Moneyball Revisited: Counter-evidence from MLB and NPB*

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Abstract

This paper reconsiders the Moneyball hypothesis, which maintains the discrepancy between the payroll for professional athletes and the contribution to winning in sports. In order to verify the story in Moneyball, we replicate the results as shown in Hakes and Sauer (2006), as addressing the issue on the potential bias which the past studies should have dealt with. We first identify what factors contribute to winning in the professional baseball league in U.S. and Japan. Second, we examine whether the identified factors explain the payroll for the players more precisely than the past studies did. We find that after the publication of Moneyball, the slugging average, which is widely accepted as one of the most common measures of batting skill, dominates the effect on winning of the factor that Moneyball considers important. We also find that after the publication of Moneyball, the slugging average becomes undervalued especially in MLB probably due to Moneyball, even though it is identified as the most contributing factor to winning in the first step. The evidence suggests that the payroll may become more inefficient than before Moneyball.

JEL Classification: J31; J44; Z20; Z21

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