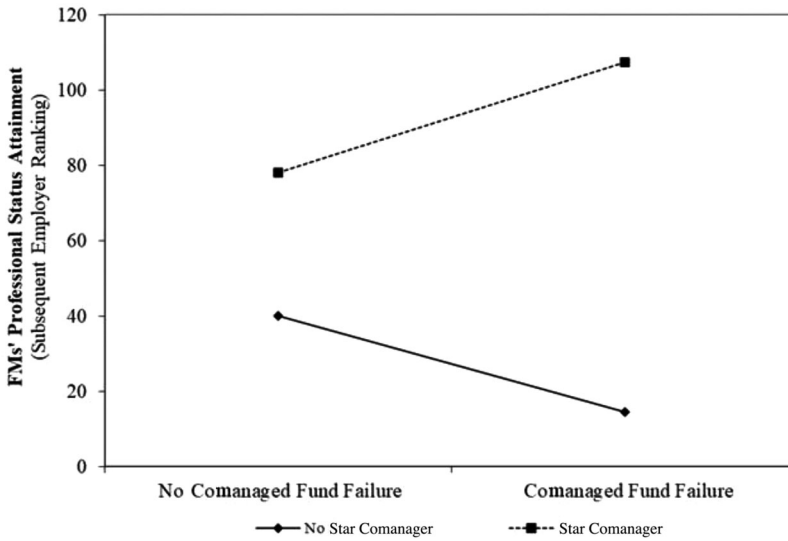
FIGURE 2 Plot of the interaction between comanaged fund failure and comanaging with a star on FMs' professional status attainment

the effect of comanaged fund failure is negative (slope = −25.57, p = .000) among FMs who did not comanage with a star. Specifically, among FMs who comanaged with a star, comanaged fund failure is associated with employment at a firm ranked 29 spots higher in the industry ranking (or an increase of $25 million in employer AUM), as compared to FMs who did not comanage the failed fund with a star, for whom failure is associated with employment at a firm ranked 26 spots lower in the industry ranking (or a decrease of $21 million in employer AUM). The difference between the slopes is statistically significant (t = 26.85, p = .000). While this effect was not exactly what we predicted, these results support our logic underlying Hypothesis 1b—that is, the penalty in professional status attainment associated with a fund failure is reduced given the involvement of a star comanager.

In Hypothesis 2a, we predicted that while the involvement of a star comanager may weaken the positive effect of comanaged fund performance on FMs' professional status attainment, an FM's strong performance in managing other funds would mitigate this dampening effect, allowing the FM to benefit more from the performance of his or her comanaged fund. As shown in Table 2, Model 1a, the effect of FM performance outside of the collaborative context on FMs' professional status attainment is positive and statistically significant (b = 6.15, p = .000). To test Hypothesis 2a, we entered a three-way interaction between comanaged fund performance, comanaging with a star, and FM performance outside of the collaborative context. As shown in Model 3a, the interaction is positive and statistically significant (b = 11.89, p = .000). As shown in Figure 3, the effect of comanaged fund performance is most positive among FMs with a star comanager and high performance outside of the collaborative context (Line 1; slope = 55.31, p = .000), significantly less positive among FMs who did not comanage with a star and who had high performance outside of the collaborative context (Line 3; slope = 49.11, p = .000; difference between Lines 1 and 3: t = 2.89, p = .003), and negative among FMs with a star comanager and low performance outside the collaborative context (Line 2; slope = −5.64, p = .007; difference between Lines 1 and 2: t = 36.70, p = .000). The practical interpretations (i.e., in terms of employer ranking and AUM) of these and all subsequent effects are provided in Table 4. These results provide support for the idea that high performance outside the collaborative context not only mitigates the dampening effect of comanaging with a star (as predicted in Hypothesis 2a), but actually *overrides* this effect, such that high performers enjoy a greater benefit from comanaged fund performance when comanaging with—rather than without—a star comanager.

In Hypothesis 2b, we predicted that, among FMs comanaging with a star, the already mitigated negative effect of comanaged fund failure would be further weakened for FMs with strong performance outside of the collaborative

TABLE 4 Practical interpretations of moderated effects

|		Star comanager				No star comanager			
Hypothesis	Context	Associated figure	Slope	Change in employer status (rankings) associated with one SD change in performance	Change in employer status (AUM) associated with one SD change in performance	Associated figure	Slope	Change in employer status (rankings) associated with one SD change in performance	Change in employer status (AUM) associated with one SD change in performance
H1a	Success	Figure 1	23.86	(+) 46 rank spots	(+) $38 million	Figure 1	47.60	(+) 92 rank spots	(+) $77 million
H2a	High FMPOCC	Figure 3, Line 1	55.31	(+) 107 rank spots	(+) $89 million	Figure 3, Line 3	49.11	(+) 95 rank spots	(+) $79 million
	Low FMPOCC	Figure 3, Line 2	−5.64	(−) 11 rank spots	(−) $9 million	Figure 3, Line 4	22.81	(+) 45 rank spots	(+) $37 million
H3a	High CES	Figure 5, Line 1	42.16	(+) 77 rank spots	(+) $64 million	Figure 5, Line 3	38.52	(+) 74 rank spots	(+) $62 million
	Low CES	Figure 5, Line 2	10.19	(+) 19 rank spots	(+) $15 million	Figure 5, Line 4	37.18	(+) 73 rank spots	(+) $61 million
H1b	Failure	Figure 2	29.43	(+) 29 rank spots	(+) $25 million	Figure 2	−25.57	(−) 26 rank spots	(−) $21 million
H2b	High FMPOCC	Figure 4, Line 1	70.88	(+) 71 rank spots	(+) $59 million	Figure 4, Line 3	−24.63	(−) 25 rank spots	(−) $20 million
	Low FMPOCC	Figure 4, Line 2	8.48	(+) 8 rank spots	(+) $7 million	Figure 4, Line 4	−31.14	(−) 31 rank spots	(−) $25 million
H3b	High CES	Figure 6, Line 1	44.81	(+) 45 rank spots	(+) $37 million	Figure 6, Line 3	−24.13	(−) 24 rank spots	(−) $20 million
	Low CES	Figure 6, Line 2	17.76	(+) 18 rank spots	(+) $15 million	Figure 6, Line 4	−27.09	(−) 27 rank spots	(−) $22 million
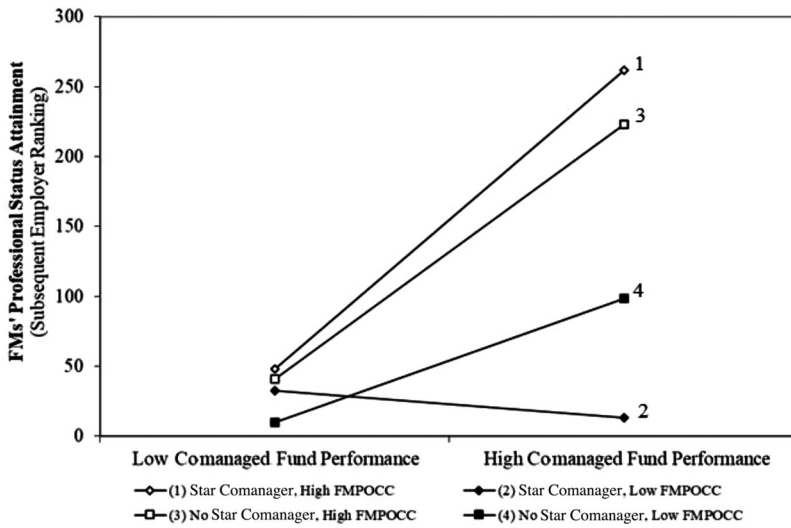
FIGURE 3 Plot of the interaction between comanaged fund performance, comanaging with a star, and FM performance outside of the collaborative context (FMPOCC) on FMs' professional status attainment
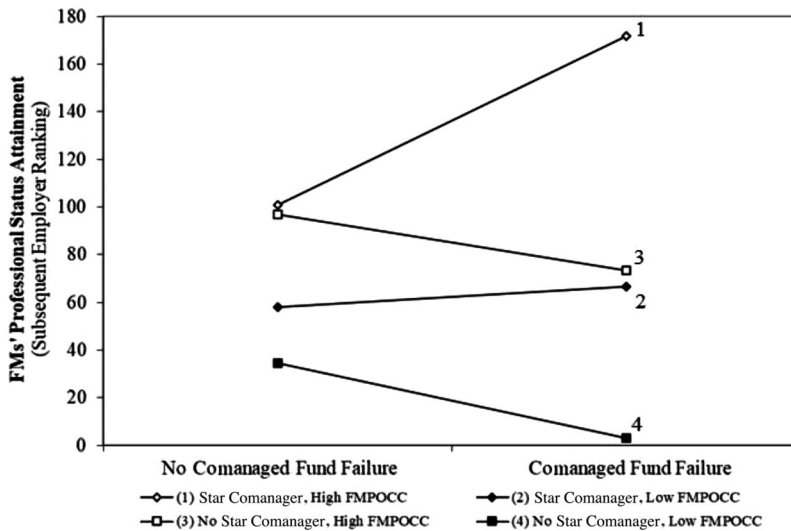

FIGURE 4 Plot of the interaction between comanaged fund failure, comanaging with a star, and FM performance outside of the collaborative context (FMPOCC) on FMs' professional status attainment

context. As shown in Table 3, Model 1b, the effect of FMs' performance outside of the collaborative context on professional status attainment is positive and statistically significant ($b = 13.08$, $p = .000$). To test Hypothesis 2b, we entered a three-way interaction between comanaged fund failure, comanaging with a star, and FM performance outside of the collaborative context. As shown in Model 3b, the interaction is positive and statistically significant ($b = 14.19$, $p = .000$). A plot of the interaction, shown in Figure 4, demonstrates that, among FMs comanaging with a star, the relationship between comanaged fund failure and the status of an FM's subsequent employing firm is more positive for FMs whose performance outside of the collaborative context was high (Line 1; slope $= 70.88$, $p = .000$) versus low (Line 2; slope $= 8.48$, $p = .004$). The difference between these two slopes is statistically significant ($t = 13.06$, $p = .000$).
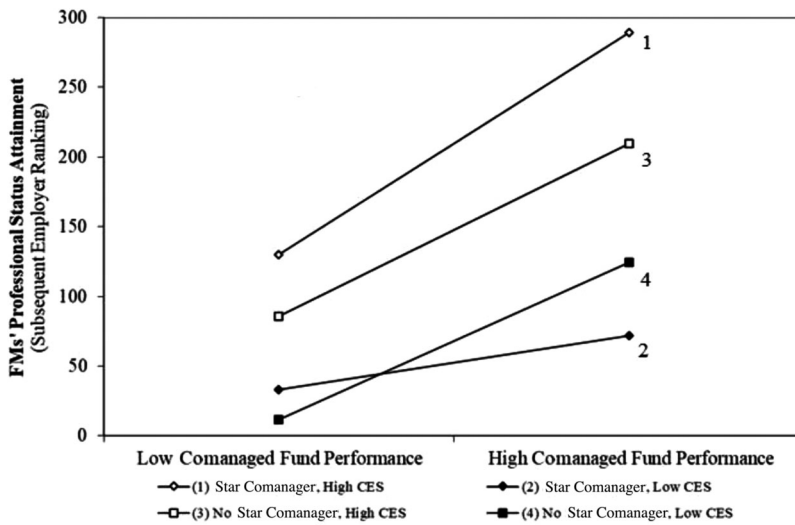
FIGURE 5 Plot of the interaction between comanaged fund performance, comanaging with a star, and current employer status (CES) on FMs' professional status attainment

These results that follow our finding in Hypothesis 1b that FMs with a star comanager experience a positive effect of comanaged fund failure indicate that the positive effect of failing with a star comanager is more positive for FMs with strong performance outside the comanaged fund. While we again did not anticipate a positive effect of comanaged failure, these results are consistent with the logic underlying our prediction that for FMs comanaging with a star, performance outside the collaborative context makes the predicted negative effect of comanaged failure even *less negative*. On this basis, these results reflect support for Hypothesis 2b.

In Hypothesis 3a, we predicted that FMs' current employer status would mitigate the dampening effect of collaborating with a star comanager on the positive relationship between comanaged fund performance and FMs' professional status attainment. Specifically, we predicted that among FMs with a star comanager, those currently employed by a firm of higher status would benefit more from strong performance in the comanaged fund. As shown in Model 1a in Table 2, the effect of current employer status on FMs' professional status attainment is positive and statistically significant ($b = 0.58$, $p = .000$). To test our hypothesis, we entered a three-way interaction between comanaged fund performance, comanaging with a star, and current employer status into our model. As shown in Model 4a, the interaction is positive and statistically significant ($b = 0.19$, $p = .000$). A plot of the interaction, shown in Figure 5, illustrates that the positive effect of comanaged fund performance is stronger among FMs comanaging with a star and employed by a firm of high status (Line 1; slope $= 42.16$, $p = .000$), relative to FM not comanaging with a star and employed by a firm of high status (Line 3; slope $= 38.52$, $p = .000$; difference between Lines 1 and 3: $t = 2.06$, $p = .041$) or FMs comanaging with a star and employed by a firm of low status (Line 2; slope $= 10.19$, $p = .001$; difference between Lines 1 and 2: $t = 11.74$, $p = .000$). Similar to the pattern observed with performance outside the collaborative context, these results provide support for the idea that high current employer status not only mitigates the dampening effect of comanaging with a star as predicted in Hypothesis 3a, but actually *overrides* this effect, such that FMs at high status firms enjoy a greater benefit from comanaged fund performance achieved with—rather than without—a star comanager.

In Hypothesis 3b, we predicted that, among FMs comanaging with a star, the already mitigated negative effect of comanaged fund failure would be further weakened for FMs employed by high status firms. As shown in Table 3, Model 1b, the effect of current employer status on FMs' professional status attainment is positive and statistically significant ($b = 0.43$, $p = .000$). To test our hypothesis, we entered a three-way interaction between comanaged fund
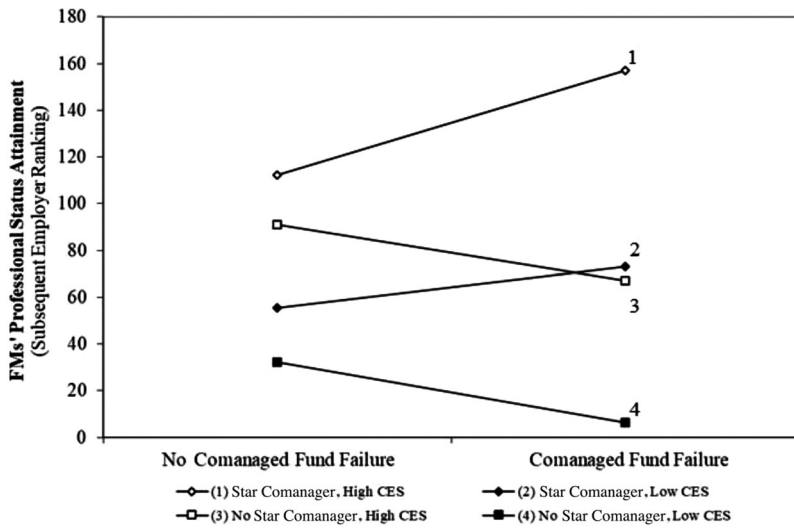
FIGURE 6 Plot of the interaction between comanaged fund failure, comanaging with a star, and current employer status (CES) on FMs' professional status attainment

failure, comanaging with a star, and current employer status into our model. As shown in Model 4b, the interaction is positive and statistically significant ($b = 0.13$, $p = .004$). A plot of the interaction, shown in Figure 6, demonstrates that among FMs who comanaged with a star, the relationship between comanaged fund failure and the status of an FM's subsequent employing firm is more positive for those FMs currently employed by a high status firm (Line 1; slope $= 44.81$, $p = .000$), relative to FMs currently employed by a low status firm (Line 2; slope $= 17.76$, $p = .000$). The difference between these two slopes is statistically significant ($t = 11.18$, $p = .000$). These results provide support for Hypothesis 3b.

6 | ADDITIONAL ANALYSES

6.1 | Corroboration of underlying mechanisms

Although our focal analyses provided support for our theoretical model, these analyses do not allow us to assess the mechanisms underlying the observed relationships nor to examine additional and/or alternative explanations for our findings. To overcome these limitations, we collected qualitative data and conducted additional empirical analyses within our focal dataset.

6.1.1 | Illuminating the evaluation process in hiring

As a first step to examine the mechanisms underlying the relationships in our model, we conducted semistructured interviews of individuals with considerable experience (ranging from 6 to 35 years) in hiring FMs to illuminate the considerations made by hiring firms in evaluating prospective hires. The interviews consisted of open-ended questions related to how hiring firms weigh FMs' recent fund performance and/or failure in their assessment of an FM, as well as how the involvement of a star comanager influences such evaluations. We interviewed 10 individuals, with the interviews lasting an average of 80 min. The interviewees consistently commented on the importance placed by

hiring organizations on FMs' recent fund performance and/or failure in evaluating FMs for potential employment. As one interviewee stated (on fund performance):

> It's very important, and for several reasons. First and foremost, it's what clients, customers, and, to a large extent, what the vast majority of employers will be focusing on. Look, at the end of the day you're evaluating the [FM's] process to earn a stable, consistent return. So, what do you look at? Their returns.

Another, speaking on failure, noted:

> Well, it certainly conveys a negative signal. For me, personally, it definitely gets your attention and influences how you proceed in evaluating the manager.

Interviewees also confirmed that comanaged fund structures obscure accountability and that the involvement of a star comanager leads to a shift in attributions of credit (for success):

> I mean, look, to be totally honest and to put it bluntly, if a fund is comanaged and it has a star manager involved, it is going to be extremely rare for anyone else involved to get credit for the performance and process.

and blame (for failure):

> It becomes easier for a [FM] to dodge being blamed for a failure because people will naturally just assume it's the star [comanager's] fault. But, remember, that's definitely only one side of it. On the other side, you'll likely suffer from not necessarily being credited with the performance of the portfolio when it does well.

Moreover, in several cases, interviewees commented on the merit of these attributional shifts. For example, one interviewee, reflecting on his own time comanaging with a star, noted:

> I didn't have the discretion or opportunity to pursue theses or strategies that were not considered "core" to [the star].

Finally, although we did not prompt discussion of FMs' other status characteristics in our interview questions, multiple interviewees emphasized the importance of other status cues in the evaluation of FMs with star comanagers involved in their focal funds. For example:

> In this situation, you also need to consider the success or failure in light of the type of firm they are coming from, the reputation of that firm, and how they did during their time at the place. I mean, if we're talking about failure of a fund, did they manage another fund during this time with the firm? How did that fund do?

6.1.2 | Corroboration of a shift in attribution

We next sought to corroborate our assumption that the involvement of a star comanager leads prospective employers to disproportionately attribute strong or poor performance of a comanaged fund to the star, and that this results in FMs receiving less credit for fund success and less blame for fund failure than they would in the absence of a star comanager. To evaluate the validity of this assumption, we first examined the effect of comanaged fund performance and failure among stars, relative to their nonstar comanagers. Consistent with our theory, results indicated that the effect of comanaged fund performance on professional status attainment was significantly more positive among stars

than among their nonstar comanagers, and the effect of comanaged fund failure was significantly negative among stars while significantly positive among their nonstar comanagers.[10]

Next, to draw a comparison of attributions experienced by (nonstar) FMs based on whether their comanaged fund involved a star, we turned to news reports. Given the disproportionate focus of media attention on extreme events, our search only returned sufficient articles to examine this assumption in the context of fund failures. For this analysis, we conducted a search for news articles across five of the largest business and financial news organizations: *CNBC*, *Reuters, The Wall Street Journal, The Financial Times*, and *Dow Jones*. For each of these news outlets, we searched within our study period (2005–2019) for articles that mentioned any of the following key words or phrases in the title or article: "Hedge Fund," "Fund," and "Failure." After removing duplicate articles and those covering funds closed due to fraud, our search yielded 189 articles, covering 212 fund failures. Next, two research assistants coded the articles for information related to the funds and their managers. After eliminating articles on noncomanaged funds, we were left with 151 articles on 173 fund failures involving a total of 82 star and 434 nonstar comanagers. Of the fund failures covered in the articles, 93 (54%) involved star comanagers. Next, we coded which fund managers were mentioned in the reports. At least one manager was mentioned in 142 of the news reports. Of 82 star managers, 79 (96%) were mentioned in the report of their fund failure.

Of particular interest to our study, of 258 nonstar managers involved in the failure of funds comanaged with a star, 37 (14%) were mentioned in the news report of the failure. In contrast, of 176 nonstar managers involved in the failure of comanaged funds that did not involve a star, 59 (33%) were mentioned in the news report of the failure. The difference between these means (33% vs. 14%) is statistically significant ($t = 5.19$, $p = .000$) and provides additional evidence that the involvement of a star comanager is associated with reduced attributions of blame toward nonstar comanagers in the event of fund failure.

6.2 | Evaluation of additional and/or alternative explanations

Stars may exert multifaceted effects on their collaborators' professional status attainment. While our theory focused on shifts in attributions as the key mechanism underlying the effect of collaborating with a star on FMs' professional status attainment, stars may benefit other aspects of their collaborators' work lives—such as their social networks and learning opportunities[11] (hereafter, network- and learning-based effects)—which may also positively influence FMs' professional status attainment. While such benefits do not preclude the operation of attributional shifts (and indeed, may operate in opposite directions in the context of collaborative success), we have sought to isolate these effects to ascertain that our attribution-based explanation for our findings still hold. To do so, we used a split sample approach to assess the relative effect of focal fund performance on FMs' professional status attainment across FMs who:

- [Condition A] had a star comanager in the focal fund and who were thus affected by the positive network- and learning-based effects of comanaging with a star as well as the attributional shifts of credit (blame) for the focal fund's performance (failure);
- [Condition B] did not have a star comanager in the focal fund, but who had a star comanager in a different fund, and who were thus affected by the positive network- and learning-based effects of comanaging with a star but *not* the attributional shifts of credit (blame) for the focal fund's performance (failure); and
- [Condition C] did not have a star comanager in any fund and thus were not affected by the positive network- and learning-based effects of comanaging with a star nor by the attributional shifts of credit (blame) for the focal fund's performance (failure).

We present the models estimating the professional status attainment of FMs in each of these subsamples in Table 5. In Models 9a, b, and c, we estimated the professional status attainment of FMs following their departure from a surviving focal fund for FMs in Conditions A, B, and C, respectively. In Models 10a, b, and c, we estimated the professional

TABLE 5 Comparing the effects of comanaged fund performance and failure on FMs' professional status attainment across fund comanagement conditions

	Surviving comanaged fund context			Failed comanaged fund context		
	Model 9a	Model 9b	Model 9c	Model 10a	Model 10b	Model 10c
Constant	95.20***	122.42***	93.20***	88.75	23.75	31.60***
	(10.01)	(20.11)	(10.01)	(63.01)	(62.99)	(5.36)
Value at risk	58.60**	37.85	56.59	7.10***	22.01***	23.87***
	(22.97)	(24.29)	(33.52)	(1.19)	(6.15)	(1.39)
Fund strategy	2.10***	0.78	1.91**	1.44**	0.02	3.11***
	(0.33)	(0.49)	(0.69)	(0.46)	(0.02)	(0.13)
Flagship fund	21.83***	31.16***	31.51***	4.66**	56.62***	31.20***
	(3.34)	(3.06)	(3.34)	(1.54)	(10.18)	(3.12)
Industry hub	31.63***	28.82*	29.06***	21.78	31.29***	32.50***
	(6.10)	(14.48)	(5.29)	(23.02)	(3.34)	(4.52)
Unemployment rate	−1.80	−1.39***	−1.44**	−5.16*	−1.53	−6.11***
	(1.63)	(0.40)	(0.54)	(2.49)	(1.55)	(0.42)
FM industry tenure	0.20	0.58*	0.55*	1.01	0.25*	−0.07
	(0.83)	(0.26)	(0.24)	(1.19)	(0.10)	(0.24)
FM firm tenure	0.59***	0.25***	0.25***	0.21	1.01	0.17***
	(0.06)	(0.03)	(0.03)	(0.23)	(0.83)	(0.03)
Number of comanagers	0.26***	0.43*	0.43	1.24***	0.25	0.64***
	(0.05)	(0.17)	(0.31)	(0.31)	(0.79)	(0.17)
Fund's assets under management	2.58***	1.87***	1.12***	1.71***	5.70	2.69***
	(0.09)	(0.10)	(0.08)	(0.32)	(11.08)	(0.41)
Current employer status	0.62***	0.68***	0.42***	0.63***	1.09***	0.10***
	(0.02)	(0.04)	(0.02)	(0.16)	(0.09)	(0.01)
Focal manager performance outside of the collaborative context	8.95***	3.84***	6.63***	18.74***	8.03	11.89***
	(2.04)	(0.21)	(1.29)	(3.33)	(10.53)	(0.72)
Comanaged fund performance	20.02***	56.09***	49.31***			
	(2.07)	(12.79)	(2.59)			
Comanaged fund failure				32.74***	17.73*	−38.19***
				(9.03)	(7.28)	(4.38)
						(Continues)

TABLE 5 (Continued)

	Surviving comanaged fund context			Failed comanaged fund context		
	Model 9a	Model 9b	Model 9c	Model 10a	Model 10b	Model 10c
R-square	.22	.14	.24	.20	.08	.17
Wald χ^2	1489	322	1301	477	72	1295
n	4228	564	23,392	560	137	3397

Note. Models denoted with an "a" reflect the group of FMs who comanaged their focal fund with a star. Models denoted with a "b" reflect the group of FMs who comanaged their nonfocal fund with a star. Models denoted with a "c" reflect the group of FMs who did not comanage a fund with a star. Standard errors are in parentheses. All models include a series of dummy variables to control for years.
*$p < .05$;
**$p < .01$;
***$p < .001$.

status attainment of FMs following their departure from a failed focal fund for FMs in Conditions A, B, and C, respectively. A comparison of Models 9a, b, and c suggests that focal fund performance has the strongest positive effect on professional status attainment among FMs in Condition B ($b = 56.09, p = .000$), followed by those in Condition C ($b = 49.31, p = .000$), followed by those in Condition A ($b = 20.02, p = .000$). The differences between these conditions are significant at the 1% level. These results indicate that the positive effect of focal fund performance is indeed weakest among FMs who stand to lose credit to a star comanager in the focal fund (Condition A) and strongest among FMs who benefit from the positive network- and learning-based effects of comanaging with a star without relinquishing credit for their focal fund's success (Condition B). This finding offers additional evidence that attributional shifts dampen the positive effect of focal fund performance for FMs working with a star comanager in their focal fund.

In the context of fund failure, a comparison of Models 10a, b, and c suggests that failure has a significant positive effect on professional status attainment among FMs in both Conditions A ($b = 32.74, p = .000$) and B ($b = 17.73, p = .015$), but that—notably—the difference between these conditions is significant at the 1% level. The results also indicate that failure has a significant negative effect on professional status attainment among FMs in Condition C ($b = -38.19, p = .000$; difference between Conditions B and C significant at the 1% level). These results suggest that while the positive network- and learning-based effects of comanaging with a star in any fund outweigh the negative effect of failure on FMs' professional status attainment, there is an additional benefit associated with having a star comanager *within the fund that failed*. Importantly, this finding lends further support to our argument that FMs benefit from reduced blame for collaborative failures involving stars. Further, it sheds light on the unexpected positive effect of failing with a star in our primary analyses. In particular, this finding suggests that comanaging with a star offers a distinct benefit—in addition to a shift in blame—that is uniquely available to FMs who experience a fund failure. Notably, this benefit appears to apply to any FM with a star comanager—even to those whose failure occurred in a fund not involving the star.

7 | DISCUSSION

By examining how collaborating with a star comanager influences hedge fund managers' professional status attainment, we have advanced knowledge on the multifaceted effects of stars on their colleagues. Our results suggest that the involvement of a star comanager dampens the positive effect of comanaged fund performance on FMs' professional status attainment—but, importantly, only among FMs who lack other credible signals of their own value. That is, an FM's strong performance outside the comanaged fund and employment with a high status firm mitigate—and may even override—the dampening effect of comanaging with a star. In contrast, our findings suggest that strong performance in a fund comanaged with a star has a *negative* effect on FMs' professional status attainment when an FM's

performance outside the collaborative context is poor—perhaps due to the inference of the FM riding the coattails of the star in the comanaged fund.

On the other hand, when a comanaged fund fails, collaboration with a star comanager not only weakens but actually *reverses* the negative effect of fund failure, resulting in *improved* professional status attainment for the FM. An FM's strong performance outside the comanaged fund and current employer status both strengthen this positive effect.

These findings provide support for our theory that the presence of a star comanager is likely to shift the attribution of credit (blame) for success (failure) away from a fund's other, nonstar managers (Merton, 1968; Shaver, 1985). Further, such a shift in credit (blame) weakens the positive (negative) signaling effect of success (failure) for these managers in the labor market, thereby inviting the influence of other indicators of an FM's competence as prospective employers evaluate the FM's likely future performance (Berger et al., 1972). It appears, in particular, that for nonstar-but-high-performing FMs, comanaging with a star increases the visibility of one's performance outside the comanaged fund relative to the visibility enjoyed by FMs not comanaging with a star, such that the benefit of increased visibility to the FM's independent signals of value outweighs the loss of credit to the star in the comanaged fund in determining subsequent professional status attainment.

We admittedly did not anticipate the finding that the involvement of a star comanager would not only counteract—but would actually outweigh and reverse—the stigma of failure. However, a plausible explanation that resonates with our theory and with insights gleaned from our additional analyses is that comanaging with a star may offer several more general benefits in the form of status, network-based, and/or learning spillovers that positively influence FMs' subsequent professional status attainment, even in the context of failure. Indeed, the presence of such spillovers are consistent with prior research noting the increased visibility that stars bring to teams (Groysberg et al., 2011) as well as the positive effect of being affiliated with a star on outsiders' assessments of one's own status or value (Simcoe & Waguespack, 2011). Importantly, such positive status spillovers would not preclude the observed dampening effects of star comanagers on FMs' professional status attainment in the context of positive fund performance. Indeed, it is possible for an FM collaborating with a star to simultaneously benefit from positive status spillovers rooted in his or her formal affiliation with the star (Kehoe et al., 2018) while also receiving diminished credit for collaborative successes with which the star was involved.

7.1 | Theoretical contributions

Our paper contributes to research examining stars' effects on their collaborators and to research on how performance and failure influence individuals' professional status attainment. First, by comparing the professional status attainment of nonstar FMs following collaboration with star versus nonstar comanagers, we provide both an empirical test and extension of established theoretical insights on cumulative advantage (Merton, 1968). In particular, building on evidence of the disproportionate credit attributed to stars relative to nonstars following their shared collaborative successes, we shifted our focus to examine the implications of cumulative advantage for the relative credit received by nonstars depending on whether they worked with star or nonstar collaborators. Adopting this perspective allowed us to demonstrate that, *because* cumulative advantage exacerbates the inequities in recognition enjoyed by stars relative to nonstars for their shared achievements, nonstars receive more credit for the same collaborative performance when *not* working with a star. This shift in focus is meaningful in setting the stage for understanding when and how cumulative advantage differentially affects nonstars, the comparatively large category of individuals who may be negatively impacted by its operation.

Second, our paper offers novel insights into how cumulative advantage influences relative attributions of blame following collaborative failure. Specifically, we demonstrate that the disproportionate attribution of credit to stars for collaborative successes is mirrored in the disproportionate attribution of blame to stars for collaborative failures, with stars' collaborators potentially even better off in their professional status attainment following failure with a star. This finding is important for several reasons. To begin, this finding contributes to a small body of research that

acknowledges that stars' exceptional performance and success are not guaranteed (Groysberg et al., 2008; Kehoe et al., 2018); understanding the implications of a star's involvement in failure for stars' lower status peers is thus an important piece in the puzzle of stars' effects in organizational life. More directly, though, the mirrored patterns of attributions of credit and blame across the contexts of success and failure shed light on a frequently overlooked under-pinning of cumulative advantage—that its operation rests largely on presumptions of stars' disproportionate influence (i.e., and not merely on overblown positive evaluations of stars relative to everyone else). Thus, although the merit of these attributions may be debatable, our findings provide evidence that they operate in both directions and shed additional light on their source. Finally, the finding that nonstars attain *greater* professional status following failure with a star points to the complexity underlying the effects of collaborating with a star on nonstars' professional status attainment. That is, individuals collaborating with a star may benefit from the positive visibility, network, and learning spillovers associated with a star's broad status while simultaneously being affected by the favorable (unfavorable) shifts in attributions of blame (credit) towards stars following a collaborative failure (success). This insight also helps to situate our findings within research demonstrating the positive effect of having a star collaborator on the visibility (Groysberg et al., 2011) and favorability of external evaluations (Fuller & Rothaermel, 2012; Higgins et al., 2011) enjoyed by nonstars in their collaborative endeavors.

Third, our study offers evidence of nonstars' agency in shaping the operation of cumulative advantage, suggesting that nonstars need not be entirely at the mercy of their collaborators' status. In particular, our findings indicate that nonstars' own status signals—namely, their performance outside the collaborative context and their current employer status—can mitigate—and at high levels, even override—their loss of credit for collaborative successes—and reinforce their avoidance of blame for collaborative failures—when working alongside stars. These findings shed light on the complexity underlying the operation of cumulative advantage and professional status attainment more broadly—suggesting that it is unlikely that a single performance outcome will exert a monolithic and unilateral effect on individuals' professional status attainment. Rather, a single performance outcome is likely to be one of several signals that prospective employers weigh in assessing individuals' potential. Moreover, the evaluation of any single indicator of an individual's value is likely to involve assessments of the signal's credibility and importance in the broader context of other available information. As such, strong performance—particularly that achieved in a collaborative context—may not be sufficient to guarantee an individual's professional status gains; rather, such gains will depend on the confluence of attributions of credit for the performance and on other signals of a focal individual's competence. Similarly, our study highlights the need to account for several nuances that shape how failure influences individuals' professional status attainment (e.g., Cannella et al., 1995; Semadeni et al., 2008), including several factors not considered in prior examinations of the effects of failure, such as an individual's performance outside the failure context, as well as attributes of the failure context itself (e.g., who else was involved) and the broader employment setting (e.g., employer status).

7.2 | Practical implications

Our paper also offers important practical insights related to the consequences of collaborating with stars, particularly with respect to the implications of success and failure for nonstar individuals' professional status attainment. First, our findings suggest that—whether warranted or not—external observers, such as prospective employers, tend to attribute responsibility for the outcomes of joint endeavors to star collaborators. Thus, in deciding whether to collaborate with a star, individuals must balance the benefits related to a star's expert knowledge, visibility, and social capital (Call et al., 2015; Kehoe et al., 2018) with the potential forfeiture of credit for success achieved within the collaboration. As we have noted, this forfeiture of credit appears to be most detrimental to those individuals who are in greatest need of recognition—that is, those who lack other visible indicators of their value, such as having achieved strong performance in other endeavors or working for a high status employer. In contrast, for those FMs with strong

signals of value independent of a star, such loss of credit is likely to be outweighed by the increased visibility that collaboration with a star attracts.

At the same time, our findings suggest that collaborating with a star may be increasingly attractive for all FMs when the success of a collaboration is uncertain. That is, when the likelihood of failure is greater, all nonstars may be well advised to collaborate with a star, who is likely to receive greater blame should a failure occur. Once again, it appears that individuals who have independent signals of their own value are particularly well positioned in this regard—both because they receive even less blame for failure alongside a star relative to their peers and because they may have more to lose in terms of external status evaluations should they take the blame for failing.

7.3 | Limitations and future research directions

Our study's limitations point to opportunities for future research. First, our data did not allow us to precisely isolate other, nonattribution-based mechanisms through which star comanagers affect nonstars' professional status attainment. Thus, there is a need for future research to further examine stars' additional influences in this vein, with a particular need for inquiry into those influences which may uniquely benefit nonstars in the context of failure, as well as those that favor high performers in the context of collaborative success.

Second, we limited our focus to FMs' professional status attainment in the period immediately following their involvement in a comanaged fund. While this approach reduces noise in observed effects and is common practice in research examining the professional status consequences of isolated phenomena (e.g., educational attainment within a prestigious academic department [Judge et al., 2004], employment at a high status firm [Rider & Tan, 2015], involvement in organizational failure [Rider & Negro, 2015]) in individuals' careers, it would be useful for future research to examine how collaborative success and failure affect employees who remain with the same employer, as well as how these effects change or dissipate over time.

Third, while our focus on stars' effects on FMs' professional status attainment represents an important addition to research on stars, a star's presence and influence in a collaborative context is likely to have additional implications. Future research should consider how a star's involvement in both collaborative endeavors influences other outcomes experienced by the star's collaborators, including outcomes that are not so enmeshed in the social construals of outside actors (e.g., likelihood of collaborating with a star again, postcollaboration task performance).

Finally, consistent with research settings used in most prior research focusing on stars, the hedge fund context is one where individuals' successes and failures are extremely visible to prospective employers, raising the question of generalizability. From this standpoint, we can be most confident that our findings generalize to contexts with similar levels or indicators of performance transparency. Yet, we contend that our findings also offer meaningful insights into the operation of cumulative advantage *within* organizations, even in industries where individual performance is less externally visible. Indeed, collaboration is a way of life in most organizations, and internal stakeholders regularly form attributions about the collaborative successes and failures of their colleagues, subordinates, and prospective internal hires. Just as prospective employers evaluate multiple status characteristics in forming judgments about prospective hires, internal stakeholders rely on a myriad of available signals as they form their own evaluations. Thus, while additional empirical research is needed to assess the applicability of our findings in such settings, we believe there is strong theoretical support for this extension.

8 | CONCLUSION

Our paper highlights a duality in stars' influences on the professional status attainment of their peers. On one hand, collaborating with a star reduces the credit—and gains in professional status—that nonstars experience in the context of collaborative success. On the other hand, collaborating with a star not only mitigates—but may actually outweigh—the

professional status loss associated with collaborative failure. Our results also provide evidence that nonstars' independent status signals play an important role in shaping how prospective employers interpret and weigh their collaborative performance with stars, highlighting an important juncture of external observers' evaluations of individuals' multiple status characteristics. Our examination of stars' influences on colleagues' status-, rather than performance-based, outcomes is also an important addition to the star literature; we hope future research will extend the examination of stars' status-based influences to other theoretical and empirical contexts.

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ENDNOTES

[1] Given that many studies examining the consequences of individuals' involvement in failure have focused on firm bankruptcy, it is important to note a few differences between firm bankruptcy and hedge fund failure (liquidation). First, unlike bankruptcies, fund liquidations rarely coincide with the closure of the firm and the automatic displacement of its employees (Ellul et al., 2017). Second, fund liquidation is a corporate decision and may carry some noise in the signal it conveys about the managers involved. In particular, a liquidation may signal poor fund performance or a reallocation of organizational resources (Liang & Park, 2010). In any case, fund liquidations are significant, public, and heavily scrutinized decisions (e.g., Kumar & Waite, 2018) which require the selling of all assets and return of all client investments associated with the fund in question.

[2] This research was granted exempt status by the Institutional Review Board for Human Participants of Cornell University under Protocol No. 2003009494, entitled "Hedge Fund Project."

[3] Analyses using annual portfolio returns and the Sortino ratio as alternative measures of fund performance (Eling & Schuhmacher, 2007) yielded consistent results and are available upon request.

[4] Analyses using the fund's average performance in the two years preceding an FM's turnover yielded consistent results and are available upon request.

[5] The target benchmark for a fund may be tied to the return of the stock market or specific stock market sectors and serves as a signal to investors of the level of performance targeted by the management team (Smith, 2011).

[6] A separate analysis in which we restricted this measure to include only the failure of an FM's largest fund yielded consistent results and is available upon request.

[7] The identification of stars using this approach was highly correlated with an alternative measure based on individuals' exceptional fund performance—measured as the Sharpe ratio ($r = .81$)—and yielded consistent results in tests of our hypotheses, reported in Tables A1 and A2 in the Appendix.

[8] These classifications included arbitrage, bottom-up, CTA/Managed futures, currency, distressed debt, diversified debt, event driven, fixed income, long/short equities, macro events, relative value, top-down, and value.

[9] Due to unequal differences in AUM between firms in adjacent ranks in the sample, in all practical interpretations, we rely on mean estimates of increases/decreases in AUM associated with changes in employer ranking.

[10] Results of these analyses are reported in Table A3 of the Appendix.

[11] It is beyond the scope of our paper to disentangle the broad array of positive spillovers that stars may convey to their co-managers. For simplicity, we refer here to stars' network- and learning-based effects but note that the observed effects may include other positive spillovers as well.

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APPENDIX A: Additional analyses

Tables A1 and A2 Notes: In our primary analyses, we identified star fund managers based on nominations received for performance-based industry awards. This approach aligns with our conceptualization of stars as those individuals who enjoy both exceptionally high levels of performance *and* broad industry status. In Tables A1 and A2 we present results of analyses in which we assess the robustness of our results to an alternative approach for identifying stars. Specifically, in these models, we identified stars using an objective performance measure, classifying stars as those fund managers whose 3-year performance, measured using the Sharpe ratio, was above a natural cut point observed when examining the distribution of fund performance across the entire sample. This natural cut point was approximately two standard deviations above the average. Further, this alternative measure was strongly correlated with the award-based measure in our focal analysis ($r = .78$). The analyses reported in Tables A1 and A2 correspond to those reported in Tables 2 and 3 of the paper, respectively. Overall, our results are consistent with those obtained in our focal analyses reported in the paper and suggest our results are robust to alternative approaches for identifying stars.

Table A3 Notes: In Table A3, we report the results of a supplemental analysis wherein we test our assumption that prospective employers disproportionately attribute credit and blame to star comanagers (relative to their nonstar comanagers) in the context of comanaged fund success and failure, respectively. In assessing attributions of credit in the context of successful comanaged funds, we first restricted the sample to include only surviving comanaged funds that involved a star comanager. We then further restricted the sample to star and nonstar managers who switched employers in a year immediately following their involvement in one of these funds and for whom this fund represented the largest fund in his or her portfolio, consistent with the approach taken in our focal analyses. Next, we entered an interaction between comanaged fund performance and star FM (i.e., a dummy indicating whether the focal manager of interest was a star). As shown in Table A3, the interaction is statistically significant ($b = 19.54, p = .000$), and a plot of the interaction demonstrates that the positive effect of comanaged fund performance on professional status attainment is significantly stronger among star (slope $= 66.40, p = .000$)—relative to nonstar (slope $= 46.86, p = .000$)—comanagers.

In assessing attributions of blame in the context of comanaged fund failures, we first restricted the sample to include failed comanaged funds that involved a star comanager. We then further restricted the sample to star and nonstar managers involved in these funds who switched employers in the year immediately following the fund's failure. Next, we entered an interaction between comanaged fund failure and star FM. As shown in Table A3 interaction term was significant ($b = -45.99, p = .000$), and a plot of the interaction demonstrates that the failure of a comanaged fund is negatively related to professional status attainment among stars (slope $= -20.92, p = .000$) and positively related to professional status attainment among nonstars (slope $= 25.07, p = .000$).

TABLE A1 The effect of comanaged fund performance on postmobility employer status using performance-based measure of star comanager

	Model 1a	Model 2a	Model 3a	Model 4a
Constant	103.61***	103.37***	104.21***	104.19***
	(4.51)	(4.55)	(4.60)	(4.60)
Value at risk	54.56	55.12	54.74	54.80
	(46.89)	(46.98)	(46.88)	(46.83)
Fund strategy	1.88***	1.88***	1.92**	1.90**
	(0.52)	(0.54)	(0.73)	(0.71)
Flagship fund	27.12***	27.05***	26.89***	26.93***
	(3.60)	(3.72)	(3.81)	(3.75)
Industry hub	28.73***	28.72***	27.90***	28.02***
	(4.52)	(4.55)	(4.58)	(4.58)
Unemployment rate	−1.51***	−1.51***	−1.49***	−1.49***
	(0.38)	(0.39)	(0.40)	(0.40)
FM industry tenure	0.09***	0.09***	0.08***	0.08***
	(0.02)	(0.02)	(0.02)	(0.02)
FM firm tenure	0.31**	0.31**	0.30***	0.31***
	(0.03)	(0.03)	(0.04)	(0.04)
Number of comanagers	0.36**	0.35*	0.32*	0.33*
	(0.12)	(0.14)	(0.14)	(0.14)
Fund's assets under management	1.75***	1.75***	1.76***	1.75***
	(0.10)	(0.10)	(0.15)	(0.14)
Current employer status (CES)	0.59***	0.60***	0.60***	0.53***
	(0.06)	(0.07)	(0.07)	(0.09)
Focal manager performance outside of the collaborative context (FMPOCC)	6.10***	6.67***	6.74***	6.78***
	(0.55)	(0.62)	(1.02)	(1.07)
Star comanager (SCM)	28.61***	32.70***	27.95***	25.18***
	(5.52)	(6.93)	(6.94)	(7.12)
Comanaged fund performance	43.58***	45.52***	33.23***	32.90***
	(3.74)	(3.84)	(4.19)	(4.27)
Comanaged fund performance*SCM		−21.17***	−26.15***	−28.04***
		(2.89)	(2.92)	(4.12)

(Continues)

TABLE A1 (Continued)

	Model 1a	Model 2a	Model 3a	Model 4a
Comanaged fund performance*FMPOCC			9.83***	
			(1.31)	
SCM*CES				0.02*
				(0.01)
SCM*FMPOCC			−9.10***	
			(1.26)	
Comanaged fund performance*CES				0.03**
				(0.01)
Comanaged fund performance*SCM*FMPOCC			9.24***	
			(2.33)	
Comanaged fund performance*SCM*CES				0.16***
				(0.05)
R-square	.20	.22	.24	.24
Wald χ^2	3559	3633	4208	4199

Note. N = 28,184. Standard errors are in parentheses. All models include a series of dummy variables to control for years.
*p < .05;
**p < .01;
***p < .001.

TABLE A2 The effect of comanaged fund failure on postmobility employer status using performance-based measure of star comanager

	Model 1b	Model 2b	Model 3b	Model 4b
Constant	40.59***	40.57***	49.90***	47.62***
	(6.80)	(6.84)	(6.81)	(6.78)
Value at risk	20.38***	20.36**	20.25***	20.25***
	(1.29)	(1.29)	(1.31)	(1.30)
Fund strategy	1.58*	1.58*	1.49	1.49
	(0.51)	(0.53)	(0.73)	(0.73)
Flagship fund	23.82***	22.94***	22.97***	22.98***
	(3.17)	(3.19)	(3.19)	(3.18)
Firm closure	−3.17	−3.23	−3.20	−3.20
	(2.07)	(2.10)	(2.12)	(2.12)
Industry hub	28.60***	28.55***	28.03***	28.05***
	(0.49)	(0.50)	(0.56)	(0.54)

(Continues)

TABLE A2 (Continued)

	Model 1b	Model 2b	Model 3b	Model 4b
Unemployment rate	−4.32***	−4.29***	−4.39***	−4.36***
	(0.05)	(0.06)	(0.06)	(0.06)
FM industry tenure	0.01	0.01	0.01	0.01
	(0.03)	(0.02)	(0.02)	(0.02)
FM firm tenure	0.33***	0.35***	0.35***	0.35***
	(0.04)	(0.04)	(0.05)	(0.05)
Number of comanagers	0.60***	0.57***	0.58***	0.58***
	(0.15)	(0.17)	(0.17)	(0.17)
Fund's assets under management	2.25***	2.24***	2.24***	2.24***
	(0.06)	(0.06)	(0.06)	(0.06)
Current employer status (CES)	0.46***	0.44***	0.44***	0.45***
	(0.02)	(0.03)	(0.03)	(0.04)
Focal manager performance outside of the collaborative context (FMPOCC)	12.79***	12.72***	12.65***	12.70***
	(2.08)	(2.08)	(2.10)	(2.08)
Star comanager (SCM)	30.92***	32.05***	33.41***	33.45***
	(8.74)	(8.78)	(8.26)	(8.20)
Comanaged fund failure	−23.48***	−23.38***	−23.70***	−23.03***
	(2.95)	(3.11)	(3.94)	(3.92)
Comanaged fund failure*SCM		50.41***	31.31***	22.09**
		(10.42)	(9.97)	(8.38)
Comanaged fund failure*FMPOCC			1.41**	
			(0.54)	
SCM*CES				−0.04***
				(0.01)
SCM*FMPOCC			−4.68*	
			(2.17)	
Comanaged fund failure*CES				0.02**
				(0.01)
Comanaged fund failure*SCM*FMPOCC			12.20**	
			(4.07)	

(Continues)

TABLE A2 (Continued)

	Model 1b	Model 2b	Model 3b	Model 4b
Comanaged fund failure*SCM*CES				0.09**
				(0.04)
R-square	.18	.19	.20	.22
Wald χ^2	1496	1583	1638	1642

Note. N = 4094. Standard errors are in parentheses. All models include a series of dummy variables to control for years.
*p < .05;
**p < .01;
***p < .001.

TABLE A3 A comparison of the effects of comanaged fund success and failure on professional status attainment among star and nonstar comanagers

	Model 1	Model 2	Model 3	Model 4
Constant	98.40***	97.82***	55.48***	54.16***
	(4.41)	(5.47)	(13.18)	(14.03)
Value at risk	52.89	55.13	11.64***	10.85***
	(49.92)	(50.62)	(1.45)	(1.44)
Fund strategy	1.96***	1.55**	1.70**	1.74**
	(0.58)	(0.59)	(0.62)	(0.62)
Flagship fund	26.94***	23.02***	34.79***	34.73***
	(3.52)	(3.33)	(3.73)	(3.73)
Industry hub	14.40***	13.84***	11.78***	10.91***
	(2.15)	(3.11)	(0.46)	(0.46)
Unemployment rate	−1.23***	−1.19**	−4.53***	−4.55***
	(0.35)	(0.36)	(0.96)	(0.96)
FM industry tenure	0.08**	0.04	0.01	0.01
	(0.03)	(0.02)	(0.02)	(0.02)
FM firm tenure	0.30*	0.28*	0.23*	0.23*
	(0.03)	(0.06)	(0.03)	(0.03)
Number of comanagers	0.61*	0.61*	0.61*	0.58*
	(0.14)	(0.15)	(0.17)	(0.19)
Fund's assets under management	1.72*	1.19*	2.15*	2.15*
	(0.08)	(0.10)	(0.10)	(0.11)
Current employer status	0.58*	0.59*	0.45*	0.46*
	(0.03)	(0.04)	(0.01)	(0.02)
				(Continues)

TABLE A3 (Continued)

	Model 1	Model 2	Model 3	Model 4
Focal manager performance outside of the collaborative context	7.66* (0.91)	6.99* (0.92)	12.37* (1.23)	12.50* (1.25)
Star FM	35.85**	35.82**	−33.71**	−30.13**
	(10.88)	(10.83)	(10.43)	(10.51)
Comanaged fund performance	46.86***	46.36***		
	(1.24)	(1.29)		
Star FM*comanaged fund performance		19.54***		
		(1.21)		
Comanaged fund failure			33.23***	25.07***
			(2.51)	(2.92)
Star FM*comanaged fund failure				−45.99***
				(8.34)
R-square	0.23	0.24	0.26	0.27
Wald χ^2	1718	1732	3019	3127
n	5941	5941	7738	7738

Note. Standard errors are in parentheses. All models include a series of dummy variables to control for years.
*$p < .05$;
**$p < .01$;
***$p < .001$.