

Big bucks for MLB megastars mean big team profits, but fewer wins

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ANN ARBOR, Mich.---Spending top dollar for megastar players like Miguel Cabrera and Alex Rodriguez helps Major League Baseball teams attract fans and earn higher profits, but clubs that spend the bulk of their player payroll on a couple of superstars ultimately win fewer games, a University of Michigan study shows.

"Superstars who are paid more could bring more to the team in terms of profits," said Jason Winfree, an associate professor of sport management at the U-M School of Kinesiology. "The flip side of that is that a more equitable pay scale among all players results in more wins for the team, but not necessarily higher profits."

The study, which is forthcoming in *Sport Management Review*, also found that the relationship between salary inequities and low performance became much more pronounced after the baseball strike of 1994.

Winfree and lead author Chris Annala of the State University of New York-Geneseo looked at [Major League Baseball](#) team salary distribution and team performance. Their research supports the theory that if an MLB team wants a championship, it should pay a handful of solid players roughly equal salaries, but if it wants to maximize profits, it should consider paying a couple superstars most of the salary budget.

"With sports teams you don't hear it talked about very often: 'Should we get a bunch of OK players or get one or two really good players?'"

Winfree said.

The researchers did not look at the reasons why salary inequality causes problems within MLB teams, but there are several theories. It could be that when teams put a premium on star players, they don't have enough money left to recruit other solid players. It could be that groups work better when people with the same jobs earn roughly the same.

In white collar professions, employers frown upon employees sharing salary information because it causes rifts among employees who may feel underpaid or undervalued.

According to Winfree and Annala, the way the market is for salaries today, if a team's goal is to win, it should get a lot of pretty good [players](#). If the goal is to maximize profit, then buying a couple of superstars to draw fans and sell merchandise probably works better.

"It might be the superstars are worth more because they do other things," Winfree said. "They have a marketing value, they might increase merchandise sales or ticket sales, apart from winning."

For instance, he said, the 1996 Tigers had a lot of pay inequality and didn't win very many games. Cecil Fielder was a big star and drew in fans, and he earned a large chunk of the payroll budget.

Provided by University of Michigan

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