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Does Pay Disparity Really Hamstring Team Performance? A Study of Professional Ice Hockey Players

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ABSTRACT

Here, I employ an unbalanced panel of data from the National Hockey League (NHL) to examine the impact of pay disparity on team-cohesiveness. I find evidence to suggest the existence of a negative relationship between higher degrees of within-position pay disparity and team performance; the evidence reported here shows a simple monotonic elasticity of team performance with respect to pay disparity to be roughly 19%.

KEYWORDS

Relative Compensation; Pay Compression; Industrial Politics

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