

Is MLB Pay to Win?

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What impact does MLB team payroll have on regular season and postseason success?

In recent years, many baseball fans have criticized teams like the Dodgers for out-spending everyone else and dominating the standings.

This project investigates how much truth there is to the idea that you can buy success in MLB by investigating how much payroll actually matters for *making* the playoffs and for *winning* the World Series.

Data & Methods

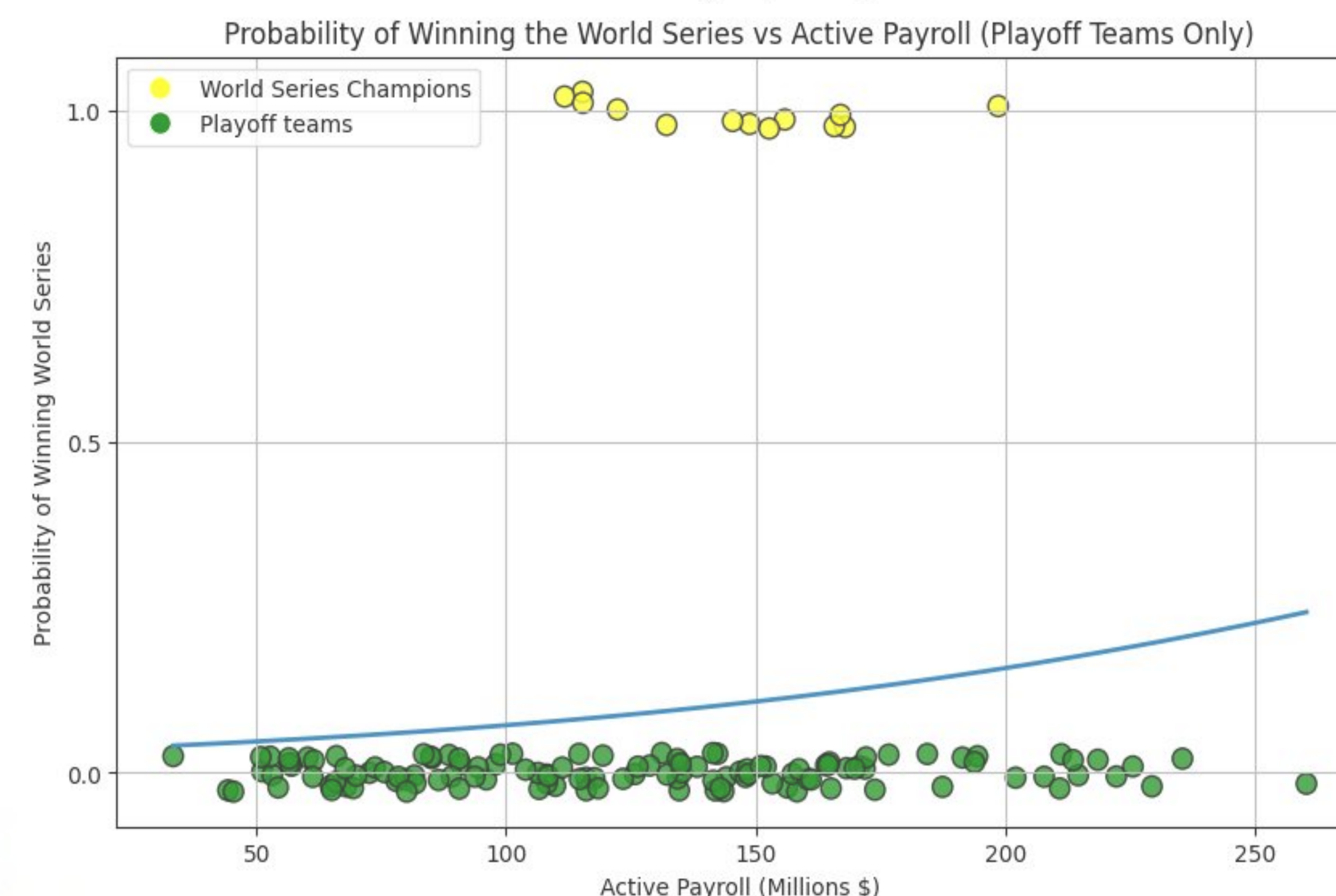
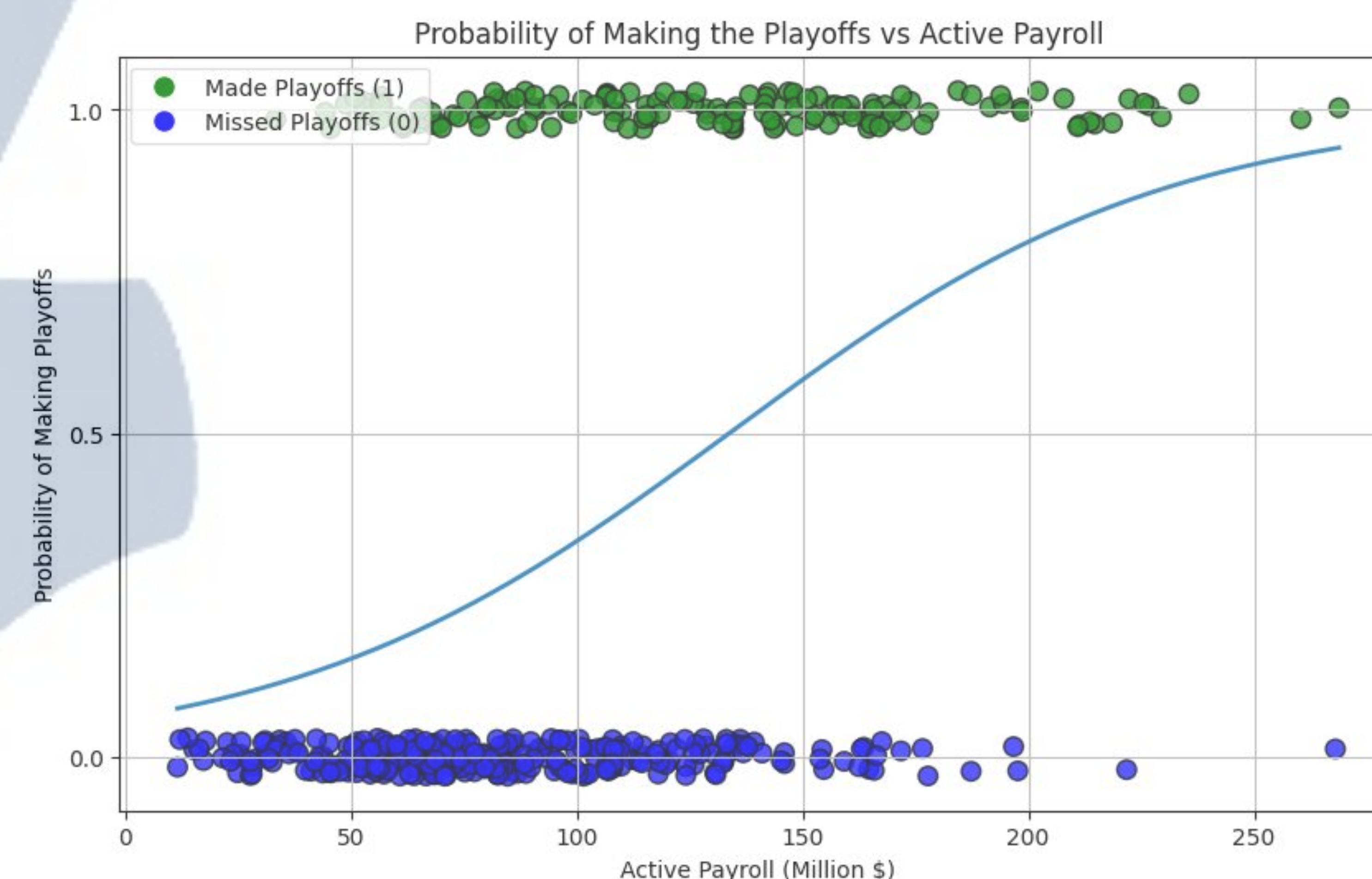
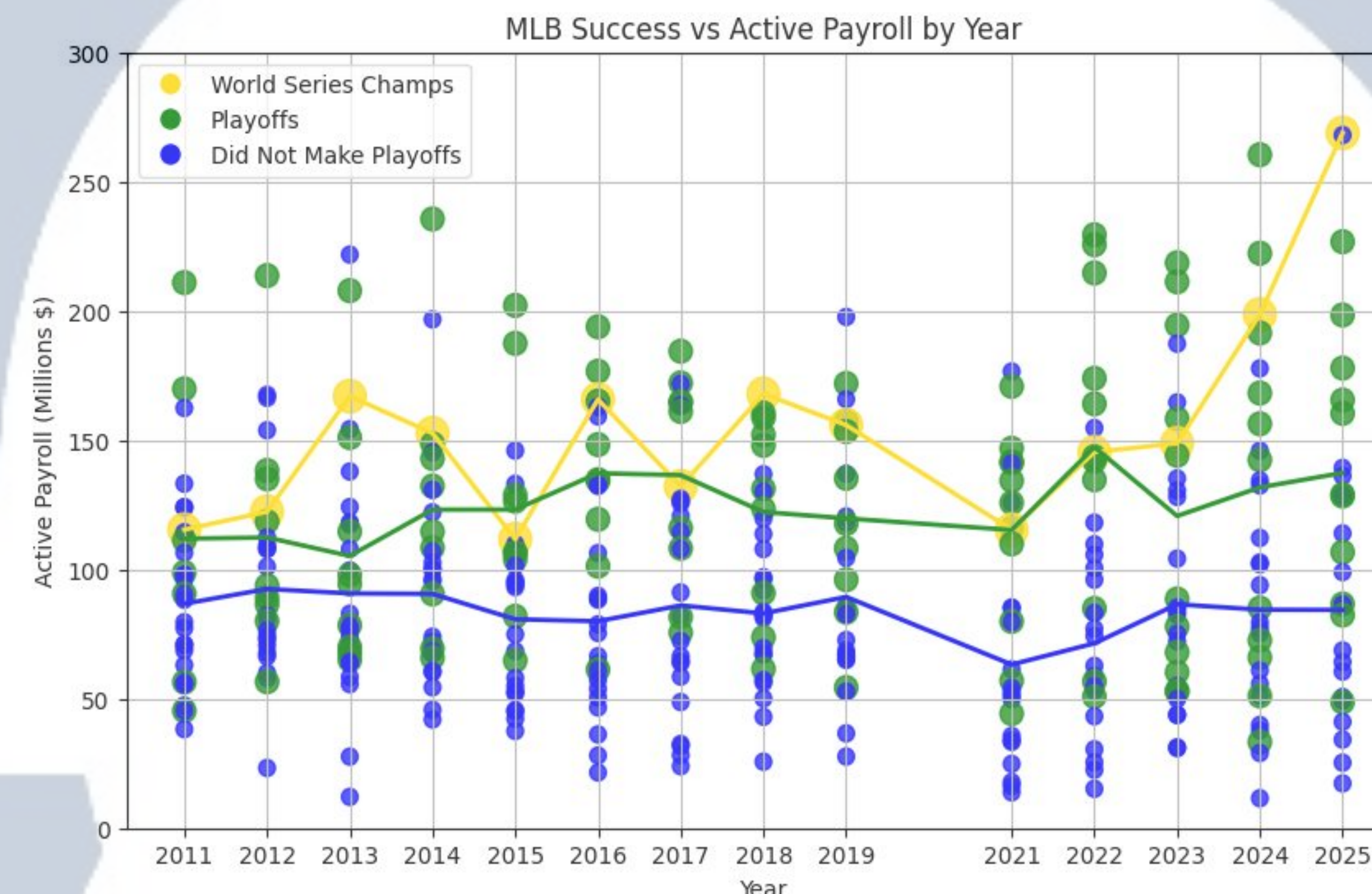
MLB payroll data from the last 15 years was collected from Spotrac, including active payroll, team record, and postseason results.

I combined yearly data into one dataset organized by team and year.

To test whether payroll predicts success, I ran logistic regression models for two outcomes:

1. Making the playoffs (yes/no)
2. Winning the World Series among playoff teams (yes/no)

Logistic regression was used because both dependent variables are binary.



Results

Team payroll has a significant positive relationship with making the playoffs: teams can meaningfully increase their odds of reaching the postseason by spending more.

However, when looking only at playoff teams, payroll does not significantly predict winning the World Series. Once you're in the playoffs, there are too many additional variables for payroll alone to determine who wins the World Series.

Conclusion & Takeaways

Payroll is an effective tool for increasing postseason odds, but not a reliable strategy for securing a championship.

Postseason success depends on matchup variability, pitching health, hot streaks, and other factors that money can't fully control

This can help MLB teams make more informed decisions about spending depending on whether their goal is reaching the postseason or maximizing championship odds.

References

<https://www.spotrac.com/mlb/payroll>

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