

# Overrewarding Luck and Lucky Streak: Evidence from MLB \*

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## Abstract

Gauriot and Page (2019) provide evidence of a violation of the informativeness principle whereby luck successes are overly rewarded. We estimate the causal effect of a lucky success (homerun) on the evaluation of the player's performance using the data on Major League Baseball in the United States. We find clear evidence that a lucky homerun is overly influencing not only managers' decisions in the next game but also players' wages of the next year. This implies lucky streak: A lucky homerun raises the probability of being fielded in the next game and more lucky players obtain higher salary in the next year. This evidence suggests that this phenomenon is likely to be widespread in economic organization.

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