

Moneyball Revisited: An Economic Evaluation of Performance and Wage in the Japanese Case*

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Abstract

The *Moneyball* hypothesis maintains that the labor market in professional baseball undervalues specific player skills. This paper examines whether this is the case in the Japanese professional baseball. There are three findings. First, the impact of on-base on winning is larger than that of slugging. This is consistent with the *Moneyball* hypothesis, as shown in Hakes and Seuer (2006). Second, although on-base is one of the critical factors to explain winning, the contribution of on-base to wage was smaller than that of slugging before the publication of *Moneyball*. Furthermore, it was not significant until several years after the publication. This suggests a sluggish adjustment of wage even in the professional labor market. Third, we find specific factors to determine the players' wage only found in Japan: seniority and foreignness. Players receive extra pay more than by 10% when they get older every year. It is suggested that in Japan, seniority matters even for the professionals. Moreover, the foreigner's wage premium amounts to approximately 70% and the too-big bonus for foreigners is not justified by the analysis of their performance. These evidences imply that there is still wage inefficiency in the Japanese professional baseball.

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