

# Abstract

In this thesis we mainly discuss the relationship between players' performance and their salaries in the CPBL (Chinese Professional Baseball League) through the point of economics view. Are the players overpaid or underpaid? Are the whole environment in the CPBL mature enough to adopt the FA (Free-Agent) system? To analyze these issues, we combine three main factor of determinants in the field of sports economics together, which are team revenue, players' performance, and players' salaries, and use the skills in econometrics with data from 1997~2005, we illustrate an overview of these issues.

First of all we make a brief description of the history of CPBL, and we also present some comparison of basic statistics between CPBL and NPB (Nippon Professional Baseball) players. In the following section we introduce the most popular model in the similar research, such as Scully's model (1974) and the salary determination equation (MacDonald and Reynolds, 1994). Following the methodology of these research, we divide players in the CPBL into some different groups by players' experience and nationalities. With the ZSUR (Zellner's Seemingly Uncorrelated Regression) model, and traditional OLS (Ordinary Least Square) regressions, we could have some empirical results which imply that players are actually overpaid. However, players are overpaid due to the degree of tension and intensiveness are neither sufficient in the CPBL rather than their skills are amateurish. We also find that unlike the English Soccer, MLB, and NBA, there does not exist superstar phenomena in the CPBL. Moreover, the conditions of environment in the CPBL are not mature enough for CPBL to apply the FA system: It would be very possible for the CPBL to face the same dilemma which the NPB are facing now if we prematurely implement the FA system.