

Loss Aversion: Conservative Baseball Players with Batting Average just above .300*

Koji Yashiki[†] and Yoshiyuki Nakazono[‡]

Abstract

This study examines swing probabilities of Japanese baseball players with pitch-by-pitch data. Pope and Simonsohn (2011) show that batting average, one of the representative performance indicators, is a reference point for Major League Baseball players. There are two primary findings. First, knowledge of the importance of a .300 batting average is a reference point, which influences a baseball player's decisions. We show that the swing probabilities above and below batting averages of .300 are significantly different. Second, we find loss-averse behavior of Japanese baseball players. If a batter has a .300 or greater batting average, they are less likely to swing at the plate appearance due to loss-averting behavior. If their batting average is .299 or below, however, they are more likely to take a risk; in fact, they aggressively swing to reach .300.

JEL Classification: D91; L83; Z21; Z22

Keywords: decision making; judgment; loss aversion; reference point

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[†]Yokohama City University, m195813c@yokohama-cu.ac.jp

[‡]Yokohama City University, nakazono@yokohama-cu.ac.jp