

Behavioral Economics Term-Paper

経済学研究科

23A18014 Reio TANJI 丹治伶峰

1 Reserch Topic

Economic Evaluation of the Behavior of Athletes

- Cases from Major League Baseball Players -

In this research, I try to specify reference-dependent preference of the professional baseball players about their performance. More specifically, they prefer their “batting average” or “on-base percentage” with slightly larger than some round-numbers (.300, .350, and so on), to just below them.

2 Motivation

Exploiting these specification to design optimal contracts with the professional athletes.

3 Literature Review

There are many empirical research that test the existence of a certain reference points in individuals' preference.

Pope and Simonsohn(2011) specified that round numbers act as a reference point, exploiting three empirical researches. One of these studies, they utilized the case of professional baseball players in Major League Baseball (MLB). According to this, batters prefer finishing their season with their batting average just above .300 to just below that number, which makes the distribution of their batting averages at the end of each season has a discontinuity around .300. Roughly, I follow this method of specification.

On the other hand, however, there are some alternative interpretation such as the existence of monetary incentives. I have to make some analysis on the evaluation by the team managers. Hakes and Sauer(2006) measured the impact of the publication of '*Moneyball*,' which points out that they underestimates the contribution of on-base per-

centage , rather than batting average, to increasing their scores, and raising winning percentage.

4 Hypothesis

5 Key Assumptions

6 Model & Data