

Analysis of the economic and athletic effects of the innovative recruiting methods of Real Madrid: Zidanes and Pavones

Ignacio Urrutia de Hoyos
IESE Business School, Madrid Spain.

Introduction

Four years have passed since the election of Florentino Pérez as Real Madrid's President, and for this reason, we consider now an opportune moment to analyze, whether his innovative method of recruiting Zidanes and Pavones, has been successful in reaching the strategic goals of the club.

Klenosky et al (2001) considered that recruiting is a key activity across all levels but the recruiting process has received only a limited amount of empirical investigation in the research literature.

The literature of this topic research on determining the relative importance of the attributes used by student-athletes to make school-choice decisions (Cooper, 1996; Doyle&Gaeth, 1990). The most important attributes identified in that study were the amount of scholarship, athletic team, atmosphere, location, and academic program. It is interesting that the attributes economics are not in this list. But in other research FizeL and Bennet (1996) provides indirect evidence that recruiting decisions may be influenced by a team's ability to have their games televised. This research indicated that's teams that are able to have their games televised are often more successful in recruiting top prospects relative to teams that are rarely televised. Again, however, while this type of research identifies a factor that may be important, it does not address the issue of why this factor is important to potential recruits.

In other research, there are several studies than they had wanted analyze the recruiting of the teams. Langelett (2003) examined the relationship between collage football recruiting and team performance through regression analysis. The results find both that recruiting significantly affects team performance and team performance significantly contributing to recruiting results. This reinforcing cycle may explain why certain teams are able to continuously be top-25 teams and other teams are never able to rise substantially in their competitiveness.

Method

The methodology employed to answer this question has involved a close analyses of the organisation's financial statements, the importance of Real Madrid as a brand name, and of course its success record on the playing field.

Discussion

Discussion is that it wasn't until the 2003-2004 season, that Real Madrid applied the model of Zidanes and Pavones. We believe this because Real Madrid previously counted on players which did not belong to either category of Zidanes nor Pavones. Also, we believe it was this third class of player that caused player salary levels to skyrocket above what was reasonable, when compared to these players's athletic ability on the field. Furthermore, they have occupied the positions and blocked the entry of what would have been the addition of new Pavones. In our opinion it was not until the summer of 2003 after a change in coaches had occurred that the model of Zidanes and Pavones, with all its consequences, was applied.

References

- Cooper K. 1996. What the basketball recruit wants to know. *Coach and athletic Director*, 65 (7), 24-26.
- Doyle&Gaeth,. 1990. Assessing the institutional choice process of student-athletes. *Research quarterly for exercise and Sport*, 61 819, 85-92.
- FizeL J.L. and Bennet R.W. 1996. Telecasts and recruiting in NCAA division I football: the impact of altered property rights. *Journal of Sport Management*, 10, 359-372
- Klenosky D. et all. 2001. Recruiting student athletes: a means – end investigation of school- choice decision making. *Journal of Sport Management*, 2001, 15, 95-106.

Langelett G. 2003. The relations between recruiting and team performance in division 1A College Football. Journal of Sports Economics, Vol.4 N°3, August 2003 240-245.

Contact co-ordinates author

Dr. Ignacio Urrutia de Hoyos
IESE Business School.
C/ Camino del Cerro del Águila,3
28003 Madrid.Spain
Tf.: 34.91.211.30.00
iurrutia@iese.edu