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Final Offer Arbitration and Major League Baseball

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Final Offer Arbitration and Major League Baseball

By

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Thesis

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Abstract

In 1974 Major League Baseball implemented the use of Final Offer Arbitration (FOA) to settle contract disputes for those players who were not yet eligible for free agency. Final Offer Arbitration was chosen because of its design to have parties reach settlement before the actual arbitration hearing. The purpose of this research is to evaluate if this system is the best method for settling contract disputes by analyzing whether Major League Baseball and its Players Association are using the system correctly, whether the system is fair and consistent, whether FOA has an effect on player performance, and also whether there is a relationship between team payroll and arbitration success.

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Chapter One: Introduction

For nearly a century, the game referred to as “America’s Pastime” was controlled by team owners who exercised absolute power. This not only caused great mistrust between the players and the owners but led to multiple labor disputes which led to a loss of revenue for the owners, loss of pay for the players, and fans missing their opportunity to enjoy one of their favorite summer indulgences. Prior to 1973, when a player was offered a contract from the team that owned his playing rights, it was a matter of “take it or leave it.” In an attempt to challenge the reserve clause, as well as leverage higher salaries in this system, players began conducting holdouts on contract renewals. The reserve clause stated that once a player was drafted by a team, that player was the property of said team. The player could not negotiate with any other team, even if not under contract. According to John Fixel, author of *Bias in Salary Arbitration: The Case of Major League Baseball*, “A player is perpetually tied to the one team unless that team trades him or his contract is sold to another team” (Fixel, 1996).

It has been said that the breaking of the Reserve Clause is the greatest advancement for the players, but Marvin Miller, the former executive director for the Major League Baseball Players Association (MLBPA), has stated salary arbitration did more for advancing the salaries and rights of the players. With the 1973 Collective Bargaining Agreement (CBA), the players and owners agreed to Final Offer Arbitration (FOA) to settle contract disputes involving players’ salaries. Litigation had proven to be an ineffective forum for players in their attempt to equalize their bargaining position with the owners. The players had to

find alternative methods to achieve their goals. According to Zimbalist, “It has been said that bargaining with baseball’s owners is like negotiating with a three-headed monster” (Zimbalist, 2003).

In this new system, players with more than 2 years in the major league system could file for salary arbitration, if they were not under long-term contract. If the sides could not come to a contract agreement within a period of time, the club would submit a salary figure for the coming season that they felt the player was worth, while the player would do likewise. If the sides could not reach agreement with the figures submitted, the parties could go before a panel of arbitrators from the National Labor Relations Board and present their case. The arbitrators would then rule on one figure or the other. There would be no middle ground. “Equity theory suggests that a player is more likely to participate in the arbitration process if he views his past compensation as inequitable” (Fizel, 2002).

The MLBPA looked for a way to take some of the power away from the owners by adjusting the system that was heavily in favor of the owners and allowed teams to control player movement and salaries. The owners still wanted a way to keep their players for a length of time to help build a fan base and following for their teams. Players and owners felt it was in the best interest of the game to reduce the number of work stoppages.

The purpose of this study is to review the effect of final offer arbitration and determine if it is the best way to settle contract disputes in baseball. Players and owners alike decided on arbitration because a neutral third party (panel of

arbitrators) would be responsible for hearing both sides and making a determination between two salary requests (players versus owners) in a quick, cost-efficient, and effective manner. The final offer arbitration method was chosen to encourage those in conflict to make an honest effort to resolve the dispute and come to an agreement before meeting with the arbitrator. This study will also look at player performance the year after going through arbitration to determine if there is a negative effect on player performance.

Definitions

Those who are not familiar with Major League Baseball or Arbitration may require the help of the definitions below to better understand this discussion.

- Arbitration is a form of Alternative Dispute Resolution (ADR) in which a neutral third party (an arbitrator or panel of arbitrators) hears from all parties in conflict and then makes a decision (referred to as an award) that is legal and binding. All parties agree before the arbitration to take part and abide by the arbitrator's decision.
- Final Offer Arbitration (FOA) is a form of arbitration in which all parties in a dispute bring their last and best offer to the arbitration hearing. The arbitrator then decides on either offer (there is no middle ground of splitting the difference). FOA is used to encourage all parties to negotiate in good faith before the arbitration in an attempt to have the parties reach an agreement themselves before the arbitration.

- Major League Baseball Players Association (MLBPA) is the collective bargaining representative for all current Major League Baseball players. The association also assists players with grievances and salary arbitration. The association works closely with MLB in ensuring that the playing conditions for all games involving Major League players, whether the games are played in MLB stadiums or elsewhere, including internationally, meet proper safety guidelines. The association also serves as the group licensing agent on behalf of the players.
- Collective Bargaining Agreement (CBA) is a labor contract between Major League Baseball Owners and the MLBPA. Collective bargaining consists of the process of negotiation between representatives of management and the players union in respect of the terms and conditions of employment of players such salaries, free agency, arbitration, working conditions, contract language, prohibited substance testing, grievance procedures, and revenue sharing.

There are some limitations to this study. Taking a look a player's performance the season after he goes through arbitration may not be a true indicator that arbitration had a negative effect on the player. Players may not do as well or improve from one season to the next for many reasons not limited to the fact the player went through the arbitration process the year before. Also players may be eligible for arbitration more than one time in their career. A player

may go through arbitration one year and improve while then going through the same process again and have a worse year following the second arbitration hearing.

Both owners and players make many assumptions when choosing arbitration. First and foremost, the arbitrations are to be neutral (no vested interest in the outcome), and both sides must abide by the same rules and have access to the same information and statistics used. During the arbitration both sides are to have the opportunity to have equal time explaining their case, providing evidence, and giving rebuttal. Generally the empirical evidence leads to the conclusion that both for conventional arbitration and final offer arbitration, impartial arbitrators primarily pay attention to the facts of the case in making their awards (Bazerman and Faber, 1985)

Chapter Two: Review of Literature

This paper will examine the use of Final Offer Arbitration (FOA) in solving baseball contract disputes. In 1974 Major League Baseball and The Major League Baseball Players Association picked Final Offer Arbitration specifically because this form of dispute resolution encourages parties to come to an agreement before an arbitration hearing. According to Arbitrator Roger Abrams (who has arbitrated multiple salary disputes for Major League Baseball):

There are many advantages to settling a dispute before arbitration. First the arbitration hearing itself imposes costs on the parties by straining the relationship between the player and his club. Second if they settle, the parties can be creative in designing a compensation package including bonuses, a no-trade clause or a multi-year deal. By contrast, the product of salary arbitration is a standard player contract for one year at a defined salary. Finally a settlement can build a relationship between player and team rather than rupture it. With settlement both parties win to some degree; with arbitration there is always one winner and one loser (Abrams, 2000).

Arbitration is a form of Alternative Dispute Resolution (ADR) in which an Arbitrator (or panel of Arbitrators) is chosen and decides the result of a dispute. The “award”, as the decision is referred to, is legal and binding as both parties sign contracts before the arbitration stating that regardless of the decision, the case is resolved by the decision of the arbitrator (Ware, 2001). The most often used types of arbitration are conventional and

best / final offer. In conventional arbitration, both sides are provided equal time (pre-determined by the arbitrator) to state their case, and the arbitrator's award can be for either party or any amount in between what both sides are asking for. MLB uses what is known as final offer (or best offer) arbitration. This type of arbitration requires each side to bring their final offers to the arbitrator. After each party is given equal time to state their case and rebuttal, the arbitrator must decide between the player's offer and the team's offer. There is no choosing an amount in the middle (Fizel, 1996).

Arbitration in Major League Baseball

In Major League Baseball (MLB), players with less than six years of major league experience are subject to the "reserve clause." Once a player is drafted by a team, the reserve clause permits the player to negotiate with only that team. Even if the player is not under contract, the reserve clause prohibits the player from selling his services to any other team. A player is perpetually tied to the one team unless that team trades the player or releases the player from his contract. Players with between three and six years of experience may compel their teams to settle salary disputes through final offer arbitration. (Fizel, 1996)

When a panel of arbitrators is assigned to settle a dispute, they may consult 6 criteria stated in the Major League Baseball Collective Bargaining Agreement (MLBCBA, 2001):

1. The quality of the player's prior season performance.
2. The length and consistency of the player's career.
3. The player's past compensation.
4. The recent performance of the player's team including attendance figures.
5. Comparable baseball salaries.
6. Any physical or mental disabilities the player may have.

Evidence of the following shall *not* be admissible or considered: the financial position of the team or the financial position of the player. Comments, testimonials, or similar material presented by fellow players or the press in regard to a player's performance or bearing on the team (this excludes any annual player awards), any offer made by the player or team prior to arbitration, the cost to the parties or team for representatives, attorneys, and so on to attend the arbitration, and salaries in other sports occupations shall not be considered (MLBCBA, 2001).

The CBA does not specify how much consideration is given to each provision. For example, the weight given to the player's performance versus that of comparable players' salaries is up to the arbitrator's discretion. Accordingly salary arbitration provides players with a viable alternative to having the owners dictate their salaries by assigning the decision to a neutral third party who will objectively weigh the player's true market value. The MLBPA and the Owner's Players Relations Committee each have veto power in determining a final panel of arbitrators (Kahn, 1991).

A negotiated settlement is in the interests of both the player and the team because it reduces risk (Hadley & Ruggiero, 2006). Negotiations should be guided by minimizing risk behavior by the player / owner and their perceived likelihood of a favorable award from the arbitrator. During negotiations the positions of both parties are primarily determined by their own knowledge and perceptions of the arbitrator's preferences (based on facts of the case) and, in turn, the distribution of outcomes if the arbitrator is required to make an award.

According to Wong, "On average salaries have increased 17% per year since the advent of salary arbitration; as a result MLB has had a fairly contentious relationship with the MLBPA over issues involving the economics of the game, namely free agency, salary arbitration and revenue sharing" (Wong, 2010).

National Football League (NFL)

The National Football League (NFL) does not use arbitration to settle contract disputes. In the NFL, the term *free agent* refers to a player's right to negotiate a playing contract with any team he chooses. A player's free agency depends on how many years he has played in the NFL. (Information found in the NLFCBA 2006 – 2012 on www.NLFLabor.com)

In the first two years of a player's career, the player is not eligible for free agency. Termed "exclusive rights free agent" (ERFA) the player must accept what the "owning" club offers or not play at all in the NFL.

After the third year a player may file to be a restricted free agent (RFA). A restricted free agent can negotiate with any other team and sign an offer sheet,

but the current teams retain a “right to match” any offer within 7 days of receipt of the offer sheet. If the offer is matched by the current team, the player must play for his prior team under the contract terms that were matched.

Players with 4 or more years of experience may become an unrestricted free agent (UFA). An unrestricted free agent may negotiate with any other team without limitation.

There are special categories of players, both restricted and unrestricted free agents, which may prevent a player from changing teams. These are players who are labeled “Franchise” or “Transition” players.

There are two types of “Franchise” players; this designation is decided by the team and the player cannot do anything about it. The “exclusive franchise” player may negotiate only with the team he played with the previous year. This player is guaranteed a 20% raise over the previous year or a salary that matches the average of the top five salaries of the position the player plays. The player does receive the greater salary of the scenarios listed. A “non-exclusive” franchise player is offered a minimum of the average of the top five salaries at his position or a 20% raise from his previous year’s salary, whichever is greater. The non-exclusive franchise player may negotiate with other teams, though. If a better offer comes to the player, the current team may match the offer or receive two first round draft choices as compensation if they decide not to match the offer and let the player go to another team.

This agreement between the National Football League (NFL) and the National Football League Players Association (NFLPA) dramatically increased the income

inequality in the league and altered the criteria by which teams rewarded players. Under the new contract, the superstars and veteran starters gained disproportionately at the expense of rookies and marginal players (Leeds & Kowalewski, 2001)

The NFL has gone above and beyond to promote equality and team parity in its league. The league's teams share almost all revenue, one exception being revenue through the sale of seat licenses. The NFL has succeeded in creating the premier monopolistic sports league in the United States. The leaders of the NFL recognize that teams that are not profitable are not only a detriment to their owners but also to the stronger teams they play. Thus the NFL structured the league to bring parity and financial stability. The financial stability was created by the equal sharing of most revenues. The parity was sought by the addition of the salary cap, the structure of free agency, and the college player draft, which allows teams with the worst records to get the best draft choices (or trade the draft choices for established NFL players – a rule MLB has not adopted. In Baseball teams may not trade draft choices). The NFL has also created a schedule that is conducive to help teams win faster by scheduling teams with losing records to play others with losing records during the next season (Hamlen, 2007)

National Hockey League (NHL)

The National Hockey League (NHL) is the closest comparison to Major League Baseball in terms of handling contract disputes through arbitration. Salary arbitration was negotiated into the National Hockey League Collective Bargaining

Agreement (NHL CBA) for the first time in 2005 (www.NHL.com). The NHL uses both the player's age and experience in regard to eligibility for salary arbitration whereas MLB only uses experience. As a general matter, players will be eligible for salary arbitration after four years in the League instead of three. For the first time, clubs also will have the right to elect salary arbitration with respect to two categories of players. For players who are earning more than \$1.5 million in their prior year, clubs will have the right to elect salary arbitration in lieu of making a qualifying offer. Clubs also will have the right to elect salary arbitration with respect to other Group 2 players who chose not to take the Club to arbitration. Eligible players must be:

- Between 18 and 20 with at least four years of professional experience
- 21 years old and have played at least three years of professional hockey
- Ages 22 and 23 with at least two years experience in the pro ranks
- 24 or older with at least one year of professional experience

According to the agreement, at least 10 professional games – which includes the NHL, appearances in the minor league regular season or playoffs, and European or other leagues outside North America – equates to a year of experience (www.NHLPA.com).

The NHL arbitration system does have two significant differences (other than age) from that of Major League Baseball. The NHL arbitration hearing is conducted by a single arbitrator rather than a panel of three arbitrators as used by Major League Baseball, and the arbitrator in the NHL system may choose any salary within the range of that established by the salary request of the player and

the salary request of the organization. Major League Baseball arbitration rules state the arbitrators may choose the player's request or the team's request (no splitting the difference).

The NHL CBA also sets guidelines for evidence that can be considered by the arbitrator (much like MLB). These items include:

1. The overall performance, including official statistics prepared by the league, of the player in the previous season or seasons.
2. The number of games played by the player, including capturing games missed because of any past illnesses and injuries.
3. League and team tenure (amount of years played by the player)
4. The contribution of the player to the team performance in the preceding season.
5. Special qualities such as leadership or public appeal, consistent with the player's responsibilities as a member of the team.
6. The overall performance of players alleged to be comparable with the player whose salary is in question.
7. The salaries of players who are alleged to be comparable with the player in question.

Once all evidence has been submitted, the arbitrator has 48 hours to make a decision. The decision is binding, and both parties must agree, as outlined in the CBA (Lambrinos & Ashman, 2007)

National Basketball Association (NBA)

The National Basketball Association (NBA) does not use salary arbitration to solve contract disputes between teams and players. The NBA bases its free agent system on the number of years a player has played in the league.

When a player is drafted by an NBA team, the team owns that player's rights for the first four seasons; the team can terminate the contract after year 3 if they wish. NBA contracts are guaranteed so if a player signs a 4-year \$20 million contract regardless of injury or playing performance, the player will receive the full \$20 million.

Much different than the other major professional sports leagues, the NBA has a slotted system for player's salaries. Each player is slotted by a specific "salary" position such as that for players with 1-3 year experience, mid-level exceptions, and those who earn the maximum salary. The number of years a player has played in the league also determines how much that player may earn in the first year of a new contract (www.insidehoops.com)

1. With 0-6 years of service, the player may receive the greatest of 105% of the prior year's salary or 25% of his team's salary cap.
2. With 7-9 years of service, the player may receive the greatest of 105% of the prior year's salary or 30% of his team's salary cap.
3. With 10 or more years of service, the player may receive the greater 105% of the prior year's salary or 35% of his team's salary cap.

The NBA also has rules regarding free agency and restricted free agents as the NFL does. It is different from the NFL, though, because a player has a

“slotted” salary he must move to a team (either by choice or trade) that has the amount of open salary on its roster. This prohibits a team from trading a superstar player making the maximum salary for one who is a rookie making the league minimum. The NBA is very strict about the fact that teams must not only abide by a salary cap but teams must also have a minimum payroll paid to players to ensure competitive balance for all teams in regard to the salaries paid to players. In this type of system where salaries are based on percentages and league defined salary caps based on revenue sharing the trust between league management and the players association is paramount. It should also be noted that the NBA is the only one of the four major professional sports leagues that does not permit their current CBA contract to be viewed without membership.

Chapter Three: Methodology

The empirical work for this paper will evaluate the use of Final Offer Arbitration (FOA) in settling salary disputes in Major League Baseball (MLB) in four different ways: (1) By design Final Offer Arbitration encourages parties to bargain in good faith and agree to a contract before the arbitration hearing. Have MLB and the Major League Baseball Players Association (MLBPA) used this system efficiently since its inception in 1974? (2) Is there bias in this system? Both teams and players have access to the same information and must present their case using the same criteria as previously discussed in this paper. Does either side have an advantage in this system? This paper will evaluate the statistics of cases going to arbitration since 1974 to determine if there is an advantage held by either the teams or players. (3) Does the performance of players who go through this process suffer the year after the arbitration hearing? Teams can question a player's performance, off-field actions, and leadership qualities as part of the hearing. Does hearing these negative comments in a quest to save team money affect a player's performance for that team? (4) Is there any relationship between the number of times an organization participates in the arbitration process and the winning / losing percentage of those teams? Using the number of wins from 2000 – 2009 and examining the top three American League teams, bottom three American League teams, the top three National League teams, and bottom three National League teams enables a person to evaluate whether there is evidence that arbitration helps or hurts team performance over a ten-year period.

Data Collection

Using statistical data obtained from MLB.com and Bizofbaseball.com the results for all cases that go through final offer arbitration can be found. From 1974 – 2003 there were 2,573 cases filed for arbitration. The total number of cases heard over this time frame was 453, which means that 18 percent of cases filed for arbitration actually went to a hearing. The other 82 percent were settled before an arbitration hearing. These statistics show that over 80 percent of the time, a case is settled before arbitration, and indeed the use of FOA is encouraging settlements before the hearing.

Data Analysis

The second evaluation of Final Offer Arbitration is to take a look at the outcomes of those cases that do go to arbitration and determine if this system is fair or if one side has an advantage over the other. Since 1974 when FOA was written into the Collective Bargaining Agreement, there have been 495 cases heard. MLB teams have won 285 awards, while Players filing for arbitration have won 210 awards, current to 2010. This equates to 58 percent of the cases awarded to MLB Teams while 42 percent of the awards went to Players.

In order to evaluate the awards to check consistency, a five-year span for each of the last three decades will be analyzed. The reason for this is that many times when a new process is implemented in an organization, one side (management or employees) may have a distinct advantage at the beginning. Over time, either through practice or finding a loophole the side that was “slighted” at the inception of the program may then catch up or surpass the other.

Looking at FOA results for a 5-year span through each decade will determine whether the process is consistent or if the numbers are skewed because of one side winning earlier cases and the other side being in the process of balancing the outcomes.

Although the use of Final Offer Arbitration has been in place for 36 years now, it is not safe to state the system is fair. When negotiating the Collective Bargaining Agreement, one side may feel very strongly in regard to keeping this process in place and may be willing to compromise on other negotiating points in order to keep FOA in place.

A key evaluation of FOA would be to compare player performance for those going through the arbitration process. Now, there can be infinite reasons why a player may not perform as well from one year to the next: injury, playing time, a change in manager or coaching staff, and off-field situations, just to name a few. For this study it would be important to determine if there is a direct relationship between arbitration and a decline in player performance. Is there an unusually high percentage of players having worse seasons in the year following an arbitration hearing?

Another evaluation of Final Offer Arbitration is to determine if there is a relationship between the amount of money a team spends on team payroll and success in arbitration hearings. There is no minimum that Major League Baseball teams must spend on team payroll; and each of the 30 teams spends various amounts of money each year for players. It is important to determine if there is a relationship between those teams that spend more money on team payroll and

success in arbitration. Is it possible for a team to pay for success in this system that is based on facts and determined by a panel of arbitrators that grant awards on the premise they have no bias and no vested interest in the outcome?

Chapter Four: Results

The results chapter will focus on answering the following questions:

1. Have the number of awards in FOA to this point been in favor of either management or players? A fair system will have nearly equal awards for each side.
2. Has the system been consistent with the awards? Did either management or the players find a way to gain an advantage?
3. Does going through the arbitration process have a negative effect on player performance the following year?
4. Is team payroll an indicator of how well an organization will perform in arbitration?

Since the inception of Final Offer Arbitration (1974), there have been 495 arbitration hearings. Major League Baseball teams have won 285 awards and there have been 210 awards in favor of the players. This equates to 57.6% for the teams versus 42.4% for the players, indicating that, management wins less than 3 of 5 awards. Below is a list of each team's performance in arbitration from 1974- Present:

Table 1
*Salary Arbitration Hearings by Club
 (1974-Present)*

	Won	Lost	Total	Win %	
Tampa Bay Rays	5	0	5	100%	
Philadelphia Phillies	7	1	8	88%	
Baltimore Orioles	11	3	14	79%	
Boston Red Sox	12	5	17	71%	
Los Angeles Dodgers	14	6	20	70%	
Montreal Expos / Washington Nationals	22	10	32	69%	
Chicago Cubs	4	2	6	67%	
Colorado Rockies	2	1	3	67%	
Chicago White Sox	14	8	22	64%	
Atlanta Braves	15	9	24	63%	
Toronto Blue Jays	5	3	8	63%	<u>Team Wins</u>
Los Angeles Angels	15	10	25	60%	285
St. Louis Cardinals	9	6	15	60%	57.60%
Cincinnati Reds	18	13	31	58%	
Houston Astros	8	6	14	57%	<u>Player Wins</u>
New York Yankees	12	9	21	57%	210
New York Mets	11	9	20	55%	42.40%
Cleveland Indians	7	6	13	54%	
Minnesota Twins	15	13	28	54%	
San Diego Padres	10	9	19	53%	
Seattle Mariners	10	9	19	53%	
Texas Rangers	10	9	19	53%	
Arizona Diamondbacks	1	1	2	50%	
Milwaukee Brewers	2	2	4	50%	
Pittsburgh Pirates	9	9	18	50%	
Oakland A's	17	18	35	49%	
Kansas City Royals	9	10	19	47%	
Florida Marlins	3	5	8	38%	
San Francisco Giants	2	4	6	33%	
Detroit Tigers	6	14	20	30%	

One way to examine the consistency of Final Offer Arbitration is to determine if there are drastic changes in the outcomes of the hearings during specified time frames. (Has one side found a loophole or advantage at some point to make the process more favorable to them?)

1979 – 1983	55 awards for Players	57 awards for MLB Teams	51% for MLB
1989 – 1993	42 awards for Players	49 awards for MLB Teams	54% for MLB
1999 – 2003	15 awards for Players	32 awards for MLB Teams	68 % for MLB

The average of these 5-year time frames is 57.6 % for MLB teams. This winning percentage is exactly the same for these randomly selected 5 year time frames as the entire span of FOA when the practice started in 1974 showing consistency through the 30 years.

A key evaluation of FOA for this paper was to compare player performance for those going through the arbitration process. There can be infinite reasons why a player may not perform as well from one year to the next: injury, playing time, a change in manager or coaching staff, and off-field situations, just to name a few. For this study it is important to determine if there is a direct relationship between arbitration and player performance. The data used in this section were obtained from MLB.com and evaluated player performance for those players who have gone through the arbitration process from 2005 – 2009.

Table 2
 Players Using Arbitration 2000 - 2009

<u>Arbitration Year</u>	<u>Season</u>	<u>Player Name</u>	<u>Statistics</u>
2005	2004	Kyle Lohse	9 wins - 13 losses - 5.34 ERA; 194 innings in 35 games
2005	2005	Kyle Lohse	9 wins - 13 losses - 4.18 ERA; 178.2 innings in 31 games Wins and losses consistent- better ERA, less games
2005	2004	Jeremy Affeldt	3 wins - 4 losses - 4.95 ERA; 76.1 innings in 38 games
2005	2005	Jeremy Affeldt	0 wins - 2 losses - 5.26 ERA; 49.2 innings in 49 games Less wins and losses, worse ERA / less innings pitched
2005	2004	Juan Cruz	6 wins - 2 losses - 2.75 ERA; 72 innings in 50 games
2005	2005	Juan Cruz	0 wins - 3 losses - 7.44 ERA; 32.2 innings in 28 games Less wins, more losses, worse ERA in less games
2006	2005	Sunny Kim	6 wins - 3 losses - 4.90 ERA; 82.2 innings in 24 games
2006	2006	Sunny Kim	0 wins - 1 loss - 12.51 ERA; 13.2 innings in 8 games Less wins and losses, worse ERA in less innings & games
2006	2005	Emil Brown	.286 AVG - 545 AB - 156 hits - 75 runs - 17 HR in 150 games
2006	2006	Emil Brown	.287 AVG - 527 AB - 151 hits - 77 runs - 15 HR in 147 games Seasons very similar
2006	2005	Alphonso Soriano	.268 AVG-637 AB- 171 hits- 102 runs- 36 HR in 156 games
2006	2006	Alphonso Soriano	.277 AVG- 647 AB- 179 hits - 119 runs - 46 HR in 159 games Better 2006 season in all offensive categories
2006	2005	Kyle Lohse	9 wins - 13 losses - 4.18 ERA; 178.2 innings in 31 games
2006	2006	Kyle Lohse	5 wins - 10 losses - 5.83 ERA; 126.2 innings in 34 games Less wins and losses, worse ERA with less innings pitched
2006	2005	Rodrigo Lopez	15 wins - 12 losses - 4.90 ERA; 209.1 innings in 35 games
2006	2006	Rodrigo Lopez	9 wins - 18 losses - 5.90 ERA; 189.0 innings in 36 games Worse 2006 season in all categories except games pitched
2006	2005	Josh Paul	.189 AVG- 37 AB- 7 hits- 4 runs- 2 HR in 34 games
2006	2006	Josh Paul	.260 AVG- 146 AB- 38 hits- 15 runs- 1 HR in 58 games Better 2006 season in all categories except 1 less HR

2007	2006	Josh Paul	.260 AVG- 146 AB- 38 hits- 15 runs- 1 HR in 58 games
2007	2007	Josh Paul	.190 AVG- 105 AB- 20 hits - 8 runs- 1 HR in 35 games Worse 2007 season in all categories except same # of HR
2007	2006	Joe Beimel	2 wins - 1 loss - 2.96 ERA; 70 innings in 62 games
2007	2007	Joe Beimel	4 wins - 2 losses - 3.88 ERA; 67.1 innings in 83 games More wins & losses, worse ERA, pitched in more games
2007	2006	John Patterson	1 win - 2 losses- 4.43 ERA; 40.2 innings in 8 games
2007	2007	John Patterson	1 win - 5 losses- 7.47 ERA; 31.1 innings in 7 games Worse 2007 season with the exception of same # wins
2007	2006	Kevin Gregg	3 wins - 4 losses- 4.14 ERA; 78.1 innings in 32 games
2007	2007	Kevin Gregg	0 wins - 5 losses- 3.54 ERA; 84 innings in 74 games Less wins, more losses, better ERA in more games
2007	2006	Miguel Cabera	.339 AVG- 576 AB- 195 hits- 112 runs- 26 HR in 158 games
2007	2007	Miguel Cabera	.320 AVG- 588 AB- 188 hits- 91 runs- 34 HR in 157 games More HR decline in AVG. All other categories consistent
2007	2006	Chad Cordero	7 wins - 4 losses- 3.19 ERA; 29 saves in 33 opportunities
2007	2007	Chad Cordero	3 wins- 3 losses - 3.36 ERA; 37 saves in 46 opportunities Less wins & losses. More saves but worse save %
2007	2006	Todd Walker	.278 AVG- 442 AB- 123 hits- 56 runs- 9 HR in 138 games
2007	2007	Todd Walker	.271 AVG- 48 AB- 13 hits- 5 runs- 0 HR in 18 games Only played 18 of 162 games due to injury
2008	2007	Felipe Lopez	.234 AVG- 603 AB- 148 -hits- 70 runs- 9 HR in 154 games
2008	2008	Felipe Lopez	.283 AVG- 481 AB- 136 hits- 64 runs- 6 HR in 143 games Better AVG in less at bats; All other categories similar
2008	2007	Chin-Ming Wan	19 wins- 7 losses- 3.70 ERA; 199.1 innings in 30 games
2008	2008	Chin-Ming Wan	8 wins- 2 losses- 4.07 ERA; 95 innings in 15 games Player played 1/2 of 2008; on way to repeating 2007 results
2008	2007	Jose Valverde	1 win - 4 losses- 2.66 ERA; 47 saves in 54 opportunities
2008	2008	Jose Valverde	6 wins - 3 losses- 3.38 ERA; 44 saves in 51 opportunities More wins, 1 less loss. Consistent in saves & opps.

2008	2007	Brian Fuentes	3 wins- 5 losses- 3.08 ERA; 20 saves in 27 opportunities
2008	2008	Brian Fuentes	1 win- 5 losses- 2.73 ERA; 30 saves in 34 opportunities Less wins but better ERA. More saves and higher save %
2008	2007	Mark Loretta	.287 AVG- 460 AB- 132 hits- 52 runs- 4 HR in 133 games
2008	2008	Mark Loretta	.280 AVG- 261 AB- 123 hits- 73 runs- 4 HR in 101 games Less games and AB; More runs scored. All others similar
2008	2007	Ryan Howard	.268 AVG- 529 AB- 142 hits- 94 runs- 47 HR in 144 games
2008	2008	Ryan Howard	.251 AVG- 610 AB- 153 hits- 105 runs- 48 HR in 162 games Consistent seasons comparing 2007 & 2008
2008	2007	Oliver Perez	15 wins - 10 losses- 3.56 ERA; 177 innings in 29 games
2008	2008	Oliver Perez	10 wins- 7 losses- 4.22 ERA; 194 innings in 34 games Less wins and losses. ERA, innings and games similar
2008	2007	Francisco Rodriguez	5 wins - 2 losses - 2.81 ERA; 40 saves in 46 opportunities
2008	2008	Francisco Rodriguez	2 wins - 3 losses- 2.24 ERA; 62 saves in 69 opportunities Less wins but better ERA and set MLB record for # of saves
2009	2008	Shawn Hill	1 win - 5 losses- 5.83 ERA; 63.1 innings in 12 games
2009	2009	Shawn Hill	1 win - 1 loss- 5.25 ERA; 12 innings in 3 games Less losses; lower ERA but pitched far less innings & games
2009	2008	Dioner Navarro	.295 AVG- 427 AB- 126 hits- 43 runs- 7 HR in 120 games
2009	2009	Dioner Navarro	.218 AVG- 376 AB- 82 hits- 38 runs- 8 HR in 115 games Less productive season with exception of 1 more HR
2009	2008	Dan Uggla	.260 AVG- 531 AB- 138 hits- 97 runs- 32 HR in 146 games
2009	2009	Dan Uggla	.243 AVG- 564 AB- 137 hits- 84 runs- 31 HR in 158 games Lower AVG and runs scored. All other categories similar.

Table 3
Opening Day Payroll

	<i>In Millions</i>										<i>In Millions</i>
Team Name	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>TOTAL</u>
N.Y. Yankees	95,285	114,458	133,430	180,322	187,918	207,153	207,461	218,311	222,519	220,025	1,786,882
Boston	75,526	114,332	110,250	104,874	130,395	116,640	137,497	155,403	147,076	140,455	1,232,448
N.Y. Mets	82,246	93,125	94,396	116,254	103,199	103,986	116,572	120,928	144,694	142,230	1,117,630
L.A. Dodgers	88,872	115,478	101,505	109,249	101,682	87,753	107,261	125,581	125,864	131,507	1,094,752
Chicago Cubs	59,480	72,896	74,951	86,577	100,653	76,599	99,021	115,943	130,509	141,633	958,262
L.A. Angels	54,313	49,452	62,757	83,235	115,609	96,951	104,017	111,039	128,142	121,948	927,463
Atlanta	87,575	94,880	93,786	103,912	79,445	85,874	92,186	92,634	92,494	100,079	922,865
St. Louis	69,111	76,154	76,228	101,826	92,816	87,368	96,115	99,330	109,989	102,678	911,615
Seattle	59,812	79,925	86,085	92,268	81,837	70,513	95,335	114,367	120,456	102,344	902,942
Philadelphia	45,735	46,970	59,594	95,339	97,380	94,849	93,329	101,823	112,655	138,286	885,960
San Francisco	50,466	67,587	78,427	100,061	82,405	83,317	98,979	101,540	82,075	95,202	840,059
Houston	50,146	66,443	65,413	79,947	81,903	76,187	107,660	97,213	100,190	108,059	833,161
Detroit	54,807	51,101	54,391	59,007	60,288	68,752	89,764	98,520	136,198	139,429	812,257
Texas	57,879	86,871	106,915	106,278	79,217	49,870	82,730	78,923	78,640	77,209	804,532
Chicago White Sox	35,678	62,859	54,534	71,336	64,615	73,162	96,914	100,190	113,641	105,287	778,216
Arizona	77,246	85,126	103,529	92,665	68,413	60,804	61,466	70,448	80,999	73,801	774,497
Baltimore	69,398	77,196	56,505	75,502	56,811	81,042	76,138	95,270	78,888	79,308	746,058
Toronto	54,519	74,274	66,815	61,176	50,652	45,698	72,439	95,069	98,344	84,131	703,117
Cleveland	78,389	95,304	74,888	58,109	42,643	40,684	52,415	71,887	78,664	77,192	670,175
Colorado	63,987	68,625	56,509	78,738	69,487	32,504	58,076	61,349	74,792	84,451	648,518
Cincinnati	42,318	43,965	46,311	65,083	46,264	49,501	63,698	73,073	82,886	72,693	585,792
San Diego	54,293	38,661	41,791	57,872	65,924	66,334	73,797	67,491	71,212	43,210	580,585
Milwaukee	36,968	46,649	49,259	47,294	29,600	42,753	58,076	72,752	90,324	90,006	563,681
Oakland	30,389	39,723	41,943	56,597	60,288	58,425	70,968	78,482	55,223	61,688	553,726
Minnesota	16,723	27,412	41,309	65,319	54,796	56,338	64,809	71,939	65,097	73,068	536,810
Kansas City	25,916	36,127	49,363	48,475	44,728	34,903	51,467	62,265	69,298	81,918	504,460
Washington	27,271	34,635	37,901	45,854	39,396	62,866	67,484	43,254	59,700	69,321	487,682
Pittsburgh	33,630	46,661	46,060	62,315	32,507	30,139	43,444	51,361	50,764	47,991	444,872
Tampa Bay	61,232	50,974	34,729	31,661	24,427	26,615	36,446	31,817	51,021	71,223	420,145
Florida	22,131	38,006	40,823	63,281	50,340	56,273	21,124	33,072	27,003	37,532	389,585

Table 4
Team Wins
 2000-2009

Team	Year										
<u>American League</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>TOTAL</u>
New York (AL)	87	95	103	101	101	95	97	94	89	103	965
Boston	85	82	93	95	98	95	86	96	95	95	920
Los Angeles (AL)	82	75	99	77	92	95	89	94	100	97	900
Oakland	91	102	103	96	91	88	93	76	75	75	890
Minnesota	69	85	94	90	92	83	96	79	88	87	863
Chicago (AL)	95	83	81	86	83	99	90	72	89	79	857
Seattle	91	116	93	93	63	69	78	88	61	85	837
Cleveland	90	91	74	68	80	93	78	96	81	65	816
Toronto	83	80	78	86	67	80	87	83	86	75	805
Texas	71	73	72	71	89	79	80	75	79	87	776
Detroit	79	66	55	43	72	71	95	88	74	86	729
Baltimore	74	63	67	71	78	74	70	69	68	64	698
Tampa Bay	69	62	55	63	70	67	61	66	97	84	694
Kansas City	77	65	62	83	58	56	62	69	75	65	672
<u>National League</u>											
St. Louis	95	93	97	85	105	100	83	78	86	91	913
Atlanta	95	88	101	101	96	90	79	84	72	86	892
Los Angeles (NL)	86	86	92	85	93	71	88	82	84	95	862
San Francisco	97	90	95	100	91	75	76	71	72	88	855
Philadelphia	65	86	80	86	86	88	85	89	92	93	850
Houston	72	93	84	87	92	89	82	73	86	74	832
New York (NL)	94	82	75	66	71	83	97	88	89	70	815
Florida	79	76	79	91	83	83	78	71	84	87	811
Chicago (NL)	65	88	67	88	89	79	66	85	97	83	807
Arizona	85	92	98	84	51	77	76	90	82	70	805
Colorado	82	73	73	74	68	67	76	90	74	92	769
San Diego	76	79	66	64	87	82	88	89	63	75	769
Cincinnati	85	66	78	69	76	73	80	72	74	78	751
Milwaukee	73	68	56	68	67	81	75	83	90	80	741
Washington	67	68	83	83	67	81	71	73	59	59	711
Pittsburgh	69	62	72	75	72	67	67	68	67	62	681

Table 5

Team Arbitration Records
2000-2009

	<u># of Arbitrations</u>	<u>Arbitration Record</u>
<u>American League</u>		
Baltimore	3	2 wins - 1 loss
Boston	1	1 win
Chicago (AL)	1	1 loss
Cleveland	0	0
Detroit	3	3 losses
Kansas City	5	4 wins 1 loss
Los Angeles (AL)	5	2 wins - 3 losses
Minnesota	3	1 win - 2 losses
New York (AL)	2	2 wins
Oakland	2	2 wins
Seattle	2	2 losses
Tampa Bay	5	5 wins
Texas	1	1 win
Toronto	0	0
<u>National League</u>		
Arizona	1	1 loss
Atlanta	3	2 wins - 1 loss
Chicago (NL)	1	1 win
Cincinnati	7	5 wins - 2 losses
Colorado	3	2 wins - 1 loss
Florida	7	3 wins - 4 losses
Houston	3	3 wins
Los Angeles (NL)	2	2 wins
Milwaukee	1	1 loss
New York (NL)	1	1 loss
Philadelphia	2	2 losses
Pittsburgh	1	1 loss
San Diego	1	1 loss
San Francisco	1	1 loss
St. Louis	0	0
Washington	11	9 wins - 2 losses

Chapter Five: Discussion

The purpose of this study was to determine if the use of Final Offer Arbitration was the best way to settle salary disputes in Major League Baseball. This chapter will discuss the results and provide reasoning for its significance. This chapter will also include a conclusion, limitations of the study, and possibilities for future studies in this area.

This portion of the chapter will focus on the results gathered during research for this paper. There were multiple questions asked in this paper and a summary of the results is as follows:

Are Major League Baseball (MLB) and the Major League Baseball Players Association (MLBPA) using Final Offer Arbitration correctly? From 1974-2003, there were 2,573 cases filed for arbitration. Of those 2,573 cases, only 453 cases went to arbitration; the other 2,120 cases were settled before the case went to a panel of arbitrators. This equates to 82 percent of the cases settled before arbitration. As stated in this paper, one of the goals of Final Offer Arbitration is to have the sides settle the dispute themselves before going in front of an arbitrator (or panel of arbitrators), eighty two percent of the time this goal is accomplished, so yes MLB and the MLBPA are using the process of Final Offer Arbitration correctly and effectively.

Fairness of the process is also a question in regard to settling salary disputes via Final Offer Arbitration. This paper explained the process and how both the teams and players have rights to choose the arbitration panel. There is also language in the Collective Bargaining Agreement (CBA) that ensures

fairness in regard to the process. Both sides have equal access to information, including clear guidelines on what can and cannot be used in an arbitration hearing, and both sides are notified at the same time of the hearing as to not provide an advantage of preparation time to either side. Once inside the arbitration, each time is given equal time to present their argument and for any rebuttal. Based on these guidelines, the process of FOA is fair, but what about the outcomes?

Viewing each team's performance in arbitration we see that from 1974 – 2010 there were 495 arbitration hearings. MLB teams won 285 cases while the players won 210 times. This equates to 57.6 percent winning percentage for MLB teams versus 42.4 percent winning percentage for the players. To put this in perspective, Major League Baseball uses a best of 7 game series to decide the American League Champion, National League Champion, and World Series Champion each year. A team winning a 7-game series 4 games to 3 would have a 57.1 winning percentage in that series. If League and World Series Championships are fair with a minimum winning percentage of 57.1 percent then a process that has been in place for over 30 years and has one side with a 57.6 winning percentage should be considered fair as well.

Taking a closer look at the chart with each team's winning percentage in arbitration we can see there are 16 teams at or above the 57% winning mark and 14 teams below the 57% winning percentage. There is balance in this chart of outcomes; it is not dominated by having a handful of teams with 85% or above and the rest of the league bringing the average down.

This paper also studied the player performance of those who had gone through the arbitration process in the last 5 years. There were 27 arbitration cases from 2005 – 2009 involving 25 players (2 players, Kyle Lohse and Josh Paul, participated in arbitration twice during this timeframe). Looking at the results of this particular study we see there is no direct relationship between players participating in arbitration and on the field performance. There were players who had better years after arbitration, players who had worse years after arbitration, and players who had very similar seasons. The arbitration process is not easy on the participants. Players may hear negative comments on their performance, and standing in the community, as well as how they have treated teammates, members of the organization, and press. Hearing these negatives from executives of an organization may be difficult and there is a possibility these comments may stay with a player and affect performance the following year, but the statistics show there is no relationship between going through arbitration and poor performance the following year.

The next portion of the study involved team payroll, and winning percentage (on-field / regular season and arbitration results). Looking at the Opening Day player payrolls of each team (and sorted from highest to lowest) we see the New York Yankees, New York Mets, Chicago Cubs, and Boston Red Sox spent the most money on payroll from 2000 – 2009. The teams spending the least amount on player payrolls from 2000 – 2009 were Oakland A's, Pittsburgh Pirates, San Diego Padres, and Florida Marlins. There is a relationship between Opening Day Salaries for players and winning games.

In the American League, the 3 teams with the most wins are the New York Yankees, Boston Red Sox and Los Angeles Angels. These teams are #1, #4, and #6 on the Opening Day payroll list for all of Major League Baseball. The 3 teams with the most losses in the American League during this timeframe are the Baltimore Orioles, Tampa Bay Rays, and Kansas City Royals. These teams rank #17, #29, and #26 on the Opening Day payroll list for all of Major League Baseball. The top 3 winning teams in the American League are all in the top third of spending on salaries; and the bottom 3 teams are all in the lower half of spending.

In the National League the 3 teams with the most wins from 2000-2009 are the St. Louis Cardinals, Atlanta Braves, and Los Angeles Dodgers. These teams rank #8, #7, and #6 on the Opening Day Payroll list for all of Major League Baseball. The 3 teams with the most losses in the National League are the Milwaukee Brewers, Washington Nationals, and Pittsburgh Pirates. These teams rank #23, #27, and #28 on the Opening Day payroll list. The 3 teams with the most wins in the National League are all in the top ten of spending on player salaries, and the 3 teams with the most losses are in the bottom 10 of spending for player salaries.

Now that we see there is a relationship between Opening Day Payroll salaries for players and team wins, the question of team spending and success in arbitration must be answered.

Looking at the Arbitration Results chart for 2000 – 2009 we see the Tampa Bay Rays, Kansas City Royals, New York Yankees, and Oakland A's

have had much success in arbitration hearings this decade. The Tampa Bay Rays had 5 wins and no losses in arbitration during the decade yet ranked 13th out of 14 American League teams in wins during this same time span and were 29th overall in Opening Day Player Payroll spending. The Kansas City Royals had 4 wins versus 1 loss in arbitration for the decade, and they were last in the American League in wins and 26th in overall Opening Day Payroll spending. The New York Yankees had 2 wins without a loss in arbitration and were #1 in wins and #1 in overall Opening Day Payroll spending, with the Oakland A's sharing a 2-0 record in arbitration while the A's posted the 4th most wins in the American League and were #24th in overall spending on player salaries.

The American League teams with the least amount of success in arbitration during this time were the Detroit Tigers, Seattle Mariners, and Minnesota Twins. The Detroit Tigers did not win any of the three arbitration cases from 2000 – 2009 and were 11th out of 14 teams in wins for the American League and 13th in overall spending. The Seattle Mariners did not win an arbitration case in two attempts. The Mariners were 7th of 14 teams in American League wins while placing 9th in overall Opening Day Payroll Spending. The Minnesota Twins had 1 win versus 2 losses in arbitration while on the field were 5th in the American League in wins and 25th in overall player salaries.

In regard to the National League teams, the organizations with the best success in arbitration from 2000 – 2009 were the Washington Nationals, Cincinnati Reds, and Houston Astros. The Nationals won 9 of their 11 arbitration cases for the decade. During this same time frame they ranked next to last in

wins for National League teams and were 27th of 30 teams in Opening Day Payroll. The Cincinnati Reds won 5 of their 7 arbitration cases during the decade. The Reds were 13th of 16 National League teams in wins and were 21st in the league for Opening Day Payroll salaries. The Houston Astros won all 3 of their arbitration cases and were 6th of 16 teams in National League wins and 12th in overall spending on player salaries.

The National League teams that did not perform well in arbitration for the decade were Philadelphia (0-2), and many teams failed to win in their only attempt in arbitration (Milwaukee, New York Mets, Pittsburgh, San Diego, and San Francisco). The Philadelphia Phillies had the 5th most wins of the 16 National League teams and were 10th in overall spending.

These results clearly point to no direct relationship between Opening Day Payroll spending and success in arbitration. Teams that did not spend money (Tampa Bay, Kansas City, and Washington) all did very well in arbitration and were at the bottom of both money spent list and total wins list for each league.

There are limitations to this study. First and foremost the process of arbitration is one based on confidentiality. In almost all arbitrations, all parties involved (including the arbitrator or panel of arbitrators) will sign a letter of confidentiality. Any exchange of offer, discussion, evidence, presenters, and rebuttal are usually not released to the public. In MLB Final Offer Arbitration we know who the participants are (and with some research can learn the arbitrators) but are not privy to the way the information is presented or who is presenting it, as each party will have multiple participants. Because of this we are not certain if

a player or team may have had a winning case but based on the way it was presented (or who presented it) the award was in favor of the other side.

Another limitation is the relationship between player performance and going through the arbitration process. There are many reasons a player may not have as strong a season as the previous year. Injury, team performance, playing a new position or with new teammates, family environment, or not adapting to changes other teams make are just a few of the infinite reasons a player may not perform as well after going through the arbitration process. Because there are so many factors that can help or hurt a player's season, it is not fair to base a player's decline after arbitration solely on the arbitration process.

It appears that Final Offer Arbitration is the best way for Major League Baseball to settle salary disputes. As this research has shown; the process of arbitration is fair; both parties are notified at the same time, are held to the same guidelines of what is acceptable, have equal access to the information available, and are given equal time during the hearing for presentation and rebuttal. Plus each side must agree on the panel of three arbitrators. The outcomes over the 36-year history have also shown this process to be fair; 57.6 percent of the time the MLB team wins and 42.8 percent of the time the MLB player wins. As stated this is almost the same percentage of a team winning a best of 7 series 4 games to 3 which is the format used to decide both league champions and the World Series Champion.

In addition to fairness of process and outcomes, this research has shown there is no direct relationship between player performance and going through the

arbitration process. While it did show that there was a direct relationship between how much money a team spent on players (Opening Day Payroll Salaries) and how often a team wins on the field, there was no relationship between team payroll and success in arbitration. So while an organization may feel they are increasing their chances of winning on the field, spending more money on payroll does not necessarily equate to success in arbitration hearings.

Due to the wealth of statistics in baseball there can be a number of ways this area can be further researched. One way to further this study would be to concentrate on only the players who lost in arbitration and determine if there is a relationship between player performance and losing an arbitration case.

Another way to further this research would be to obtain, if possible, the outcomes of the National Hockey League arbitrations. Major League Baseball uses a panel of 3 arbitrators and also practices Final Offer Arbitration in which the panel must choose one salary or another. The National Hockey League uses one arbitrator, and their process is Standard Arbitration in which the arbitrator has the discretion to choose one salary or the other or any amount in between the two. I feel it would be interesting to see how many times the arbitrator in NHL cases chooses a salary that is between 45% - 55% thus splitting the difference. If this percentage is high I feel it would serve MLB well for using the Final Offer Arbitration model and maybe provide a model for the NHL to switch their process.

Future studies in this area could also focus on how many times MLB FOA does not have a unanimous decision. As mentioned, this process uses a panel of 3 arbitrators agreed upon by both parties. It would be interesting to see how many times the award was made based on a 2-1 vote rather than a 3-0 vote. Carrying this on further it would be of help if the information were available to see how many times an arbitrator decided for the player versus the team. Lawyers often factor in their decision on whether to settle or go to court based on which judge was assigned the case. I am sure the same would hold true if there is a pattern of an arbitrator awarding for the MLB or player was at a high percentage.

According to Fizek, "There are several reasons why professional baseball is an excellent environment for studying arbitrator behavior. An ample number of cases are available for analysis since baseball is involved in multiple arbitration cases each year. Baseball arbitration involves individual salary proposals rather than aggregate union and management proposals found in past studies. Baseball provides accessible information on individual performance relative to salary proposals whereas individual performance is ignored or absent in other industries. Finally, baseball has high minority participation" (Fizek, 1996).

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