

ABSTRACT

This paper investigates the degree of market inefficiencies that exist in the transfer market that contradict the supply and demand pricing policies of microeconomics. The football industry is unlike any other industry and is not governed by the market forces. The price of a “talent” does not reflect his playing ability but is a combination of several other latent factors. This poses an increasing burden on the managers to spend more efficiently in the transfer market. This paper proposes an alternative to classical sports economic theories for measuring managerial efficiency. Given transfer spending adjusted for other variables, the increase in league ranking of a club given influx of capital is calculated using econometric modelling and based on this transformation rate the most efficient management staff is identified for potential investors.