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Tyler Hatcher  
*Illinois Wesleyan University*

Michael Seeborg, Faculty Advisor  
*Illinois Wesleyan University*

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WHAT IS THE SUPERSTAR EFFECT FOR AN NBA FRANCHISE?

Tyler Hatcher and Michael Seeborg*
Economics Department, Illinois Wesleyan University

This paper aims to see how superstars in the NBA affect the teams they play for. Based on the economic theory of sports, demand for labor, and the concept of business valuation theories, the effects of the number of superstars on franchise success was examined. The top 40 Superstars were selected each year based on the player efficiency rating statistic. The PER is a summation of many variables such as points per game, minutes per game, and field goal percentage. The focus was on how superstars specifically effect wins, revenue and team valuation for an NBA franchise. All thirty NBA teams were studied through a five-year period (2009-2014). It was hypothesized that having a superstar on a team would lead to an increase in wins, revenue and valuation. Descriptive statistics supported this expectation. Multiple regression analysis also supported the hypothesis that the more superstars a team have the greater the number of wins. However, the number of superstars was not found to be as important of a predictor of revenue and valuation.