Impact of Ethnic/Cultural Diversity on Team Performance in Major League Baseball

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Management - Diversity (Professional Sport)  virtual asynchronous
20-minute oral presentation (including questions)
Abstract 2020-110
Session: Diversity in the Workplace

In an era of global prominence, more sport organizations have gained a great deal of power in the world. The impact of globalization on sport is imperative especially from sport management point of view because it has led to positive outcomes in the past. Among the evidence of benefits in sport globalization, this study focuses on the ethnic diversity in roster composition of professional baseball. The increasing number of foreign players and their success in Major League Baseball (MLB) and its efforts to tap into a global community of baseball fans represent the highest ratio of international players compared to other major professional leagues. On the surface, the globalization of baseball appears friendly and positive as it brings Americans and foreigners together in mutual enjoyment of sport. MLB has become global and increasingly diverse in roster composition in recent decades. Cultural diversity may influence individuals and team outcomes in sport contexts (Godfrey, 2019). The diversity is evident in which 57.5% of players were white, 7.7% were African-American, 31.9% were Latino, and 1.9% were Asian (Lapchick, Neelands, Estrella, Rainey, & Gerhart, 2018). Among the three primary theoretical perspectives: similarity-attraction theory, social identity/self-categorization theory, and information processing (Mannix & Neale, 2005), similarity-attraction theory and social identity/self-categorization theory suggest that individuals identify with members who are similar to themselves and categorize different individuals as out-group members (Tajfel, 1982; Williams & O’Reilly, 1998). Based on the predictions, cultural diversity can cause an impact to performance.

It is projected that foreign players will make up the majority of major league rosters. The big league has nearly 30% of players who were born outside the Unites States of America (Florida, October 2019). In addition, 42.5% of MLB players is made of color people and has one of the best diversity scores among the four major sports in North America (Tower, 2018). Although international draft still does not exist, the various entry-routes into the big league, such as international amateur draft, has been a common topic for debate. However, the limitation of MLB clubs is their lack of sufficient information about international players when compared to that of native players. This data includes different number of foreign players on their team performance and the effect of increasingly diverse rosters using the MLB samples and payroll data from 2011 to 2018. Current study uses regression analysis and empirically shows that a high payment to Asian players may bring down the team’s winning percentage. In other words, high payments of international players impose a potential risk based on the negative significant coefficient of the Asian payment ratio at the 10% level. The empirical results suggest that efficient roster composition of international players in professional sports clubs can have an impact on team performance. A period of Latinization has begun already as well as the Pan-American and Asian, which would influence roster composition. This study contributes to the literature by providing insights into the role of ethnic and culture diversity and management in determining team performance in the sports industry.