



Global Scientific and Academic Research Journal of Economics, Business and Management

ISSN: 2583-5645 (Online)

Frequency: Monthly

Published By GSAR Publishers

Journal Homepage Link- <https://gsarpublishers.com/journals-gsarjebm-home/>



Effect of Transfer Fee Spending on Performance of Selected Football Clubs in Tanzania

By

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Abstract

Purpose: This study investigated the relationship between transfer spending and team performance in the Tanzanian Premier League, focusing on five clubs across eight seasons.

Design/Methodology/Approach: This study employed a panel data design to examine the relationship between transfer spending and sporting performance among Tanzanian Premier League clubs from. Using a Panel Vector Autoregressive (PVAR) model and Granger causality tests, it examined three dimensions of financial outlay: total transfer spending, premium player value, and average spending per player.

Findings: The findings showed that total spending had limited predictive power, significantly influencing only matches won ($F = 3.87, p = 0.028$), while failing to affect league position or CAF progression. In contrast, both premium player value and average spending per player demonstrated consistent Granger-causal relationships across all performance metrics. Premium investment significantly influenced matches won ($F = 6.21, p = 0.004$), league position ($F = 5.43, p = 0.007$), and CAF progression ($F = 4.76, p = 0.012$), while average spending also showed significant effects (e.g., $F = 4.12, p = 0.019$ for matches won).

These results highlight the strategic importance of targeted, efficient investment in high-impact players.

Originality: This study provides new insight in to elite leagues and overlook challenges in contexts of Tanzania. To understand how spending affected league results, match outcomes, and CAF progression, causal methods and context-specific data were essential.

Practical implications: The research offers valuable guidance to Investors, sponsors and policy makers gain clearer indicators of how transfer fee spending impacts club performance and brand value, enabling more informed decisions on financial support and strategic partnerships

Social implications: The study emphasized on social benefit by supports long-term performance planning in Tanzanian football, encouraging ambitious yet prudent transfer strategies. By linking financial investment to sporting success, the research enhances the professionalism and competitiveness of football in Tanzania and other emerging markets

Keywords: transfer spending, team performance, Tanzanian Premier League, five clubs across eight seasons, efficient investment

Article History

Received: 11/11/2025

Accepted: 26/11/2025

Published: 28/11/2025

Vol –4 Issue – 11

PP: -54-62

1.0 INTRODUCTION

Football has evolved into a global economic and cultural phenomenon, transcending its identity as a mere sport to become a multibillion-dollar industry with complex financial, social, and political dimensions (Kuper & Szymanski, 2014). Central to this transformation is the increasing influence of financial investment on competitive outcomes. One of the most visible forms of this investment is the acquisition of players through transfer fee spending. In the global football ecosystem, particularly in elite European leagues such as the

English Premier League, La Liga, and Serie A, there is a prevailing assumption that higher expenditure on player transfers directly correlates with improved team performance (Dimitropoulos & Scafarto, 2021; Ferri, Dezzani, & Furlan, 2017). The assumption is that wealthier clubs invest more heavily in player recruitment whereby they occupy higher positions in league tables, progress further in cup competitions, and generate greater commercial success.

Many clubs are struggling to compete effectively in regional competitions due to structural limitations and an over reliance on short-term performance incentives. Therefore, transfer fee

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spending in African countries is a challenge in understanding how financial investment translates into competitive success within the unique operating environments (Statista, 2023).

In the context of Tanzanian, football clubs have experienced substantial growth in terms of public interest, institutional support, and club-level ambition. These top-tier clubs such as Young Africans SC (Yanga SC), Simba SC, and Azam FC have increased transfer activity, particularly in preparation for domestic and continental competitions. Moreover, the absence of rigorous academic inquiry into the economic and sporting consequences of transfer fee spending in Tanzanian football limits the availability of evidence-based insights for club managers, investors, and policymakers. This gap in scholarly research is particularly notable given the rising profile of Tanzanian clubs in regional competitions and the growing economic significance of football in the country.

Therefore, the present study investigated the relationship between transfer fee spending and sports performance in Tanzanian football clubs. The study focused on top-tier clubs competing in the Tanzanian Premier League and examines whether their investment in player transfers contributes to improved outcomes in league performance and participation in continental competitions. By exploring this relationship within the specific economic and institutional context of Tanzanian football, the study contributes a broader understanding of how financial strategies impact sports performance in emerging football markets.

1.1 Research Objectives

The study examined the effect of transfer spending on the sports performance of football clubs in Tanzania.

2.0 Literature Review

2.1 Theoretical Underpinning

This study was anchored on the Resource-Based View (RBV), a theory that explains how organizations gain competitive advantages through the effective use of internal resources (Barney, 1991).

Three key RBV assumptions resource heterogeneity, resource immobility, and the VRIN framework (Value, Rarity, Inimitability, and Non substitutability) shaped the study and guided the examination of transfer fee spending and club performance in Tanzanian football.

The Resource-Based View (RBV) argues that sustainable competitive advantage comes from valuable, rare, and inimitable resources (Barney, 1991). In Tanzanian football, transfer spending is a strategic investment in player quality and integration, key to team performance (Alkandi, 2021; Costa et al., 2018). Clubs like Yanga SC and Simba SC invest heavily expecting better results.

RBV highlights that success depends not just on total spending, but on acquiring premium players and effective management (Grass et al., 2002). In Tanzania's resource-constrained environment, efficient use of funds and player quality drive competitive advantage (Ntamatungiro, 2021). This study examines how total transfer fees, spending on

premium players, and average transfer cost affect team performance through internal capabilities (Shao, 2022).

While RBV focuses on internal resources and capabilities, it often overlooks external factors influencing club performance. In Tanzania, league competitiveness, governance challenges, and economic conditions significantly affect football outcomes (Ntamatungiro, 2021). Issues like inconsistent regulations, political interference, and fluctuating sponsorships limit clubs' strategic options, factors RBV does not fully capture

Relevance of this Theory to the Study

Table I. Relevance of the Theory to the Study

RBV Assumption	Related Research Objective	Relevance to Study
Resource Heterogeneity	Effect of the total amount spent on transfer fees in a season on team performance	Explained how differences in total transfer fee spending create variations in team performance
Resource Immobility	Effect of spending on premium players on team performance	Examined whether investing in premium players leads to better outcomes, acknowledging that these resources are not easily replicated by competitors.
VRIN Framework	Effect of average transfer cost per player in a season on team performance	Assessed if financial resources translate into securing extraordinary talent that drives superior outcomes

2.2 Empirical Literature Review

The review of various studies was structured around the specific objectives of the study.

Effect of the total amount spent on transfer fees in a season on team performance in Tanzanian football clubs.

Jagielski (2022) analyzed transfer fee spending and performance in five European clubs (2003-2021) using Granger causality, finding significant causal links in only 20% of cases. While this study provided methodological insights, its assumption of homogeneous league competitiveness represents a key limitation. The current research addressed this gap by applying a context-sensitive approach to Tanzanian football, using the Resource-Based View to account for the league's unique financial and institutional characteristics. This tailored framework enables more nuanced analysis of how transfer fee spending affect performance in developing football markets.

Merten (2022) examined the causal link between transfer fee spending and performance in the English Premier League (1992–2021) using regression and Granger causality, finding that increased spending generally improves performance, with timing and sustainability being crucial.

Effect of spending on premium players on team performance.

Dieles, Mattsson and Takes (2024) analyzed 28 years of transfer data from eight top European leagues. They found that more incoming transfers correlated with poorer performance while network centrality and clustering indicators of quality were linked to better outcomes. Dieles, Mattsson and Takes 2024 analyzed 28 years of transfer data from eight top European leagues. They found that more incoming transfers correlated with poorer performance while network centrality and clustering indicators of quality were linked to better outcomes. Scelles and Khanmoradi (2023) analyzed the impact of market value, roster size, player arrivals, and departures on team performance in Iran’s Persian Gulf Pro League.

Effect of Average Transfer Cost per Player in a Season on Team Performance

Poli, Besson, and Ravenel (2022) conducted an econometric study analyzing over 2,000 player transfers in Europe's top five leagues (2012-2021). Using multiple linear regression, they identified contract duration and player-specific characteristics (age, position, performance) as key determinants of transfer fees. Their model, explaining over 80% of fee variance, suggested that transfer fees (as a proxy for average cost per player) reflect strategic investments for sporting success.

Sæbø and Hvattum (2019) created a simulation framework to estimate soccer players’ financial contributions using advanced player and team ratings based on English league data. Metelski (2024) empirically examined the 100 most expensive football transfers, analyzing factors influencing fees (player position, age, nationality, club finances).

2.3 Conceptual Framework

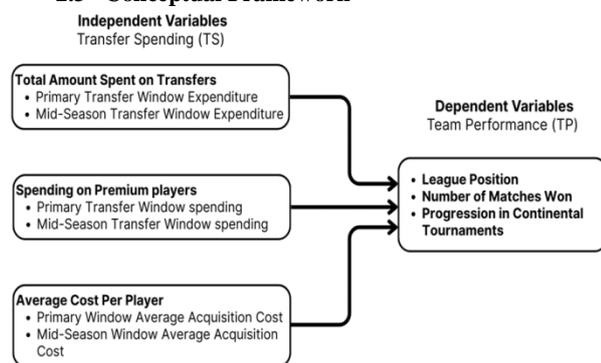


Figure 1 Conceptual Framework

3.0 RESEARCH METHODS

This study adopted a positivist philosophy, examining whether transfer fee spending predicted sports performance among Tanzanian football clubs.

3.1 Research Design

This study employed a panel data design to examine the relationship between transfer spending and sporting performance among Tanzanian Premier League clubs from 2017 to 2025. Annual financial indicators, including total expenditure, number of acquisitions, and average cost per player, were analyzed alongside performance measures such as league position, matches won, and continental progression. Granger causality tests were applied to determine the temporal relationship between spending and performance. By integrating both cross-sectional and longitudinal dimensions

3.2 Area of the Study

This study focused on the Tanzanian Premier League (TPL). The league was selected due to its growing significance within East African football, marked by rising competitiveness, increased fan engagement, and expanding financial investment. According to Mwisukha and Mabagala (2011),

3.3 Target Population and Sample size of the Study

The population of this study consisted of football clubs that competed in the Tanzanian Premier League during the 2017/18 to 2024/25 seasons. These clubs represented the top tier of football in Tanzania and provided a rich context for examining trends in transfer activities and competitive performance across multiple seasons.

The sample size for the study included five specific clubs: Young Africans SC (Yanga SC), Simba SC, Azam FC, Singida Black Stars, and Namungo FC. These clubs were selected due to their sustained involvement in domestic league and CAF competitions during the 2017/18 to 2024/25 football seasons.

The study collected secondary data from the annual financial statements and reports of Tanzanian football clubs covering a eight-year period from 2017/2018 to 2024/2025.

3.4 Data Analysis

This study adopted an inferential statistical approach, utilizing the Granger Causality Test within a Vector Autoregressive (VAR) framework to investigate the cause-and-effect relationship between financial investment in player acquisitions and sports performance outcomes. The VAR model captured the dynamic interplay between transfer fee spending and performance indicators across multiple time periods. By applying this test alongside the F-Test.

This study tested three distinct Granger causality relationships for each of the five selected clubs. Each test involved a bivariate VAR model. Let Y_t represent a specific sports performance indicator and X_t represent a specific transfer fee spending indicator at time t . The general form of the VAR equation for Y_t is expressed as:

$$Y_t = \alpha_0 + \sum \alpha_i Y_{t-i} + \sum \beta_j X_{t-j} + \epsilon_t$$

Where:

- a. Y_t was the current value of the dependent (team performance) variable.

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- b. X_t was the current value of the independent (transfer spending) variable.
- c. α_0 was the constant term.
- d. α_i were the coefficients of the lagged values of Y_t , capturing its own past influence.
- e. β_j were the coefficients of the lagged values of X_t , capturing its past influence on Y_t .
- f. p and q were the optimal lag lengths for Y_t and X_t respectively, determined using BIC criteria.
- g. ϵ_t was the white noise error term.

The study tested if lagged spending coefficients ($\beta_{1,i}$) are jointly significant.

If $\beta_{1,i} \neq 0$, transfer fee spending improved team performance forecasting, indicating financial expenditure enhanced team performance. Otherwise, spending provided no predictive advantage.

$$Performance_t = \alpha_{0,1} + \sum \alpha_{1,i} Performance_{t-i} + \sum \beta_j Total_Transfer_Spending_{t-j} + \epsilon_{1t}$$

If $\beta_{2,i} \neq 0$, cost of premium players meaningfully forecasted team performance, suggesting premium players enhanced performance. Otherwise, recruitment showed no predictive power.

$$Performance_t = \alpha_{0,2} + \sum \alpha_{2,i} Performance_{t-i} + \sum \beta_{2,j} Cost_of_Premium_Players_{t-j} + \epsilon_{2t}$$

If $\beta_{3,i} \neq 0$, average cost per player improved team performance, suggesting strategic value in high-quality acquisitions. Otherwise, Average cost per player spending showed no predictive advantage.

$$CAF_Progression_t = \alpha_{0,3} + \sum \alpha_{3,i} CAF_Progression_{t-i} + \sum \beta_{3,j} Avg_Cost_Per_Player_{t-j} + \epsilon_{3t}$$

The test evaluated whether the inclusion of lagged values of the independent variable significantly improved the prediction of the dependent variable. The F-statistic was calculated based on the sum of squared residuals (SSR) from the restricted and unrestricted models, using the following formula:

$$F = \frac{SSR_{restricted} - SSR_{unrestricted}}{(SSR_{unrestricted})/T - k} / q$$

Where:

- a. $RSS_{restricted}$ = Residual Sum of Squares when the independent variable's lagged terms are excluded.
- b. $RSS_{unrestricted}$ = Residual Sum of Squares when the independent variable's lagged terms are included.
- c. p = Number of lagged parameters tested.
- d. n = Number of observations.
- e. k = Total number of parameters in the unrestricted model.

The analysis employed Granger causality tests with a 0.05 significance threshold. A p-value less than or equal to 0.05 indicated that past transfer fee spending, player acquisitions, or per-player costs significantly predicted future performance, including league position, matches won, or continental success. Conversely, p-values greater than 0.05 suggested that no meaningful predictive relationship existed. This approach

followed conventional Granger causality methodology for establishing time-series predictive relationships.

3.5 Validity and Reliability of the Instruments

Validity was ensured by aligning the documentary review data extraction matrix with core variables derived from the study objectives and supported by empirical literature. The matrix included transfer fee spending, players acquired, and cost per player as independent variables, and league position, matches won, and CAF competition progression as dependent variables. These were recognized as reliable indicators for assessing financial-performance relationships in football (Merten, 2022).

To ensure reliability, the study first applied the Augmented Dickey-Fuller (ADF) test to confirm the stationarity of financial and performance variables. This test assessed whether the data series maintained constant statistical properties over time, thereby preventing spurious regression results. Establishing stationarity ensured consistent and valid estimation of relationships within the time-series framework. The study also employed the Bayesian Information Criterion (BIC) to select the optimal lag length for the Vector Autoregressive (VAR) model.

4.0 FINDINGS AND DISCUSSION

4.1 FINDINGS

Findings from the secondary data was analysed. These includes; response rate, descriptive statistics, correlation analysis, stationarity testing, Granger causality tests, PVAR framework and model specification.

4.1.1 Descriptive Statistics

This section presents the descriptive statistics of the independent and dependent variable.

4.1.1.1 Descriptive Statistics on Total Transfer Spending

Table II. Descriptive Statistics on Total Transfer Spending

Transfer Window Expenditure	N	Min (TZS Million)	Max (TZS Million)	Mean (TZS Million)	Std. Dev (TZS Million)
Primary	40	88.3	4,624.9	1,510.2	1,141.3
Mid-Season (Secondary)	40	12.8	513.9	168.3	133.4

In the primary window, spending ranged from TZS 88.3 million to TZS 4,624.9 million, with a mean of TZS 1,510.2 million and a standard deviation of TZS 1,141.3 million. In contrast, mid-season spending ranged from TZS 12.8 million to TZS 513.9 million, averaging TZS 168.3 million with a standard deviation of TZS 133.4 million. These figures suggest a more tactical and reactive approach, focused on addressing squad gaps rather than executing major strategic shifts.

4.1.1.2 Descriptive Statistics on Premium Player Spending

Table III. Descriptive Statistics on Premium Player Spending

Expenditure on Premium Player per Transfer Window	N	Min (TZS Million)	Max (TZS Million)	Mean (TZS Million)	Std. Dev (TZS Million)
Primary	40	57.9	2,628.3	982.6	768.2
Mid-Season (Secondary)	40	79.8	541.5	293.6	133.7

During the primary window, spending ranged from TZS 57.9 million to TZS 2,628.3 million, with a mean of TZS 982.6 million and a standard deviation of TZS 768.2 million. This wide dispersion reflects diverse investment strategies, with top-tier clubs driving up totals through aggressive pre-season acquisitions.

The high variability suggests that early spending is often strategic, aimed at long-term squad enhancement.

In contrast, the mid-season window showed more moderate activity, with spending between TZS 79.8 million and TZS 541.5 million. The mean was TZS 293.6 million, and the standard deviation was 133.7 million. These figures indicate that mid-season transfers are typically reactive focused on correcting deficiencies rather than reshaping squad structure.

4.1.1.3 Descriptive Statistics on Average Cost per Player

Table IV Descriptive Statistics on Average Cost per Player

Transfer Window Expenditure	N	Min (TZS Million)	Max (TZS Million)	Mean (TZS Million)	Std. Dev (TZS Million)
Primary	40	17.3	428.2	132.9	103.6
Mid-Season	40	14.6	133.7	52.1	36.8

In the primary window, average costs ranged from TZS 17.3 million to TZS 428.2 million, with a mean of TZS 132.9 million and a standard deviation of TZS 103.6 million. The data reveals a seasonal asymmetry in spending behavior: early investments are strategic and varied, while mid-season activity is reactive and risk averse.

During the mid-season window, average costs ranged from TZS 14.6 million to TZS 133.7 million, with a mean of TZS 52.1 million and a standard deviation of TZS 36.8 million. Spending was lower and more uniform, suggesting a cautious, corrective approach focused on incremental squad adjustments.

4.1.1.4 Descriptive Statistics on Team Performance

Table V Descriptive statistics on Team Performance

Team Performance Indicator	N	Minimum	Maximum	Mean	Std. Dev.
League Position	40	1	16	8.88	2.03
Number of Matches Won	40	3	11	6.83	1.79
Progression in Continental (CAF)	40	0	1	0.33	0.27

League Position had a mean of 8.88 (SD = 2.03), indicating that most teams finished near mid-table with moderate variation. The range from 1st to 16th suggests a competitive but balanced league, with few extreme outcomes.

Matches Won averaged 6.83 (SD = 1.79), reflecting relatively consistent performance across clubs. The limited dispersion implies that financial outlay alone did not translate into significantly higher win counts, highlighting the role of tactical execution and managerial effectiveness.

CAF Progression averaged 0.33 (SD = 0.27), suggesting that only a minority of clubs advanced beyond preliminary rounds. Despite domestic investment, regional competitiveness remained limited.

4.1.2 Correlation Analysis

A pairwise correlation analysis was conducted to explore the linear associations between resource investments and performance outcomes. This preliminary diagnostic provided insight into the strength and direction of relationships between financial inputs and competitive results.

Table VI Pairwise Correlation Matrix

Variable	Matches Won	League Position	CAF Progression
Average Player Cost	r = 0.21 (p = 0.19)	r = -0.18 (p = 0.26)	r = 0.09 (p = 0.57)
Premium Player Value	r = 0.26 (p = 0.11)	r = -0.22 (p = 0.17)	r = 0.31* (p = 0.05)
Total Transfer Spending	r = 0.19 (p = 0.23)	r = -0.15 (p = 0.34)	r = 0.11 (p = 0.49)

*Correlation is significant at the 0.05 level (2-tailed).

Analysis reveals generally weak relationships between transfer spending variables and team performance indicators.

Average Player Cost shows low and statistically insignificant associations with matches won (r = 0.21) and league position (r = -0.18), suggesting that higher per-player spending does

not consistently improve short-term outcomes. Its minimal correlation with CAF progression ($r = 0.09$, $p = 0.57$) further indicates limited influence on international competitiveness.

Premium Player Value exhibits slightly stronger correlations, particularly with CAF progression ($r = 0.31$, $p = 0.05$), implying that investment in top-tier talent may support continental success. However, its effects on domestic outcomes remain moderate and statistically insignificant.

4.1.3 Panel Vector Autoregressive (PVAR) and Granger Causality Analysis

This part presents the core statistical results based on panel data from five Tanzanian Premier League clubs across eight seasons. It includes stationarity testing, Granger causality tests using the PVAR framework and model specification.

4.1.3.1 Stationarity Testing (Augmented Dickey-Fuller Test)

The Augmented Dickey-Fuller Test (ADF) test evaluates whether a variable’s statistical properties (mean, variance, autocorrelation) remain constant across seasons. Variables with p-values below 0.05 were considered stationary. Those with higher p-values were differenced to achieve stationarity before inclusion in the PVAR model.

Table VII Augmented Dickey-Fuller Test Results and Stationery Transformations

Variable	ADF Statistic	p-value	Stationary in Level	Transformation Applied
Total Transfer Spending	-1.87	0.09	<input type="checkbox"/> No	First Difference (Δ Spend)
Premium Player Value	-2.01	0.07	<input type="checkbox"/> No	First Difference (Δ Premium)
Average Transfer Spending	-2.12	0.06	<input type="checkbox"/> No	First Difference (Δ AvgSpend)
Matches Won	-3.76	0.00	<input type="checkbox"/> Yes	None
League Position	-3.21	0.00	<input type="checkbox"/> Yes	None
CAF Progression	-4.05	0.00	<input type="checkbox"/> Yes	None

The ADF test results indicate that three variables: total transfer spending, premium player value, and average transfer spending are non-stationary in their level form, as reflected by p values of 0.091, 0.078, and 0.066 respectively. These values exceed the conventional threshold of 0.05, suggesting that the variables exhibit time dependent behavior and require transformation to stabilize their statistical properties. To address this, each was converted into first differences, capturing year on year changes. In contrast, matches won,

league position, and CAF progression yielded p values of 0.006, 0.009, and 0.003, all below 0.05, indicating stationarity. These variables were retained in their original form for modeling..

4.1.3.2 Granger Causality Test

The test assesses whether changes in transfer spending precede changes in performance outcomes across clubs and seasons. Each test corresponds to a research question: where, research question one is denoted by RQ1, research question two is denoted by RQ2 and research question three is denoted by RQ3.

Table VIII Granger Causality Test Results for Transfer Spending and performance Metrics

Research Question	Outcome Variable	Predictor Variable	F-Statistic	p-value	Granger Causality
RQ1	Matches Won	Δ Total Spending	3.87	0.028	<input type="checkbox"/> Yes
RQ1	League Position	Δ Total Spending	2.91	0.065	<input type="checkbox"/> No
RQ1	CAF Progression	Δ Total Spending	2.34	0.089	<input type="checkbox"/> No
RQ2	Matches Won	Δ Premium Value	6.21	0.004	<input type="checkbox"/> Yes
RQ2	League Position	Δ Premium Value	5.43	0.007	<input type="checkbox"/> Yes
RQ2	CAF Progression	Δ Premium Value	4.76	0.012	<input type="checkbox"/> Yes
RQ3	Matches Won	Δ Average Spending	4.12	0.019	<input type="checkbox"/> Yes
RQ3	League Position	Δ Average Spending	3.76	0.031	<input type="checkbox"/> Yes
RQ3	CAF Progression	Δ Average Spending	3.21	0.045	<input type="checkbox"/> Yes

- i. Test Statistic: F-statistic from joint significance of lagged coefficients.
- ii. Decision Rule: A p-value below 0.05 indicates that the predictor variable contributes meaningfully to forecasting the outcome.

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Changes in total transfer spending had limited predictive power, significantly forecasting Matches Won ($F = 3.87, p = 0.028$) but not League Position or CAF Progression. It significantly Granger caused Matches Won ($F = 6.21, p = 0.004$), League Position ($F = 5.43, p = 0.007$), and CAF Progression ($F = 4.76, p = 0.012$).

Changes in average transfer spending also showed consistent significance, predicting Matches Won ($F = 4.12, p = 0.019$), League Position ($F = 3.76, p = 0.031$), and CAF Progression ($F = 3.21, p = 0.045$). This indicates that efficient spending per player contributes significantly to team success.

Table IX Estimated PVAR Coefficients and Standard Errors

Variable	Matches Won	League Position	CAF Progression
Intercept	0.47 (0.08)	9.08 (0.42)	0.29 (0.06)
Lagged Endogenous Variables			
Y_{1t-1} (Matches Won)	0.61 (0.07)	-0.26 (0.09)	0.06 (0.04)
Y_{2t-1} (League Position)	-0.19 (0.06)	0.76 (0.08)	-0.02 (0.03)
Y_{3t-1} (CAF Progression)	0.04 (0.05)	-0.09 (0.07)	0.67 (0.05)
Lagged Resource Variables			
X_{1t-1} (Avg. Player Cost)	0.11 (0.04)	0.02 (0.03)	0.00 (0.02)
X_{2t-1} (Premium Value)	0.07 (0.03)	0.01 (0.02)	0.05 (0.02)
X_{3t-1} (Total Spending)	0.03 (0.02)	0.00 (0.01)	0.01 (0.01)

-Coefficients are followed by their standard errors in parentheses.

Matches Won is strongly autoregressive, with a coefficient of 0.61 on its own lag. This indicates that past match success is a reliable predictor of future outcomes. The influence of average player cost is moderate ($\beta_{11} = 0.11$), suggesting that strategic investment in squad depth may yield incremental gains. However, the effects of premium player value ($\beta_{12} = 0.07$) and total transfer spending ($\beta_{13} = 0.03$) are weak, indicating limited short-term impact of financial inputs.

4.1.4 Model Specification

Lag selection was guided by the Bayesian Information Criterion (BIC). The lowest BIC value was observed at **Lag 1**,

indicating that a one-year lag provides the best balance between model fit and complexity. This lag structure was adopted for all subsequent PVAR and Granger causality estimations.

Table X Lag Length selection Based on Bayesian Information Criterion (BIC)

Lag Order	BIC Value
Lag 1	-12.84
Lag 2	-11.21
Lag 3	-10.03

The model includes six endogenous variables that are total transfer spending, premium player value, and average transfer spending, along with matches won, league position, and CAF progression.

To capture the dynamic interdependencies between resource investments and performance outcomes, the study employed a PVAR general equation model.

Equation 1: Matches Won (Y_{1t})

$$Y_{1t} = 0.47 + 0.61 \cdot Y_{1t-1} - 0.19 \cdot Y_{2t-1} + 0.04 \cdot Y_{3t-1} + 0.11 \cdot X_{1t-1} + 0.07 \cdot X_{2t-1} + 0.03 \cdot X_{3t-1} + \epsilon_{1t}$$

Equation 2: League Position (Y_{2t})

$$Y_{2t} = 9.08 - 0.26 \cdot Y_{1t-1} + 0.76 \cdot Y_{2t-1} - 0.09 \cdot Y_{3t-1} + 0.02 \cdot X_{1t-1} + 0.01 \cdot X_{2t-1} + 0.00 \cdot X_{3t-1} + \epsilon_{2t}$$

Equation 3: CAF Progression (Y_{3t})

$$Y_{3t} = 0.29 + 0.06 \cdot Y_{1t-1} - 0.02 \cdot Y_{2t-1} + 0.67 \cdot Y_{3t-1} + 0.00 \cdot X_{1t-1} + 0.05 \cdot X_{2t-1} + 0.01 \cdot X_{3t-1} + \epsilon_{3t}$$

4.2 Findings Discussion

The Effect of Total Amount Spend on Transfer Fee in a Season on Team Performance

The panel results for Objective 1 reveal a crucial distinction on how spending translates to success. While the statistically significant F-statistic and low p-value ($F=3.87, p=0.028$) suggest that a higher total transfer budget does Granger-cause a greater number of matches won, this effect is notably limited. The analysis found no causal link between total spending and league position or CAF progression. This suggests that while increased expenditure may yield short-term gains in match outcomes, it does not consistently translate into broader competitive success.

The Effect of Spending on Premium Players and Team Performance

In contrast to the findings for total spending, Objective 2 yields a robust and consistent causal relationship that is central to the study's overall findings. The highly significant F-statistics and p-values for all three-performance metrics, matches won ($F=6.21, p=0.004$), league position ($F=5.43, p=0.007$), and CAF progression ($F=4.76, p=0.012$) unequivocally show that premium player value is a powerful predictor of success. This indicates that the strategic

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acquisition of a few elite, high-value players have a far more profound and measurable impact on a team's performance than simply increasing the overall budget.

The Effect of Average Transfer Cost per Player in a Season on Team Performance

The results for Objective 3 provide further insight into the nature of efficient investment. The significant F-statistics for matches won ($F=4.12$, $p=0.019$), league position ($F=3.76$, $p=0.031$), and CAF progression ($F=3.21$, $p=0.045$) indicate that average transfer spending per player also has a strong, unidirectional causal link to all three performance outcomes.

5.0 Conclusion

These findings align with the RBV, which emphasizes that competitive advantage arises from the strategic acquisition and deployment of valuable, rare, and difficult-to-imitate resources (Barney, 1991, Wernerfelt, 1984). Premium players exemplify such resources, while efficient per-player spending reflects the effective mobilization of organizational capabilities. The results suggest that strategic investment in high-value talent, rather than overall budget size, is critical for achieving sustained domestic and continental success, reinforcing the RBV proposition that resources alone are insufficient without deliberate and capable deployment.

6.0 Recommendation

The findings of this study provide strategic guidance for stakeholders in the Tanzanian Premier League, emphasizing that targeted and efficient spending, particularly on premium players, is a more reliable driver of performance than total transfer expenditure. To enhance competitiveness and long-term sustainability, clubs, governing bodies, and investors must coordinate efforts to optimize resource allocation, operational capacity, and strategic decision-making.

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