The downside of a high price: Overvaluation pressure in football

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- We use football data to estimate the effect of high expectations pressure to player's performance

In short

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- The effect is negative

Motivation

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- Football provides examples of such situations
    - Neymar, 2017, PSG, 222,000,000 euro
    - Cristiano Ronaldo, 2009, Real Madrid, 94,000,000 euro
- Some players are pressure-resistant, but for the others, this pressure might affect their performance

Positive effect

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- "Pygmalion effect" (Rosenthal and Jacobson, 1968)
- It was evidenced in the fields of educational psychology and management (Babad et al., 1982; Davidson and Eden, 2000; McNatt, 2000).

Negative effect

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- The employees with high-performance expectations face more inspection of their performance (Lount Jr et al., 2017; Pettit et al., 2013)

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- Dai et al. (2018) use professional men's tennis data to study the effect of high-performance pressure. They use players ATP rating (e.g. past performance) to estimate the winning expectation
- Professional sport is a good platform for human capital analysis as very detailed data on individuals is available (Kahn, 2000)

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- This effect depends on employee's resistance to pressure (we proxy it with age)

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- The final dataset consists of 446 observations

Descriptive stats

Statistic	N	Mean	St. Dev.	Min	Max
fee (th.)	446	5,260.0	7,453.4	1,030	81,000
age	446	23.3	3.3	17	34
goals	446	41.8	26.9	1	110
assists	446	21.4	18.2	1	52
yellow cards	446	22.1	16.9	1	47
red cards	446	1.3	0.6	1	6
minutes	446	4,538.9	3,699.1	21	20,971
goals	446	37.5	27.4	1	105
assists	446	18.1	16.1	1	48
yellow cards	446	19.6	16.7	1	48
red cards	446	1.2	0.5	1	4
minutes	446	3,437.2	4,244.3	32	64,199

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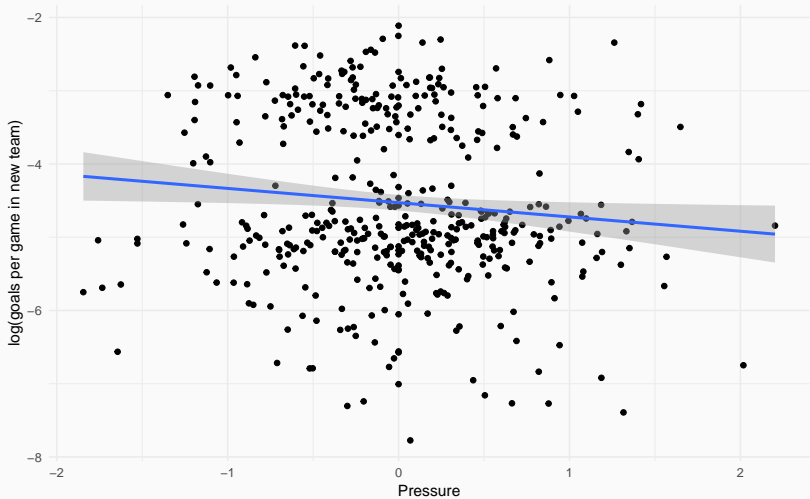$$log(price_i) = \alpha + X_i^{before} \cdot \beta_i + \varepsilon_i$$

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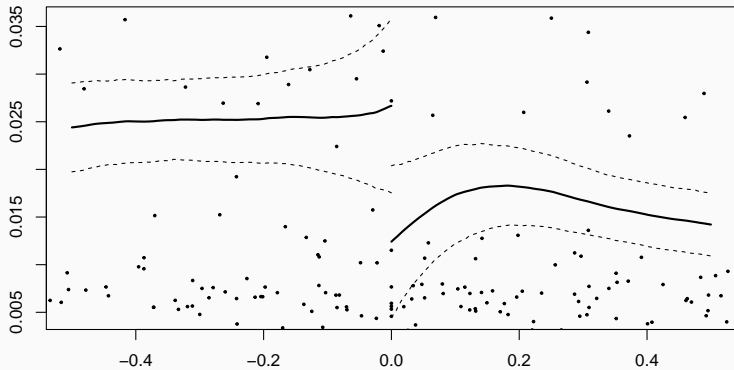 - year and country dummies
  - same country, same type dummies

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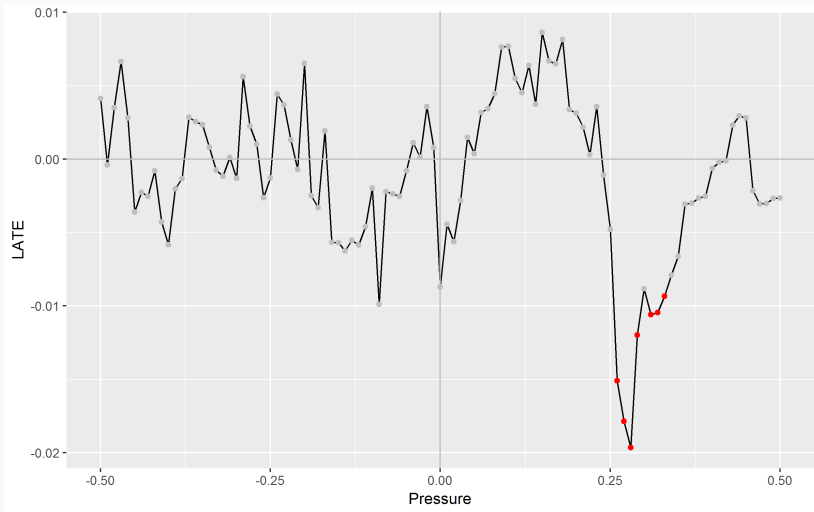$$log(price_i) = \alpha + X_i^{before} \cdot \beta_i + \varepsilon_i$$

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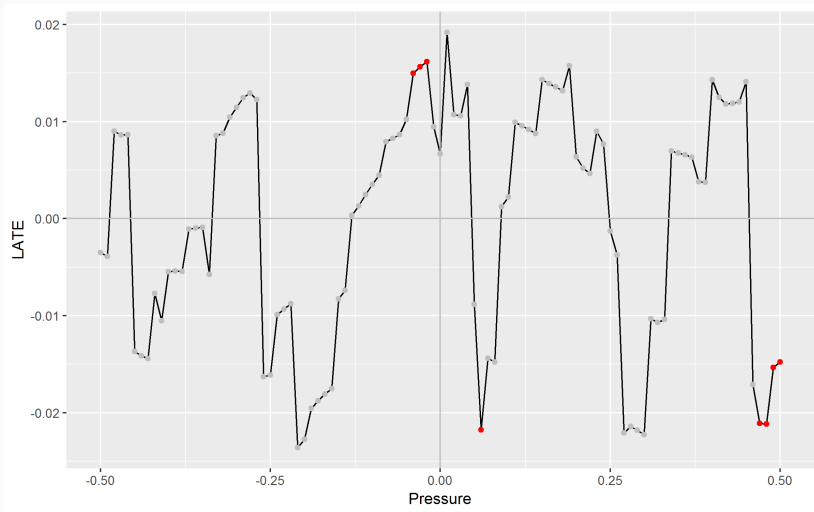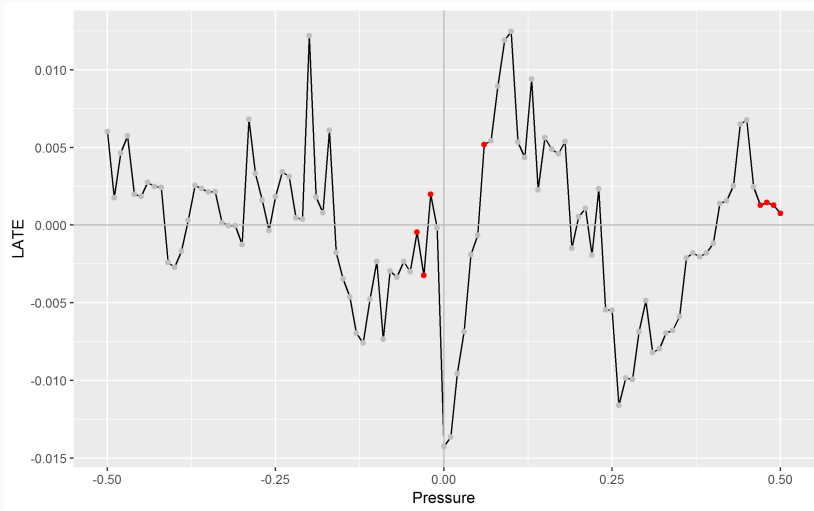- R^2 is 0.42

Pressure and performance in a new team

RDD: LATE by different cutoff points

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- think of your students :)

Thank you for your attention!