THESIS SUMMARY
of the doctoral dissertation by

Zsolt Havran

The Significance of Buying and Development of Players in Professional Football

The Characteristics of the Central-Eastern-European and Hungarian Players Market

Supervisor:

Krisztina András, Ph.D
associate professor

Budapest, 2017
Department of Business Economics

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1. Research Precedents and Reasons for Choice of Topic

These days sport has reached a global significance. Owing partly to the development and expansion of media, as part of the entertainment industry, there has been a prominent growth in the number of consumers. International football is producing an increasing amount of income. Preserving the competitiveness of sports companies concentrating on the entertainment of spectators requires keeping, developing or signing the most excellent athletes. A meagre resource of sports companies is human resources and within that the talents, the stars of outstanding capability (András, 2003). Trends identified in international football point to the problems of professional football in a region which has not received attention in the international literature so far.

The aim of my dissertation was to shed light on the characteristics of the players market of football not only in Hungary but also in our region, Central-Eastern-Europe. I am looking for the answer to the question how Hungarian professional football clubs create value by buying and developing players. In my dissertation I present the possible methods of how sports companies functioning with double objective create value through professional players, which provides a special example to interpret the terms of business economics (Chikán, 2008). Creating value through a player is possible by sale on the players market, or by the active sport performance and media appearances of the player. Examinations of a financial nature can draw consequences based on past investment and performance regarding future prospects. The results of empirical research made in international literature and data of English (Preston, 2011; Gerrad and Dobson, 2000; Cermichael et al., 2010; Szymanski and Kuypers, 1999; Szymanski, 2014; Hall et al., 2002; Brady et al., 2008; Benkraiem et al., 2011; Drawerl and Fuller, 2002; Fotaki et al., 2009; Dobson and Goddard, 1998), German (Lehmann and Schulze, 2007; Franck and Nüssch, 2010; Stadtmann, 2006) Spanish (Garcia-del-Barrio-Pujol, 2007) and Italian (Lucifora and Simmons, 2003) championships are shown in figure 1.
Clubs can basically achieve a better team performance by signing new players and providing higher salaries, and better sport results provide the basis of an increased sales return. The question is whether they can increase their sales return at an appropriate pace to follow the increase of their expenses related to players, because if not, the sport company will become unsustainable in the long run.

In my dissertation I have conducted calculations on the sale of players for the Central-European region with a benchmark based examination by processing the data of transfermarkt.de which, thanks to recent development in content and technology, contains data of an interval of ten years. My primary and secondary research conducted in connection with the efficient functioning of real processes within sports companies have helped in evaluating value creating processes based on player activity, as well as in identifying improvement possibilities. Among corporate functions the emphasis in my dissertation is on the management of value creating processes and human resources management.

The novelty of my dissertation and its contribution to the literature of management and business administration lies in presenting the relevant connections between the different fields and the literature of value creating process management, strategic human resources management (Bakacsi 2006), professional sport and international business economics (Czakó and Reszegi, 2010).

Throughout my PhD training my main focus has been a business study regarding players in professional football and in the past few years I have refined my research question and studies and made them more accurate. The survey conducted by an international corporation commissioned by the Federation of Hungarian Football (MLSZ) and the publication of its overall results were of great service to me and also influenced the finalization of my research methodology.
2. Research Questions and Methodology

In my studies I start from a broader frame of interpretation and proceed towards an increasingly narrower frame, that is, at first I examine the global then the regional level, continuing afterwards to the club and individual level. The chapters of the paper dealing with international football and the Central-Eastern-European situation were written with a focus on the corporate view, and in the last chapter I did my research on the level of the individual, so I concentrate on the players because owner value creation can be achieved by human resource development, which in this case is providing development for the player.

2.1. Trends of the International Players Market

I present the most important tendencies of the players market processes and business results of international football with the help of secondary research. In order to do this I review the studies and databases of relevant international professional organizations and research workshops mostly with a Central-Eastern-European focus. Relating to my research question in this chapter I present the functioning and trends of the macro environment, that is, the international players market with special attention to the transfer market concerns of the Central-Eastern-European region. In the chapter I seek an answer to the question what trends can be identified in the international players market, which need to be considered by Central-Eastern-European, thus by Hungarian sports companies and those affected when determining their strategy and organizational framework.

2.2. Analysis of the sport profession, business and transfer market of the Central-Eastern-European region’s football

The aim of my paper is to present what results professional football clubs get in a sport professional and financial sense, how they manage their most important resource, their players, and how championship clubs from countries like Hungary can join international competitions and markets. I reviewed the literature about professional sport created by researchers from Central-Eastern-Europe. I examined nine countries from Central-Eastern-Europe: Bulgaria (Mihaylov, 2012; Girginov and Sandanski, 2008), Croatia (Hodges and Stubbs, 2013), the Czech Republic (Procházka, 2012), Hungary (András, 2003; András, 2004; Kozma, 2004; Kozma, 2015; Vincze et al., 2008), Poland (Bednarz, 2014; Lenartowicz and Karwacki, 2005), Romania (Roșca, 2012; Roșca, 2014; McDonald, 2014; Mihaylov, 2012; Balázs and Péter, 2015), Serbia (Mihaylov, 2012; Mladenović and Marjanović, 2011), Slovakia (Nemec and Nemec, 2009) and Slovenia. Common characteristics of them are the
followings: post-socialistic history (similar tradition, economy, culture, external environment) and European Union membership or candidate members of the EU (Serbia).

My research question is how can the sports achievements and transfer market income of Hungarian football in the past ten years be evaluated compared to the results of Central-Eastern-European countries. My aim is to measure the performance of football clubs and championships regarding players market export. This part of the research establishes the link between the Hungarian and the international results and analysis.

Throughout this chapter I used two methods: on the one hand through secondary research I present the achievements and business functioning of CEE-region football with the help of existing international literature and studies that present serious analysis. On the other hand, analyzing my own primary data collection I examine player export in the past ten years realized by the clubs and championships of the region.

In my secondary research I conducted a macro level comparison and measured sport professional success (on national team, championship and club level). In my primary research after collecting data from the website transfermarkt.de I conducted studies regarding the success in players sales of the region’s championships, clubs and players according to the variables and samples given in table 1.

<table>
<thead>
<tr>
<th>Examined item</th>
<th>Clubs</th>
<th>Players</th>
<th>Players sales</th>
</tr>
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<tbody>
<tr>
<td>Size of the sample</td>
<td>1262 observations</td>
<td>2250 observations</td>
<td>2102 observations</td>
</tr>
<tr>
<td>Size of framework (persons)</td>
<td>Name</td>
<td>Name</td>
<td>Transfer fee (million Euros)</td>
</tr>
<tr>
<td>Average age (years)</td>
<td>Age (years)</td>
<td>Championship of the selling club</td>
<td></td>
</tr>
<tr>
<td>Number (persons) and percentage of legionnaires</td>
<td>Nationality</td>
<td>Club</td>
<td>Championship of the buying club</td>
</tr>
<tr>
<td>Value of squad (million euros)</td>
<td>Estimated value (million euros)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average value of players (thousand euros)</td>
<td>Post</td>
<td>Age (years)</td>
<td></td>
</tr>
</tbody>
</table>

Source: elaborated by the author
2.3. **A study of development and career support of Hungarian players**

I have examined what is written in international literature and what can be experienced on the international players market in the Hungarian environment. As a method I used primary and secondary research. At first I collected and processed the results of studies and surveys in connection with Hungarian footballers’ developing, especially career management. This provided the basis of my research and my hypothesis, and it also helped me write the questions for my questionnaire.

**Research questions:**

*How can Hungarian players’ career support and preparation for professional career be evaluated?*

*How can young professional Hungarian players’ level of preparation be evaluated with regard to their professional and civilian life?*

In my research I applied the **method of triangulation** which means conducting a study by using different methods (qualitative and quantitative, even mixed) combined. Among my methods I view the **questionnaire research conducted anonymously with 200 respondents** as the most important one. This was complemented by the processing of audit report (MLSZ 2016) prepared by the foreign company commissioned by the Federation of Hungarian Football, and the expert workshop organized in this theme within which I evaluated the results together with relevant Hungarian experts.

In advance, I calculated with 200-300 incoming responses to the research organized together with the Hungarian Players’ Union (HLSZ). In the end I received exactly 200 responses from players, which helped to create an approximate picture of players’ opinions, way of thinking of the current state of the Hungarian players market and developing of youth teams. I assigned identification numbers to all received questionnaires and saved them in electronic form and after data cleaning I loaded them into the SPSS programme to conduct statistical statements and analysis more easily.

In order to be able to check the validity of the results received and to understand connections between them and interpret them correctly, I **organized a focus group discussion** with representatives of those affected in the issue. By using a mixture of qualitative research and a quantitative analysis of qualitative research the **validity** of the conclusions of a research can be increased. The greatest advantage of the workshop was the interaction among the participants. The primary aim of my research was an evaluation after
the qualitative analysis, as well as to collect opinions in connection with the research questions and findings and to avoid drawing false consequences.

Finally, after analysing the questionnaire results and organizing the workshop, the latest academic audit report of the MLSZ was published, which after being analysed with secondary methods confirmed the validity of my research findings.
3. Results and findings

3.1. Trends of the international players market
As a result of this chapter examining the outcomes and experiences of last decade’s international football I have identified the following trends:

1. Globalization and internationalization of football and its players market has intensified (footballers sign to foreign teams at an increasingly earlier age and growing numbers).
2. Income of football clubs has significantly increased especially due to the rise in popularity of international cups.
3. HR expenses of football clubs have grown significantly (buying players and salaries).
4. Cumulated losses of football clubs have grown because in order to achieve sport success they spend more money on buying players and their salaries.
5. Concentration of sport successes have intensified because both on an international and national level the number of clubs with larger income and better players is limited.
6. The concentration of sport successes also lead to a growing concentration of financial gains and income, that is, the number of internationally competitive clubs is shrinking.

Championship clubs of Central-Eastern-Europe have to find their objectives and framework of functioning in this external market environment. Revenue from players sales can mean a significant part of market income to clubs functioning in this region. Because of this, to them it can be a significant goal to train players and to develop youth programmes, that is, an improvement of intercompany real processes, as well as an examination of regional championships similar to national ones.

3.2. Examination of sport results, business operation and transfer-market efficiency of the Central-Eastern-European Region
Hypotheses connected to the chapter, key statements of analysis conducted to test them and research findings based on them developed the following way.

Hypothesis H1a: Hungarian football, regarding its sport results, can be considered competitive compared to regional opponents.
To test hypothesis H1a I conducted studies according to different aspects (championships, national teams, clubs and the secondary research) and found the following:

- The Hungarian championship appears among the weakest in the region in the field of international success, among the championships that are “Falling behind.”
- Hungarian national teams have performed among the weakest in the past 10 years.
- Hungarian clubs have given one of the worst performances in the past decade in international competitions within the region.

*Based on these findings, hypothesis H1a is not acceptable because on national team, championship and club level as well, the international results are poor.*

**Hypothesis H1b: The level of players export from Hungary is of average compared to the region.**

To test hypothesis H1b I conducted studies according to different aspects (championships, clubs, players, signings and the secondary research) and found the following:

- The average value of players appearing in Hungarian championships is the third lowest in the region.
- On the list of clubs with highest average player value only two Hungarian clubs are among the best 25.
- Among footballers who are worth an estimated value of at least 1 million Euros the number of Hungarian players are the lowest in the region.
- Regarding the average value of the 50 most valuable players in the region the Hungarian players’ average value is the lowest.
- Transfer incomes of Hungarian clubs in the past 10 years have continuously been among the weakest results in the region.
- The Croatian Dinamo Zagreb runs his youth developing at a cost corresponding to the Hungarian academies’ average expenditure, however, its efficiency (income from players sales) is the multiple of the Hungarian academies.

*Based on these findings, hypothesis H1b is not acceptable because sport professional and financial performance related to players have fallen behind in the regional competition in all the research aspects.*
Based on the studies conducted, to my research question I answer that **sport results and transfer market incomes of Hungarian football in the past 10 years can be evaluated as weak compared to the results of Central-Eastern-European countries.**

3.3. **An examination of development and career support for Hungarian players**

Beforehand I reviewed the Hungarian and international studies which deal with the development, self-care and career management of professional players and I made an interview with the ex-CEO of a club. After a systematic review of studies I identified the issues significant from the point of view of my paper and I kept them as my focus throughout my research. The studies issues were the following:

1. **Education** (school system, preparing for civil career, level of expertise of coaches and support staff)
2. **Development** (opportunities for improvement of sports career: language, IT, communication etc.)
3. **Career opportunities and career support** (expectations and reality, knowledge of players market, self-knowledge, who to ask for help)
4. **Self-care** (conscious lifestyle, preparation for civil life, dangers)
5. **Strategic functioning** (clear management goals, organizing processes, business aspects etc.)

During research conducted at different time periods and with different methodology, through available studies and personal opinions I encountered several common issues, problems and statements fundamentally influencing Hungarian youth developing. Based on reviewing previous studies I determined and approximated my research questions and hypotheses, which I tested and examined with three different methods (questionnaire, workshop, secondary analysis of audit report).

The most important findings of the three complementary research types are the following:

- developing and evaluating staff in case of clubs and academies is ad hoc;
- in fact there is no HR strategy at clubs and academies;
- only 22% do foreign language, IT, or communication courses, out of 200 respondents only 7 people receives financial assistance for this kind of developing from their club, the MLSZ or agent;
- there is little personal development, there is no conscious preparation or lifestyle;
• players expectations of foreign salaries are exaggerated – they receive less than reasonable support from club, agent or federation;
• there is no actual talent management or career support;
• no club, federation or agent prepare the players for a civil career;
• strategic goals of clubs and the academies belonging to them are often different;
• in clubs and academies there is no quality control and performance review, improving management competencies would be justified.

According to the findings of the chapter I give the following answers to my research questions and hypothesis.

_Hypothesis H2a: The academies work according to appropriate strategic goals as businesses._

Based on the relevant statements of the audit report published by the MLSZ, _hypothesis H2b is not acceptable._

_Hypothesis H2b: The clubs and the federation do not give sufficient support for the individual development and career management of players._

Based on the findings of the questionnaire research and the workshop hypotheses H2b is acceptable.

After testing the hypotheses to the first research question of the chapter I answer that the career support of Hungarian players and preparing them for their professional life can be evaluated as weak, because according to the results of all three qualitative examinations they receive little individual training, financial support is not provided for the courses that would help their development, and there is no appropriate talent management for them either. Compared to internationally accepted trainings due to the clubs’ inefficient value creating processes Hungarian players’ present and future performance falls behind that of players in similar regional clubs.

_Hypothesis H2c: Hungarian players’ own view of future career opportunities is more optimistic than Hungarian and regional experiences would justify._

Based on the findings of the questionnaire research and (indirectly) the workshop hypothesis H2c is acceptable because the players view their own and their fellow players’ future
opportunities as better than actual data would justify, which can hinder their motivation for personal development.

*Hypothesis H2d: Self-care of Hungarian players is conscious and for this they receive appropriate support from the main actors in football (MLSZ, club, academy, agents).*

Based on the findings of the questionnaire research and (indirectly) the workshop hypothesis H2d is not acceptable because the number of trainings that are financed by these actors for the players is very low, and at the majority of clubs and academies there is no assigned staff to deal with the long-term, civil career of the players.

Based on the testing of the hypotheses my answer to the second question of the chapter is that **young professional Hungarian footballers’ level of preparation for their future cannot be evaluated as appropriate.** It is clear to them that they would need extra training but they do not sacrifice energy and time for these and they receive no support for this from their club or the federation. On the plus side, young players are studying in higher education or they are planning to in the future. They also have positive attitude in self-care, however, their knowledge and the support of their clubs falls behind the required level in this field, too.
4. Summary

One of the most important value creating aspects of professional football is its player squad, as footballers are the depositaries of the quality of sports companies’ basic service. Within knowledge-intensive professional sport I have chosen to study the sale and developing of players because as a result of the development and internationalization of media their role is becoming more important. By buying and developing (raising) players a club can improve the quality of its squad, and through this they can fulfil the needs of their consumers better and can create value for their owners.

In my paper I examined value creation based on the developing of players which has good experience and a well-functioning system in modern football. The clubs appearing in championships that are falling behind at present need to learn the disciplined process which are helping the currently well-functioning clubs, they need to internalize the knowledge necessary for the developing and career management of players.

Based on the overview of the Central-Eastern-European region it can be stated that in the past 10 years the sport performance and the transfer market income of Hungarian football can be evaluated as weak compared to the performance of other Central-Eastern-European countries. In other words, in comparison to clubs of championships with a similar background Hungarian clubs’ value creating processes related to players do not reach the level that seems reasonable based on the external environment.

Based on the questionnaire survey, the workshop and the audit report of MLSZ it can be stated that career support and preparation for professional life for Hungarian players can be evaluated as weak because according to the findings of all three qualitative research types they receive little individual training, no financial support for the courses that would help their development, and no talent management. Furthermore, young professional Hungarian footballers’ level of preparation for their future cannot be evaluated as appropriate. It is clear to them that they would need extra training but they sacrifice no time or energy for these and they receive no support for this from their club or the federation.

After conducting my research and detailing the findings my answer to my main research question is that taking everything into consideration, compared to the closest competitors, that is, the Central-Eastern-European region, international competitiveness of Hungarian footballers can be evaluated as weak. Hungarian players’ career support and preparation for professional life is not viewed according to its actual importance in the strategy of clubs and academies in this country. On the other hand, successful foreign examples are well-known, and international experts commissioned by the MLSZ also check
the academies regularly, and with some of them they have already experienced improvement in this field. Provided that in the future Hungarian youth developing workshops improve it consciously and systematically, performance, sales potential and career opportunities (both sport and civil) of Hungarian players can advance.

I see future research opportunities for an international study to conduct a common Central-Eastern-European examination. On the one hand, this can mean getting in contact with economic researchers from surrounding countries and start a common research project regarding professional football and its players market. On the other hand, it would be useful to establish co-operation between the HLSZ and the Central-Eastern-European co-organizations of the FIFPro, which would provide an opportunity to find out about the opinions of players from more countries in the same issues.

From a practical point of view it would be interesting to develop a training and export strategy with the co-operation of the MLSZ and the clubs, which would help Hungarian players see their future opportunities more realistically regarding both their football and civil career. It would also make their development and support more efficient. As a consequence, they could give better performance and they could reach stronger championships, thus helping the value creation of football clubs for their consumers and their owners.
5. Main references


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   sport: sportvállalatok nemzetközi szerepvállalása; TM 14. sz. műhelytanulmány; 
   BCE Vállalatgazdaságtan Intézet