

Zsolt Havran

**The Significance of Buying and Development of  
Players in Professional Football**

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

**Institute of Business Economics**  
**Department of Business Studies**

**Supervisor:**

**Krisztina András, Ph.D**

associate professor

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CORVINUS UNIVERSITY OF BUDAPEST

Doctoral School of Management and Business Administration

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*Ph.D. dissertation*

Zsolt Havran

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# 1. Introduction

In my dissertation I study the business functioning of professional football with the tools of business economics and within that the role of buying and training players in the value creating process of football clubs. I am looking for the answer to the question *how competitiveness of professional Hungarian footballers can be evaluated*. Professional footballers mean the base of the functioning of a football club, players have a direct role in creating value. In my dissertation I deal with Hungarian players' training, development and preparation for their professional career, as well as provide an overview of the global and regional players' market. In the introductory chapter, first I will delineate the aim of the dissertation, give reasons for choice of topic, then describe the secondary literature I processed and the novelty of my research findings. The chapter closes with a description of the paper's structure and context.

## 1.1. Reasons for Choice of Topic, Aim of Research

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 both in the number of consumers and those who do sports in their free time. In case of professional athletes, it is the momentous growth of their salaries that is remarkable, which is especially true for footballers. This tendency can hold, as 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.

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, professional sport and international business economics. Among others 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. Moreover, I trust that those who deal with sport theory will also find useful information in it

regarding the economic approach of the purchase and development of professional players and training juniors.

I wanted to contribute to the literature of business economics, with a special regard for the unique business operations in professional sport. In Central-Eastern-European (CEE) countries that changed their regimes and replaced socialism 25 years ago, attitude to professional sport still does not reflect the basic characteristics of business functions. The region that used to achieve great success both on the level of national teams and clubs in earlier decades now lags behind Western Europe both in sport achievements and in a financial sense – due to the lack of international consumers. On the other hand, it is excellent at export sales on players' level, and can be considered one of the main resource of players among all the regions in European football.

In the past few years in Hungarian football there have been major, mostly state funded investments to improve junior training (corporate tax allowances, normative support of academies, etc.). Football receives a serious amount of attention despite the low number of spectators on site. Because of this I considered it important to study the sport professional and players' market competitiveness of Hungarian football compared to the results of the Central-Eastern-European region. I examine Hungarian data in comparison to Central-Eastern-European ones because countries with a similar background can mean a good basis for comparison.

Throughout my PhD training my main focus has been a business study regarding players in professional football. In the past few years I have refined my research question and studies and made them more accurate. A complex evaluation of the development of Hungarian professional clubs' junior trainings was part of my original plan. This plan changed due to two reasons: firstly, it is difficult to obtain objective and comparative information from Hungarian clubs and academies, secondly, since 2014 this task has been done by an international corporation (Double Pass) commissioned by the Federation of Hungarian Football (MLSZ). This corporation that conducted the audit has obtained information that an academic researcher could not persuade the clubs to provide. Thus, the focus of my research has been shifted towards a regional overview and a survey conducted among the players. This will enable me to contribute more to identifying problems occurring in the business processes of Hungarian professional football, as well as the literature of value creation through the training of players.

My personal goal with this dissertation is to use the knowledge I gained and applied and for my research to contribute, and to show direction for further consideration to all the stakeholders in Hungarian football. Another of my goals was to conduct as much primary research and data collection as possible and to present new findings. I have taken part in several Hungarian and international conferences where I presented and improved my line of thoughts. It was also my aim to share the partial results of my research, and to interpret them together with the stakeholders of Hungarian football, with whom I plan a future professional co-operation as well. It is my intention to draw up improvement possibilities for the clubs and academies – based on business solutions that worked in other industries – within the theme of HR management regarding professional players, which could help improve their business and sport professional efficiency. In order to do this it is necessary to present the results of the Hungarian players market realistically, for which conducting a detailed analysis of the Central-Eastern-European region is an appropriate method. In order to explore the opinions, experiences and thoughts of Hungarian players, an anonymous questionnaire with a large number of samples analysed was the best solution.

## 1.2. Methodology and Main Findings

International tendencies described in the dissertation also prove that sports companies of countries with a relatively low population and economics that run professional teams build a permanent competitive advantage from the sale of players and training talents. The weak performance of Hungarian football in the past years and decades convinced me to research how Hungarian sport companies' player-based value creation can be evaluated, which is maybe the most important aspect of Hungarian clubs' business operations. But can a serious, consciously planned strategy and an effectively functioning value creating process evolve at a Hungarian football club? The result of the paper is that on the one hand, it locates the sport professional and player-training effectiveness of Hungarian club football on the list of the Central-Eastern-European region, on the other hand, it identifies some of the most serious deficiencies of player-training and the weak results of their career support. After a review of relevant literature I determined my hypotheses then chose the appropriate methodology to prove them.

During my secondary research I studied papers on the business operations and players market achievements of international football with a focus on Central-Eastern-

Europe, then I designed a primary database to have an understanding of the place Central-Eastern-European championships, clubs and players have in international football. Trends identified here on the one hand fit those experienced in international football, on the other hand, point to the problems of international football in a region which so far has not received attention in international literature. The results of my own survey made through questionnaires asking 200 players are interesting for researchers studying the career management and training of professional players. Also, they can be considered unique because there has been no previous study conducted in Hungary aimed at finding out about sport corporations' value creation by asking players. Even on an international scope I have found no similar analysis, thus the findings of the research can be interesting abroad as well.

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 local 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 which is about the research on the level of the individual, 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. The logical structure of the dissertation is shown on Figure 1. The basis of the paper is provided by the value creation of professional football and business economics, and as these are further examined, factors outside sport companies can be considered (players market) as well as processes within the sport companies (also the development of these processes). Both branches of my research contain primary (CEE players market and questionnaire research) and secondary (international trends and player development) methods and analysis of data.

Figure 1: The framework of the dissertation



Source: edited by the author

Compared to the original plan of the dissertation I have made changes in the theoretical approach and the methodology of the paper. Because of the above mentioned academic audit report, visiting the academies on site and making interviews with their leaders became unnecessary. The survey I made about the 2012 European Championship did not fit into the logical order of the paper so I only mention its results in chapter 2.2.3. However, I had the chance to conduct a survey together with the Organization of Professional Footballers (HLSZ), within which the questionnaire survey with the 200 players was made. Moreover, instead of seeking out the stakeholders one by one, it has become justified to evaluate the above mentioned questionnaire results together with them, so I gathered information through an expert workshop. Taking the advice I heard at the department workshop debate and the critical comments made to the original outline, I dealt more deeply with the theory of value creation based on the activity of professional players. As a result of these comments and advice, I also turned more attention to processing scientific articles about professional sport and football in the field of Central-Eastern-European economics.

### 1.3. Structure and Train of Thought of the Dissertation

In my dissertation I present the basics of professional football's business operation, as well as the development of human resource management in the past decades. The Hungarian players' market, thanks to the European Union and to the Union of European Football Association (UEFA), is an important part of the international players' market, so presenting the characteristics of the international players' market is important. I describe the aspects influencing the value of professional players, value creation related to player activity, as well as the special functioning of the players' market. Hungarian football differs from the international top, Western-European championships' functioning in certain segments due to its functional characteristics. It is the object of my research to discover whether tendencies experienced in Western-European football and players' markets are also present in the Central-Eastern-European region. A thorough knowledge of the international system and regional comparison provides a good basis for an overall, informative Hungarian research.

After the literature review I present my research questions and hypotheses based on it. In the chapter on methodology I describe the methods I chose to test my hypotheses and conduct my analysis based on them. Results of the three studies will be presented in chapters four, five and six consecutively. In chapter four I present the latest trends and business achievements of international football and players' market. In chapter five I will show that in our immediate region, Central-Eastern-Europe, those national football teams have better performances at international competitions, whose players receive training in strong championships, and that income from selling players in stronger, foreign championships helps improve the performance of club teams internationally. In chapter six I conducted studies regarding the preparation of Hungarian players and the business operations of academies. The paper closes in conclusions. A summary of the dissertation's research questions, literature and methodology is shown in appendix number 1.



## 2. Background of Terms and Literature Review

Business economics is the theoretical background of my dissertation, I describe the operations of professional sport with economic terms. While analysing the literature, my focus was professional sport and its players' market, I describe the characteristics of these from the point of view of different fields of management and business administration, such as human resource management, strategy or international business economics.

Firstly, I present the terminological framework of the dissertation and the most important definitions, then I describe the business characteristics and markets of sport and the strategic functioning of football clubs. This part will also include details of professional sport companies' value creation as well as relevant theories of the economics of human resources (chapter 2.1).

In chapter 2.2 I present the relevant literature of the players' market of football with a special emphasis on factors influencing the value of players, the connection between investments in players and the clubs' sport professional and financial results. Chapter 2.3 contains tendencies and the most important characteristics of the international players' market in the past decade and relevant chapters of business economics. Finally, in chapter 2.4 the state of professional sport and the business functioning of football in Central-Eastern-Europe are presented.

### 2.1. Characteristics of Professional Sport and Value Creation in Professional Sport

#### 2.1.1. Terminological Framework

*Professional sports companies* mean companies running professional clubs and teams. These companies work in the field of sports trying to fulfil consumers' demands in order to gain profit (András 2003, 14). Throughout the dissertation – as the focus of my research is professional football – when I use the term football club, I mean professional football club.

According to Chikán's (2008, 289) definition *human resource* is: "the entirety of the employees working at a company structured according to their skills required for doing their job, expertise and place in the hierarchy." Human resource is an important element both in professional and amateur, in individual and team sports as

well. Moreover, we can talk specifically about the players and also about staff helping them and organizing sports events.

The importance of human resources can be looked at from the point of view of leisure sport that encourages the majority of society to do exercise actively. Szabó (2012, 31) examined the business elements of leisure sport in her dissertation, and identified five leisure sport markets, of which one is the market of sports professionals. “An expert for a leisure sports provider may be an internal stakeholder (e.g. sports trainer, instructor, organizer, manager), or an external stakeholder (e.g. consultant).” Szabó (2012, 11) remarks that sports “are playing an increasingly important role in society and their economic impact is becoming more and more significant,” among others, in the UK, the US, Spain, France and Germany sports contribute more than 2% to the GDP, and in the European Union 15 million people work in this sector. In Hoffman’s (2007) interpretation sport consumers can be divided into two large groups: those who actively do sports and passive consumers, that is, spectators. Studying leisure sport and active sport consumers is not part of my paper, I deal specifically with *professional* players of professional teams, and my focus is *football* because in Europe this team sport is characterised by the most business operations and it is this sport, about which the most reliable scientific data can be accessed. In my research my target groups are professional adult men footballers and youth from the academies who mean the direct base of youth training, the future adult professionals. Children, amateur junior players and women players are not part of my research because in their case there is either no players’ market or it is negligible compared to the market of professional male players.

András (2003) draws the attention to an important feature of football corporations’ operations, which is that they operate with a *dual, sometimes opposite objective*: demands for both sports and business efficiency are present at the same time. These two objectives cannot be separated, as where there is a market coordination mechanism, it is important that the consumers support the companies, however, in several cases the owners are not profit-oriented.

This dual objective appears in another aspect, too, as a *dual value creation* (Chikán, 2008) can be observed in case of sports companies, which means that they have to create value for the client and for the proprietor at the same time. “The same method, which brings value to the client should give value to the proprietor as well.

The company unable to reflect on the demands of its clients, cannot be profitable in the long run and cannot stay alive on a self-financing basis” (András 2003, 15).

*Values* that are products or services which fulfil consumer demand and thus make consumers willing to pay for them can be identified in sport, too (Chikán 2008, 28). Based on András (2003, 42) in football the appropriate standard of sport performance is the main value driver. Value drivers can be the players, the circle of stars and style of football as footballers are the depositaries of the quality of the basic service (András 2003, 40). “The football players as employees have their own value driving factors. The disposal over the players license and the personal image, goodwill are the most important ones. If a sports enterprise or an owner of a sports event wants to build a brand for the sake of marketing, there is a need for star players. Star players are the ones, who are able to represent a brand, to speak and behave in accordance with this” (András 2003, 40-41). In my paper I concentrate specifically on the main human resource of sport companies, *value creation related to professional players*.

### 2.1.2. Value Creating Processes in Professional Football

Business economics can identify six corporate functions as groups of activities arising from division of labour, which perform the same or similar purposes in order to fulfil the fundamental goal. These are marketing, innovation, human resource management (HRM), information- and knowledge management, management of value creation, and finances. In my paper out of these I concentrate mostly on *human resource management* and *management of value creation* (Chikán 2008, 182).

Besides the above-mentioned interpretation of value creation (proprietary and consumer value creation at the same time) there is another possibility, which is value creation through real processes. “The *value creation process* is the acquisition, management and use of resources in order to produce value for clients” (Chikán 2008, 372). This appears in professional football in a special way, as while in case of a production company, products and services are generated out of materials with the help of workforce and information, in case of football, players are not only workforce but also appear as items for development. For football companies, development of players is the key to future sport professional and financial efficiency. Therefore, converting the corporate resources into consumer values can be interpreted in a special way, as development of the skills of a human being can improve the standards of the

sport company's service, as well as increase the value of players' licence. The sports company can reassign the right to use this licence to another sports company.

“Value driving processes mean a framework for the company to create those solutions which fulfil the consumers' needs thus creating consumer value, by using the skills of people working for the company and the corporate knowledge. At the same time it leads to the profitable operation of the company and value creation for the owner. This way the value creation process is connected into the chain of values and contributes to dual value creation” (Chikán 2008, 374). The success of the company depends on the appropriate organization of real processes, in professional football the human resource management is especially important and within that career and talent management. By developing players, performance will be improved and value creation for consumers and proprietor will be realized. Therefore, sports companies need to put emphasise on improving their players at maximum capacity through the combination of infrastructure, workforce that supports the development of players and information. This will contribute to the value creation of the company.

Based on András (2003) value drivers of professional football are clubs that take part in creating value directly (the rights related to the facility, the right of participation of a given championship, the commission of the necessary license of the participation, the ownership rights related to the contracted players and the goodwill of the company) and indirectly (through television). *Value drivers of clubs* can be the style of their players and the quality of their image. Because of the significant role of image “the conscious development of the image is a precondition of the market success for every football company. The elements of the image of football include the characteristics of the composition of the consumers, the culture of the football company, the look and the behaviour of the players and the employees” (András, 2003, 41), so besides the sport related development, the improving of image and communication skills of players is also very important (see the sponsorship market).

Sports companies can train their own players, (according to Chikán 2008, 181) “the company needs to delegate those tasks that it wants to perform itself within the organization: the appropriate division of labour has to be designed as well as the related coordination,”) or they can buy their players licence from other sports companies. “The company reaches its decision about which actions necessary for meeting consumer needs are they going to do and which are they going to delegate to outside parties after weighing up the *transfer fees*” (Chikán 2008, 180).

Actions within the company connected to each other are the value chain, while companies connected to each other are the supply chain. Outsourcing player training, assigning it to other clubs shows the special supply chain of football, based on which players transfer between clubs into stronger championships. According to the exact definition during *player transfer (signing)* players reassign the user rights of their player's licence for a certain amount of time (details in chapter 2.2 on players market), in the following for simplicity's sake when I use the term signing players or *transfer*, I will mean the above described concept. Outsourcing tasks in professional football appears in the dilemma of „*make or buy*” (signing players or youth training). Youth training is in fact a method to provide the most important input for the team, it is worth involving an action if the transaction expenses dictate it. Beside the aspect of expenses, “using” their own youth training depends on the characteristics of the sport (how active the players market is, that is, whether transfer fee has to be paid, or it is enough to tempt players with a higher salary), and on existing resources and infrastructure. András et al. (2000) collected the most important aspects that can be weighed in this case in table 1.

Table 1: A business comparison of buying players and youth training

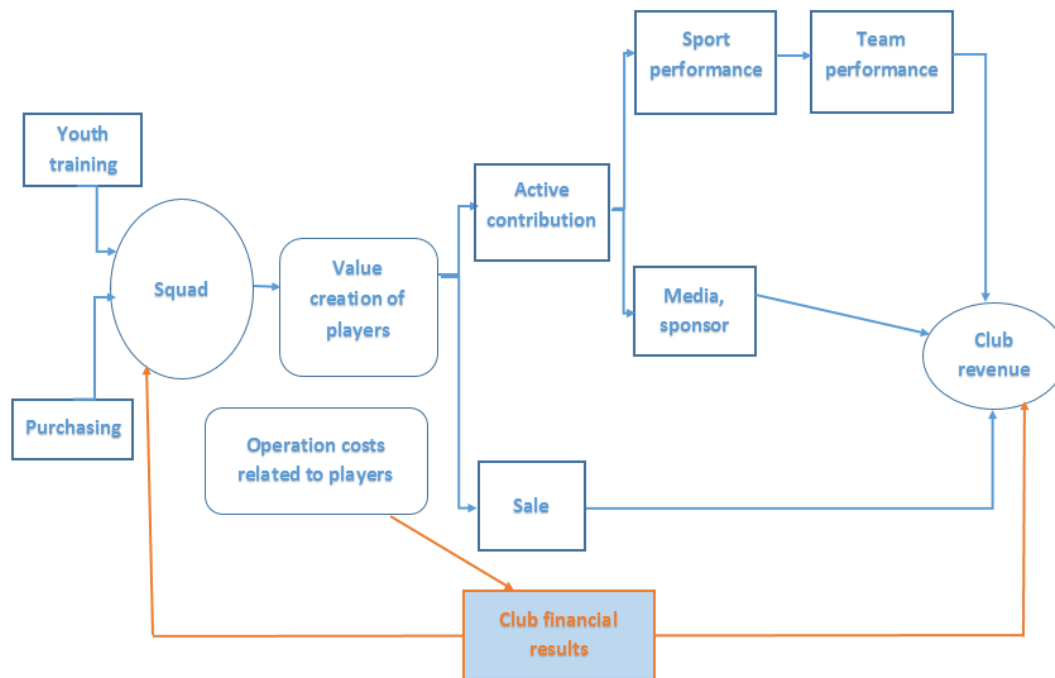
<i>Aspects</i>		<i>Buying players</i>	<i>Youth training</i>
<i>Quality of sport performance</i>	<i>occurrence of effect</i>	fast	slow
	<i>effect on team play</i>	strong	moderate
	<i>integration</i>	mostly fast	mostly slow
	<i>experience</i>	possible	none
<i>Risk of sport performance</i>	<i>risk of performance</i>	low	high
	<i>market changes</i>	string threat	safety
	<i>loyalty</i>	not typical	can be strong
<i>Financial aspects</i>	<i>possibility to quantify</i>	high	difficult
	<i>liquidity management</i>	expensive	easy
<i>Media connections</i>	<i>effect on club image</i>	changeable	positive
	<i>public relations</i>	changeable	positive

Source: András (2000) et al.

From another approach a professional footballer can create value for himself with his actions (salary, possibility of new contract, possibility of marketing contract, career prospect development), for consumers (sport-related experiences, role model), for society/state (fame, image, healthy lifestyle) and for proprietors (advertisement revenue, through transfer, synergy effects).

Value creation for the above mentioned sports companies is shown in figure 2 which aims to present an athlete's own income and expenditure.

Figure 2: Value creating process by professional footballers for the sport company



Source: Edited by the author

With the help of figure 2 I illustrate the main methods of professional footballers' value creation and their context. Value creation by players for their clubs can be divided into two parts: activity every day and transactions connected to sale and lending through which the club can even get immediate profit. The amount of income form players sales depends on the player's earlier individual sport performance, his team's sport achievements, and the image of the player in media.

The other important value creating possibility derives from the player's activity every day, that is, as he takes part in the operations of the sports company. This on the one hand can mean sport professional assistance (matches, trainings), on the other hand the improvement of the player's image (media appearances, serving sponsors etc). Both mean a source of income for the player and also the club, as the player can get a bonus for his better performance and as his image grows, more sponsors get in contact with him. The club can achieve a better team performance and sport results which increase the club's revenue.

All in all, value creation by players also increases the club's income as well as their own.

The other side of the process also needs to be examined from the point of view of the sports company, as hiring a player can be costly for the club, even before taking him into the team. A club can purchase a player through transaction (buying), or can have a youth training and obtain players from there. Both of these are expensive processes. Moreover, employing a player also means a large amount of expenses, besides paying his salary there might be bonuses. There is some conflict between the player and the club as the player's good performance affects negatively the financial performance of the club after it has paid his bonus.

To conclude, the club needs to consider whether revenue generated by the player's presence in the club and his later transfer to another club can cover the costs of obtaining and employing him. Clubs can easily quantify the expenses arising from purchase and ongoing expenditure on the player's salary but it is very difficult to express revenue generated throughout his individual activity at the club in amounts of money.

Proprietorial structure and identifying value drivers deriving from it are an interesting special feature of Hungarian football. Even in case of a proprietor with a business goal financial objectives can be secondary (see details in chapter 2.1.3), in case of state (or quasi-state) ownership there can be reasons unmeasurable by money (e.g. corporate social responsibility, reputation, synergy) that lead to investment decisions. In case of the latter it has to be considered whether state expenditure or investment can be justified by a non-business return for society (healthier society, common pleasure, etc.), or value creation happens through a strengthening of personal image or political connections. In Kozma's (2015, 214) words "in representative democracy local and national governments view as value every possibility where they can enjoy the attention of voters, preferably with a positive association, even better if in a highly emotional context."

In my paper I study value creation by professional Hungarian football clubs through developing players, for which it is essential to understand the individual value drivers of different proprietors as well as the operation of inner real processes and development opportunities of sports companies.

Kozma and Kazainé (2014) establish the possible examination aspects of performance evaluation according to the Balanced Scorecard method as follows:

- financial aspect
- customer aspect (business goals)

- aspect of inside business processes (concentrates on processes that enhance achieving sport success and customer satisfaction)
- aspect of learning and development.

For sport professional success, sport professional competences are essential but in a business approach *management competences* (learning and development) can be considered equally important (Kozma and Kazainé 2014, 14). “There are fundamental tasks that determine the functioning of the whole sport company. First and foremost is the organization of “producing” the sport performance. Sport performance includes ensuring athletes’ physical, mental and technical skills, which provide a ground for a successful performance on the pitch. Besides, active work is necessary on the players market as well as establishing the system of youth training as this ensures continuous supply for the sports company by training talented athletes which is the foundation of the continuity of sport performance” (Kozma and Kazainé 2014, 13).

In my dissertation I study Hungarian football clubs’ performances related to player sale and training, this is what I sought an appropriate methodology and framework of interpretation for.

### 2.1.3. Markets of Professional Football and Strategies of Football Clubs

András (2003, 20) when interpreting the markets of professional football, identified the subject of exchange, its main characteristics and main factors influencing the value of the product in a broader sense, actors of the markets and factors influencing their behaviour in individual markets. Based on these, football companies can realise their revenues in the following markets (András 2003, 21):

- consumer market: on site and through media, quality of sport performance and standard of service is important;
- players market: see chapter 2.2.1;
- market of broadcasting rights: the possibility of transmitting sports events and series of events represent the product on this market, it is important that the sport is media-friendly;
- sport sponsorship market: possibility of association, requires presence in media, players are in a special situation;



- merchandising market: products with logos and symbols, brand value, players are in an important role here too.

In order to increase revenue, good sport performance is essential in each market, as well as the players' "marketability" through media, sport companies' actions on players market have a significant effect on the amount of possible profit in all the other markets.

According to Szabados (2003) the sport professional and the financial goal are many times not directly connected and depending on the hierarchy of the two goals he identifies the *strategy types* shown in figure 3.

Figure 3: Strategy types of professional football clubs

<i>The nature of the target system is...</i>	<i>Direct profit aim...</i>	
	<i>Exists</i>	<i>Does not exist</i>
<i>Dual</i>	Success circle; Transfer	Synergy
<i>Dominant</i>	Commercial	L'art pour l'art

Source: Szabados, 2003

1. Success-circle strategy: in this case the clubs' sport successes result in financial success (prizes for victory, new consumers and sponsors etc.). As a consequence, the club can make new investments to strengthen team value, which means better results on the pitch, which in turn leads to further profit and so on. The problem occurs when more clubs decide to follow this strategy but the number of final winners (or rankings worth international performance) is strongly limited. This is called the Szymanski-catch (Szymanski, 1998), in this case the high costs of players frame cannot be covered, so the majority of clubs produces loss and they need to let their best players go, which leads to further inefficiency.
2. Transfer-strategy: Both sport success and financial success is important for the clubs, but they get their incomes mainly from the sale of players. In this case the quality of the youth training system means the fundamental skills of the company.
3. Commercial-strategy: in this case the club's leadership unequivocally decide in favour of the conservation and profit access of economic balance. The price

of this can be that the team achieves only weaker sport results, therefore, the club's image is created by high-level services and marketing.

4. Synergy-strategy: the owners not directly through the given football company, but with its help, through their other enterprise create consumer and proprietorial value.<sup>1</sup>
5. L'art pour l'art strategy: those clubs belong to this category who have special prestige and tradition, whose aim is actually to keep the present prestige at all costs. Actually the owners are for the club, but in many cases there are no clear owners, because these clubs often work as associations. Examples are the Spanish Real Madrid and the Catalan Barcelona.

When choosing a strategy, it is essential to take the quality of the player squad into consideration, and it is true the other way as well, in order to change strategy, the players squad need to be changed. Football clubs' strategy choices greatly influence player policy and the players market operation itself can be the foundation of strategy. In chapter 4.1 about international trends I will examine different strategies' connections to the players market.

#### 2.1.4. Interpretation of Human Resource and Career Management in Professional Football

Shilbury (2012) did his management history review in reflection of how frequent topics about strategy in academic papers related to sport business are. He refers to the most important strategic management theories, among others Porter's model of five forces for industry analysis (Porter, 1980), resource-based theories (Penrose, 1959) and theories describing permanent competitive advantage (Prahalad and Hamel, 1990). Among the more than 800 articles of three very significant sport management journals, Journal of Sport Management, Sport Management Review and European Sport Management Quarterly only 20 have dealt with strategic management issues. In his opinion sport researchers should deal more with strategy themed studies as sport is a field which builds specifically on human resources out of all other resources, and developing and retaining human resources means the key to success for sports companies, that is, human resource is the factor that ensures a permanent competitive

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<sup>1</sup> Among others, as an example can be seen the Italian AC Milan (think about Berlusconi's media company or political career), or the English Chelsea (Abramovich, the owner could get several possibilities through his business activity, which he could not have without the club's proprietorial title).

advantage for sports companies. In the field of sport management and business administration the following authors have published comprehensive works in international literature and thus researched human resource management: Humphreys and Howard (2008), Andreff and Szymanski (2006), Beech and Chadwick (2004), Byers et al. (2012), Downward, Dawson and Dejonghe (2009), and Andrew et al. (2011).

In my research I lay great emphasis on how Hungarian football companies and academies treat and develop their main human resource, that is, their current and prospective professional players. For this I consider it important to find out how companies in general view human resource management. I concentrate especially on those companies that build their competitive advantage on their employees, their human capital, as sports companies also base their operations on the achievements of their players.

Development tools of a company's human resources are organization of labour and career management (Chikán 2008, 308). The importance of this is unquestionable in professional football as an improvement in the performance of players increases the efficiency and revenue of the club and the value and image of the players' licence. Wolsey et al. (2012, 159-160), in order to improve individual and team performance, recommend among others a preparation for later civilian life, career planning beside the building of a sports career. It is an important question whose responsibility it is to make career management successful (and who finances it, as training can mean a significant amount of expenditure, for example extra coaches, training camps, foreign language courses). It might be worth to take an approach from the aspect of who produces direct, tangible result related to improving players (useful for player, club, federation, management, although the effect can be indirect as well). Regional circumstances can influence how a player chooses club, such as the country's or region's political, cultural, social factors or general economic terms. In most industries, executive recruiters help connect companies with employees with a higher added value, especially those doing mental work. In football, agents and managers play this important role during the transfer.

Plans related to human resources of professional sports companies operating in modern sports have an emphasised importance, this paper also tries to find out to what extent Hungarian clubs in professional football have recognised this. Poór (2009) have studied the internationalization of human resource management and drew the attention

to the important role of multinational companies which view actions related to human resources as serious strategic issues. These actions include hiring foreign workforce in a country or regarding outsourcing institutes. This is an especially important area in sport because of the high number of so called foreign legionaries. I have complemented the main functions of HRM (Bakacsi et al. 2006, 45) with a few additional aspects regarding sport (based on András, 2003), highlighting actions most importantly related to individual development and career support (table 2).

Table 2: Functions of HRM in professional football

<i>HRM in general</i>	<i>HRM in sport</i>
<i>HR planning, recruitment</i>	players markets, watch-network
<i>choosing</i>	signing
<i>planning the job</i>	identifying missing positions
<i>employee appraisal</i>	performance review (sport professional and civilian career)
<i>dismissals</i>	contract resolution, signing elsewhere
<i>career management</i>	career management (during and after career) + image improvement
<i>compensation</i>	injury treatments, insurances
<i>training and development</i>	trainings, training camps, studies, other courses
<i>work contacts</i>	handling player-coach, player-player, player-leadership conflicts

Sources: edited by the author based on Bakacsi et al. (2006) and András (2003)

Instead of the number of employees, their knowledge and skill reached greater importance (Boda et al., 2009). Globalized economics and the great development of information technology led to immaterial values reaching a higher worth. The resource-based view of corporations by Penrose (1959) can be relevant here, which is based on the assumption that companies possess different resources and skills and these provide them with a competitive advantage. According to this view the company builds on utilising its own, company-specific resources of which immaterial resources are gaining an increasingly greater role, such as knowledge – building these into their strategy is key. “According to the knowledge-based theory of the firm, knowledge-based resources are in the focus of the existence of the firm” (Stocker 2012, 22).

In professional football the knowledge of the producers of the main product, that is, of professional players, can mean competitive advantage for the sport companies. In fact, it is a special intellectual capital, as using the players’ licenses and sponsorship possibilities connected to it can mean competitive advantage for sport companies both on the pitch and in economics, so efficient use of special and rare human resource (human capital) is very important. Summarizing the opinions of many authors, Stocker (2012, 23) writes about sport companies fulfilling the characteristics

of knowledge intensive firms, as “knowledge intensive firms are mission driven businesses and their value creation:

- is fundamentally based on intangible resources,
- mainly authorized specialists are involved in these processes
- who transform their own knowledge and other resources into intellectual assets
- in the rapidly changing competitive environment.”

Brady et al. (2008) studied the importance of HR managers and coaches in professional sport. Human resource management is more than administration even in the field of international sport, among others, it includes tasks like improving the players’ value and brand. According to our findings, leadership should strive to ensure that every player and coach knows the club’s vision and strategy clearly, and that they are familiar with the sub-goals as well as their own roles in realizing this strategy. Within this they should have individual goals and regular performance reviews.

## 2.2 The Players Market’s Operation, Development, Challenges and Returns of Investments into Buying Players in Professional Football

In chapter 2.1 I presented the definitions of professional football, in this chapter I am going to review the relevant literature through the example of professional football in Europe’s most developed players market. Players market is the special workforce market of professional footballers, the use of licence connected to players is signed over for specific periods of time in this market (András 2003, 46).

### 2.2.1. Operation and Development of Players Market

#### 2.2.1.1. Basic operations of professional footballers’ players market

Among others, András (2003, 48) has summarized the specialty of players markets in the following:

- the players market is limited in its time-span, is opened twice a year, during the summer and the winter. International rules allow a player to be signed by a club, if he has not found any clubs through no fault of his own during the transfer window;
- The longevity of a professional football career is limited, it is significantly shorter than other professions;

- Regulations regarding player contracts depend on the age of the athlete (under 18 parental approval is necessary, in this case, in Hungary the contract can be only for one year, and the club who conducted the player's youth training gets compensation when he later signs);
- Stars are hardly substitutable, exceptional labour forces;
- During the span of a running contract, there is a fee to be paid in case the player wants to leave;
- Special working hours (matches at the weekend);
- The institution of secondment (lending, in case of playing in the national team).

The speciality of professional sport is that by signing employees (players) the sport company not only establishes a working contract but also purchases the right to use the player's licence as a property value (András, 2003). So hiring a player means not only employing a "worker" but it is also a serious investment decision. The player's licence in fact is a "right with value of property very closely linked to the person of the player and includes all his abilities, both physical and mental, related to his sporting activities. Therefore, it is not transferable or vendible, but like a licence-agreement, the disposition about the playing licence is transferable. After the conclusion of the contract, the right of the disposition falls back to the athlete" (András 2003, 46). Contracts should have a special focus on advantages of using the footballer's rights, specifically to what extent the club and the player receives from the profits generated by sponsorship and merchandising connected to his person.

According to international rules of signing, only a club can initiate signing towards another club, and the buyer club can start negotiations with the player only after the two clubs have agreed on the transfer fee. It can occur that an exchange includes more than one player, which can substitute or reduce the transfer fee. According to Carmichael (2006) the players market cannot be a market of perfect competition as there is no perfect level of being informed (quality, commitment and performance of the player in the new team is not guaranteed), also it is not a homogenous market.

The value based on the player's hoped performance perceived by the buyers and sellers on the players market can differ from the price of the player's licence. Licence of professional footballers equals the amount agreed on by two football clubs in transaction on the players market (involving another player's licence, building in

options and paying in instalments can be parts of this). Value of players, however, can mean something else for each sport company, as they operate in different championships, on markets with significantly different effective demands, so their incomes are also relevantly different. For a team in a less followed (low number of on-site spectators, narrower television broadcasting) championship, a talented young player's value can be decidedly lower than for a club in championship with serious numbers of on-site spectators (strong inside demand), broadcast in several countries. On the one hand, the reason for this is that in a well-known, stronger championship the same player can achieve better individual performance and more serious professional success, but the growth of his value is mostly due to the bigger number of consumers reached by the club, so the club can obtain a higher income by hiring that same player than a team from a smaller championship.

According to the above described approach the value and the price of footballers do not mean the same, because their licence changes proprietor on the market for a certain price, and at the same time the player represents a different value for the selling and buying club. In later parts of the paper when I write about the estimated value of players, I mean their estimated, hypothetical value/price.

When establishing a purchase price, of course the aim of the buyer is to bargain for the lowest price possible, while the seller tries to market the player for a much higher amount. The final signing price will be somewhere between these two, depending on the two teams' bargaining power. It can be influenced by the possible substitutes (other players), the talent and skills of players, and clubs' estimates regarding the marginal utility of the player's talent. Considering that it is a team sport, the value of individual talent and skills greatly depends on the team the player is in. The extent to how much the buying and selling clubs' bargaining power influences the signing price is still debated.

Table 3: Main characteristics of the players market

<i>Product (subject of trade)</i>	the transfer of the disposal of a player's playing licence
<i>Main characteristic of the subject of trade</i>	double deal: labour recruiting and acquisition of a value of property
<i>Value drivers</i>	<ul style="list-style-type: none"> <li>- pre-determined characters of the player (physical, mental, social),</li> <li>- current contract (buy-out clause, length of contract)</li> <li>- added characteristics</li> </ul>
<i>Market-players:</i>	
– <i>Seller</i>	- 1) If the contract expired: the professional player as an athlete, a person; 2) If the contract is running: releasing football company
– <i>Buyer</i>	- Signing football company
– <i>Mediator</i>	- Player agents, managers, scouts
<i>Influencing factors of the behaviour on the market</i>	– Transfer fee

Source: András (2003, 47)

The subject of exchange in table 3. (transfer of players licence) is special because buying a player counts as a double deal from the point of view of the football company: at the same time they hire an employee and make an investment, acquire a value of property – by buying property rights which can be utilized in many ways (lending, selling, marketing purposes) (András 2003, 47).

Therefore, content-wise two contracts are made on the players market: on the one hand the two clubs have to agree, on the other hand, one has to be made between the buying club and the player. This is possible because in football due to the real business value ownership of players licence, which truly means possessing value, as opposed to many other sports which have no active players market so in their case short-term contracts and “free” signings are typical. So in fact before the new championship period, clubs are competing against each other with higher salaries promised to players with no contact to each other, therefore transaction happens only between the buyer club and the player. This happens in professional basketball where contracts lack information so it is not clear to what extent performance can be demanded (Sterbenz 2007).



Figure 4: “International routes” of soccer players: categorization of countries in the European transfer market

	Negative balance	Positive balance
High volume	“Purchasers” England, Spain, Germany Italy Russia	“Traders” Portugal, Netherland France
Low volume	“Small customers” Turkey, Ukraine, Greece	“Suppliers” Scandinavians, post-socialist countries

Source: Szabados, 2012

On figure 4 Szabados (2012) summarized the most important international transfer movements based on data from 2012. Compared to the situation ten years earlier we can see the change that Italy, who used to import many excellent players now has become a buyer due to fewer sales, and also thanks to some clubs spending great amounts French and Russian championships have become mainly buyers. Higher quality game presumes higher transfer volumes. The top countries regarding sporting results and economic strength of their clubs can choose from the broadest range of talented players, András (2003, 53) calls this high activity on the players market. “Markets influence each other, the economic base generated by the other four, in addition to the operation of football companies can mean the source of buying and selling on the players market, which in case of effective business decisions can prove a further economic background in the operations of football companies” (András 2003, 70).

Besides the players market, professional football clubs can fill their teams with players from their own youth training as well, so an obvious replacement of buying players can be an investment in youth training. The question of “train or buy” is among others influenced by the financial situation of the club, supporters’ and sponsors’ expectations towards players and sport professional aims. A sport company wishing to achieve international success buys players who are the best of their positions but who have been raised by other clubs because it wants to build the strongest team in every respect. Less wealthy clubs who do not possess equity ownership and international market value are forced to give up their best players. Akgündüz and Berg (2013) show

an example for this, according to them Dutch clubs have to sell their key players because they cannot compete with English clubs' salaries. In chapter 2.2.2 of my dissertation I study the effects of investments related to buying players. I examine the effectiveness of Hungarian youth training in chapter 6.

#### **2.2.1.2. The connection between players market and competitive balance of football leagues**

When describing the players market of European football we also have to mention the particular players market regulations of the United States' big championships (American football, ice hockey, basketball, baseball). Because of different economic and social roots the two systems of regulations cannot exactly be compared but in order to understand and predict present and future changes I think describing the US market is essential.

Dietl et al. (2011) compare the characteristics of different professional US leagues with the aim to examine the possible consequences of introducing a maximum salary limit in European football. They present the most important differences between big US leagues and European football leagues both regarding on-pitch performance and financial competition. Income of clubs (ticket sales, selling trading rights, player sales, resources from sponsors) depends primarily on the standard of matches. A single club is unable to provide marketable products or services, it needs at least one great opponent, this way competition occurs, championships are established. In the United States all questions regarding the league are decided by a majority vote of proprietors, there is no third party such as a league organizer or federation like in Europe. In Europe, mostly it is benefits from sport that are more important, while in the US it is the financial profit. In the United States, the main goal is to maintain the competitive balance, so they have made several strict policies (Sterbenz, 2007): transfers are kept under control, draft-system<sup>2</sup>, income-sharing contracts, expense control, salary maximum, collective contracts (CBA - Collective Bargaining Agreements). This way they are trying to prevent all outstanding talents and superstars to play only in rich clubs, so the advantage of these rich clubs would decrease in the balance of the league compared to other entertainment products.

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<sup>2</sup> The draft-system is about the regulation of young players' team choices. Put it simply, it means that clubs that gave a weaker performance in the previous championships can choose sooner from the youth freshly out of university, while clubs with a stronger performance can fill their teams with the youth who on paper count as weaker players.

According to Kassay and Géczi (2014) the extent of competitive balance mostly depends on clubs' wage bills, central sale of licences (on the importance of centralized sale, see also Moorhouse (1999)), sport regulations of workforce, and the production form of the product. An example for this latter is sabermetrics in baseball (when they choose players for positions based on statistics instead of buying stars), which is beginning to spread in European football as well, named soccermetrics, and data providers such as Prozone, Amisco, Instat, Soccermetrics Research provide data and information (Kassay and Géczi 2014, 3).

In Europe due to the lack of similar regulations the competitive balance has been upset and the clubs that are successful on the pitch have been making an increasing loss. According to Dietl et al. (2011), however, the US model would not work in a European sport controlled by federations like football. European football's competition series are monopolized because there is one announcer and club owners have no influence over it, many times the actual owners are unknown. Most clubs maximize the sport benefits, there is no owner whose priority is financial profit. In US leagues that are clearly marked out by geographic boundaries as well (in Europe no borders can be drawn up clearly and it is difficult to establish international control) the team owners and the player organizations represent the two sides of the labour market, between them a collective contract determines the details. Another important difference is that in the US the two sides of the labour market are in the focus of the league's operations (owners and players), while in Europe decisions are made by federations, which are not directly parts of the labour market. The stakeholders often represent the interests of the state. In Europe organizations that manage sport are restricted by national and union law, it is unclear what attitude the European Union would have towards the introduction of maximizing salaries.

Despite the fact that in Europe excessive salaries and the competitive imbalance are taking football in a wrong direction, introducing a salary cap is not on the agenda. The idea of a salary cap has emerged but it cannot be controlled and enforced in all countries, and also, differences are already so great that a salary cap would withdraw the chance of rising up from other clubs. The authors (Dietl et al., 2011) remark that there is a possibility of introducing a salary cap which would determine maximum salaries in accordance with the clubs' income.

Dietl et al. (2010) in another article write about the US model being impossible to adapt to Europe because the pyramid-like structure of football results in completely

different incomes per country and per championship division. A completely uniform salary cap in Europe would be totally impossible to introduce and expensive, too, but an income-proportionate salary cap is possible. Kassay (2014) describes a salary cap working in English fourth division (League Two) since 2002, in English third division (League One) since 2011, which resulted in that clubs appearing in the affected championships can dedicate only a certain proportion of their income (55-75%) to players' salaries, thus trying to maintain financial sustainability. According to Dietl et al. (2010) a partial salary cap could balance out competition much more effectively, which would have positive social effects and benefits, and it would not be possible for only a few great clubs to collect all the stars. The effect of course greatly depends on supporters' and consumers' demand as it is possible that what they want to see is exactly these galactic teams, and players with the highest salaries also might not like it.

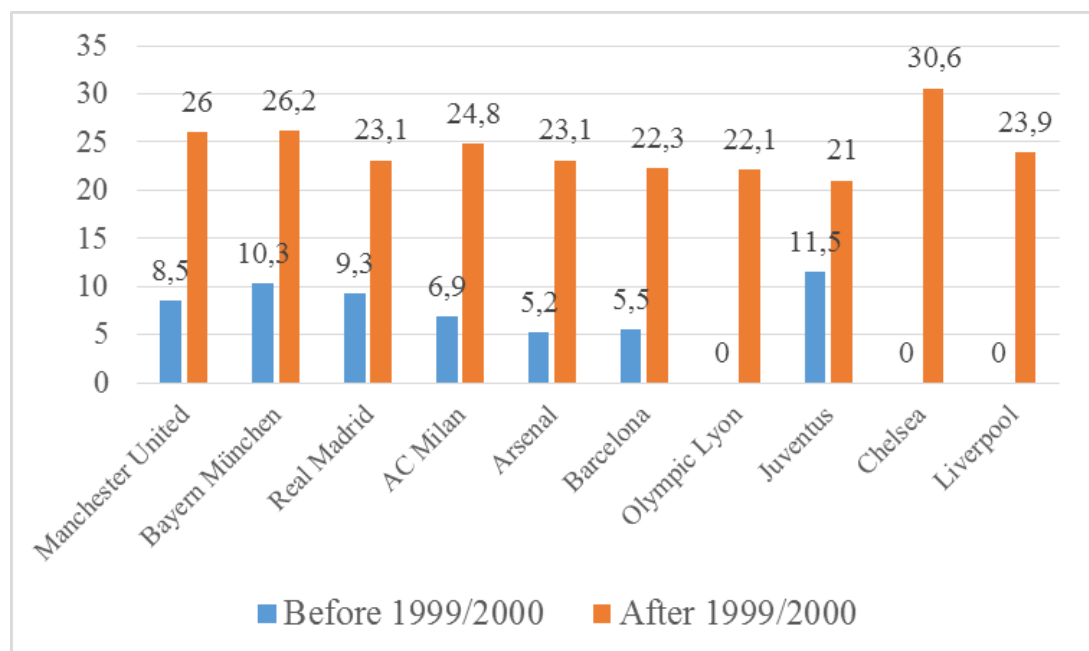
According to the paper of Szymanski (2014) players' values are constantly estimated, features of players are well-known, better players cost more but they mean more success and therefore more profit, so we can see a perfect competition on the market. (Carmichael judged differently in 2006 but in the past few years more information is available about the European players market.) From an economic point of view players have to sign where marginal profit is maximal, that is where they can contribute most to the success of the team. This can be helped by an effective, well-functioning, free players market. Competitive balance increases interest in championships, so if it is too obvious who will win, the given league will lose some of its popularity.

A championship can maintain competitive balance by redistributing resources. If bigger clubs overdo investment in talents and super stars, it can lead to the big clubs becoming bigger and small ones becoming even weaker. Because of this in the US they constantly strive to maintain competitive balance. For example in the NFL (American football) which is the most profitable professional sport championship in the world, 40% of the income from tickets is shared with the guest team and all TV and merchandising income is equally shared among the 32 teams of the league. A salary cap limits how much clubs can spend on players and a salary minimum controls how much they should pay at least, and thanks to the above-mentioned draft-system the weaker clubs can choose first from talents. Thanks to this at almost all matches, almost any team can win. There is no correlation between salary expenses and the

team's performance because there is no difference between salary expenses. At the same time in the NFL it is much more difficult for players to prevail because for example at the beginning of their career they have to sign a four-year contract which they cannot overthrow so it is very difficult for them to get better conditions before those four years are over. The players' organization agreed with the clubs of the league about the minimum terms of salaries, the NFL clubs are profitable and they do pay regularly. In Europe football clubs often make a loss and according to the organization of players (FIFPro 2012) a lot of players do not get paid on time.

According to Pawlowski et al. (2010) the increase in UEFA notices of competitions' prices (especially income from television royalties and sponsors fighting for international markets) has a significant effect on home results of internationally well performing clubs and because of this the competitive balance has been upset in international championships because the same clubs could repeat their good performance. Clubs taking part in the Champions' League could spend more money on signing stars and paying them compared to other clubs of this championship. Figure 5 shows differences before and after the regulation.

Figure 5: Average payroll costs per year in case of some clubs who played in the Champions League before/after 1992 and 2000 (in EUR million)



Source: Pawlowski et al. (2010, 3)

According to Pawlowski et al. (2010) the decrease in difference was greatest in the English and German championships and as income from the Champions' League has

increased, the vicious circle has strengthened (or the blessing from the point of view of top clubs). As in their own championships they are much stronger than others they will always compete for international cups thanks to which they will still remain richer and so on. The UEFA is trying to improve this situation by distributing solidarity money even among clubs who did not get into group rounds. Big clubs often consider sport success more important than financial success, among others they cover the costs with other private incomes of the proprietors so harder years are possible to survive as well.

### **2.2.1.3. The most important changes in the history of the international players market**

Corporatisation and globalisation of professional football have developed greatly in the past two decades, posing a serious challenge to both international federations controlling football and countries and cooperation between countries (e.g. the European Union). In this chapter I am going to describe three phenomena that seriously affected the players market, of which the effects can still be felt today and they will receive a lot of attention in the next few years as well. These in chronological order are the Bosman-ruling, the Financial Fair Play Regulation and the Third Party Ownership (TPO). In the fourth chapter of my paper I am going to describe trends and future prospects caused by these three players market phenomena, in this chapter my goal is to provide definitions.

For a long time the European Union's rule of free movement of people (with an emphasis on workforce) was in contrast with football's signing system, as the selling club could ask for a price even for an athlete whose contract expired.

The *Bosman-ruling* has brought significant changes when the European Court of Justice stated (European Court of Justice, 1995) that within the EU the free flow of workforce has to be ensured in football as well and that the limitations for foreign players is not lawful either. This ruling has significantly increased the number of foreign players in different championships. It has been included into the ruling that a club can only ask for money for a player, if that player has a valid contract with the club, as well as that in case of signing a player under 23 a compensation fee has to be paid to the youth training organization where the player comes from. Clubs appearing in the competition announcements of the UEFA are expected to have at least 8 "self-

trained” players, meaning that at least four should be from that club and four from that country (Szymanski 2014).

The most important international ruling of the market is the Fédération Internationale de Football Association (FIFA)’s regulation entitled “Regarding players’ status and signing.” “Among others, FIFA defines amateur and non-amateur player statuses, discusses the questions of international transfers, player eligibility, protection of the under-aged, player development compensations, maintenance of the stability of contracts, mechanism of solidarity, regaining of amateur status, retirement, availability of players for national squads and solutions of disputes” (András 2003, 51).

Besides the Bosman case there has been other issues in focus which affect Central-Eastern-European athletes. Such was the Hungarian Tibor Balog’s case with the Belgian Charleroi football club. In 1997 this club did not consider the Bosman-ruling for non-European Union citizens. The lawsuit closed in an agreement so it is unknown what the Committee’s decision would have been but the Polish basketball player Lili Malaja’s case caused a new incident. Malaja accused the French Basketball Federation regarding the player-quota in effect in 1998 which limited the number of non-EU players at French sport clubs. Malaja argued that every country that has signed a partnership or cooperation agreement with the European Union must be granted the same rights, so the free movement of foreign workforce cannot be limited. In December 2002 the quota regarding them was annulled, so non-EU players could come in significantly larger numbers (Kecskés – Soós, 2014).

The UEFA has observed the financial performance of clubs participating in international cups for years and with the aim of a healthier financial operation in 2010 it introduced the ruling called *Financial Fair Play* (FFP). According to this ruling football clubs participating in international cups need to align their expenditures with their incomes, and limit proprietorial capital replacement. They consider results based on a three-year average and they also reduce loan possibilities. Sanctions include warning, fine, score deduction, competition result-based revenue retention, expulsion from players market, limiting players’ number or expulsion from competitions (UEFA, 2010 and UEFA, 2012). In order to abide by the FFP it is especially important for clubs to reduce their expenses connected to players, which forces them to the most effective use of the increasingly more expensive resources.

In the past few years during signing players it has happened more and more frequently that clubs lacking resources financed buying new players by other investment companies, and in exchange, part of the licence of the player became the property of the investing company, so in case of a later sale, this company receives a share of the transfer price accordingly. Besides, they can take part in providing the player's salary and provide their own sponsors and media exposure in turn receiving a share of the player's other incomes. This is called "*Third Party Ownership*", shortly TPO in the literature (or outside owner).

The problem with this activity is partly sport professional, as the third party owner has a significant say in the future sale of the player, this way overwriting the original intention of the buying and selling club, and even the player. Moreover, this can lead to an awkward situation for the club financially but everything depends on the details because if the club uses the opportunity moderately and well it can really mean a step forward because they can get to players they could not sign otherwise. The FIFA (Ruling regarding status and signing of players, section 18) and the UEFA (ruling section 18.02) do not specifically forbid this activity but they prescribe that third parties cannot influence clubs' independence and policy regarding employing and signing of footballers or their teams' performance (Rippel-Szabó, 2013).

This kind of action is most common in Portugal and South America, which is no coincidence, as the unclearly functioning South American championship and clubs export most of their players into the Portuguese championship. The CIES (International Centre for Sports Studies) Football Observatory's Swiss-based research centre's 2013 demographic study supports this connection (CIES 2013a, 23).

## 2.2.2. The Effect of Investing in Buying Players (signing and salary expenses) on Sport Companies' Sport and Financial Performance<sup>3</sup>

### 2.2.2.1. Background of the chapter

Companies running professional football teams often place their sport professional goals above financial ones, they spend a significant proportion of their budget on signing players, paying them and to increase their competitiveness in a sport professional sense. The present chapter, by summarizing international literature,

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<sup>3</sup> This chapter is in essence the shortened and corrected version of the author's study (Havran, 2016a) that appeared in the journal *Vezetéstudomány*.



demonstrates what effect resources spent on developing human resources have on the sport professional and financial efficiency of sport companies.

Professional football clubs' most important resources are the players themselves, the main part of clubs' budgets mostly consist of money spent on them, so it can be considered a strategy question, how much is at a club's disposal when forming its players squad. In this chapter I present what connection can empirical studies identify between players' performance and salary and clubs' sport professional and financial results.

Football clubs based on the tendencies of the past decade are much more interested in sport success than financial results. According to the UEFA's studies European clubs are characterized by increasing debt, see details in chapter 4.1. The greatest part of expenses consists of signing and paying players, which sheds light on the most important points of the business operation of international football. This has been proved in several international studies, the findings of which I am going to summarize in the following. Table four presents a summary of the papers about the topic, grouped according to a logical framework and emphasized points experienced in them. The aim of the present chapter is to examine the returns of investments into youth training.

Table 4: Summary of empirical research in the four significant championships

<i>Relationship/ Championship</i>	<i>Individual performance and wage of players</i>	<i>Team sport success and players related costs</i>	<i>Team sport success and club revenue, financial result</i>
<i>Germany</i>	Lehmann–Schulze (2007) Franck–Nüesch (2010)		Stadtman (2006)  Cermichael et al. (2010) Benkraiem et al. (2011)
<i>England</i>	Preston, T. (2011) Gerrard–Dobson (2000)	Cermichael et al. (2010) Szymanski–Kuypers (1999) Szymanski (2014) Hall et al. (2002) Brady et. al. (2008)	Drawerl–Fuller (2002) Fotaki et. al. (2009) Dobson–Goddard (1998)
<i>Spain</i>	Garcia-del-Barrio–Pujol (2007)		
<i>Italy</i>	Lucifora–Simmons (2003)		

Source: edited by the aauthor

A club's strategy is greatly determined by the quality of available player squad, as well as decisions and financial possibilities of the owners, which eventually determine the amount of money spent on players. In order to understand the background of a club's

leaders and owner, we need to get familiar with the different influencing factors and the correlations behind them. According to the starting point of the train of thoughts, sport companies spend more on buying and paying players, which affects the performance of the players and the team both in a sport professional and a financial sense. In the following I demonstrate the strength of these correlations and the evidence for international studies.

#### **2.2.2.2. Interpreting the superstar effect in professional football**

Rosen and Adler can be considered the pioneers of studies connected to superstars and their special position on the market, although their terminology is different. Rosen (1981) was the first to write down that in certain markets (especially in entertainment, such as film art and sport) even small differences between the talents of people can mean a great difference in salaries. Audiences appreciate high quality and they are willing to pay significantly more for better quality. Besides talent, Adler (1985) considered the level of celebrity and fame essential as well, according to him, in order to be able to appreciate the performance of artists or athletes, people need to know them, must build an image of them and talk about them as much as possible.

Good connections help the fame of stars and these influencing factors strengthen each other as well, which is called superstar-effect by Adler. Media has a special role in making stars because it possesses a great network and can make somebody well-known quickly. According to Adler not only the level of celebrity and fame but the media can also be a cause of the excessive salary of superstars. Lehmann and Schulze (2007) studied this superstar effect in the German Bundesliga. They analysed footballers' individual performance and media appearances in order to find out how popularity and performance affects salaries and fame of players. According to their findings the best-paid five percent of the 1998/1999 German championship earned more than five times the median. They tried to find out whether differences in salary arise from differences in performance or (according to Rosen's theory) the popularity generated by the media has a greater effect on salary differences. With their findings they were unable to prove either theory, but they found that performance and fame do have an effect on salaries, and this effect is proportionate: those who give a better performance, earn more, those who are more popular, can get more sponsors, merchandising income, and spectators for the club, so they need to be rewarder but it

is not disproportionate. In German football the factor influencing salaries the most is the success of the team. They found that performance and popularity were proportionately rewarded by the sport companies in case of different players.

As opposed to the German league, in Spanish and Italian championships different authors have confirmed the presence of the superstar effect but in those championships the best clubs are significantly richer than others (especially due to the unequal distribution of television broadcasting revenue). The authors remark that in case of the other two leagues the researchers have used different methods for their analysis and the reliability of salary data is questionable. A further finding of Lehmann and Schulze (2007) is that in case of players there is a turning point in salaries at the age of 25.4 (it starts to decrease after it), and among foreign legionaries South American player are paid more than what can be considered proportionate, although the higher salary did not necessarily mean a higher level of performance.

Besides talent, popularity also plays a great role in players' market value, as confirmed by Franck and Nüesch (2010) based on data from the German championship. In case of more comparable and individual sports of course athletes are more comparable, too, however, in football this is difficult. Besides the team's performance, they followed individual performance as well and this way they tried to quantify success. According to their findings individual performance and the media contributes significantly to determining the different market values.

Analysing data not only from German but also from Italian football Rosen's superstar theory has been proven (Lucifora és Simmons, 2003), but in Italy significant results occurred only in case of midfielders and strikers. According to the findings of the authors playing in the national team meant a higher salary for players. Regarding the Spanish championship Garcia-del-Barrio and Pujol (2007) proved that superstars earn above the expected amount according to their evaluation, Google hits, and the usual control variables.

#### **2.2.2.3. Connection between players' salaries and their individual sport performance**

Franck and Nüesch (2010) studied the effect of talents' and superstars' performance on team performance using data from German first division. According to their findings, there is verifiable connection between outstanding players' performance and the rank of the team. In another article Franck and Nüesch (2012) analysed the effects of salary differences within a team on the team's performance. In their opinion,

interpretation of salary differences is two-fold, as on the one hand, the chance to achieve a higher salary can motivate players to work harder (they can see that it is worth investing work), on the other hand, it can lead to conflict within the team and thus to a drop in the performance level. Based on their analysis of the data from German first division championship there seems to be a U-shaped connection between salary differences and results, according to which teams with extreme salary differences, and teams with minimal salary differences have achieved the best results, while salary differences that can be considered medium caused the weakest team performances. According to the authors, much depends on inside team culture (whether individualism, cooperation, team work is typical) and on the actions of the coach, but if team hierarchy is clear (there are 1-2 well-paid talents that the others look up to), it is more fortunate than many individualistic players.

Big differences on the one hand can be explained by a few outstanding players being acknowledged by their peers (professionally as well, as good team performance is beneficial to all), on the other hand, teams that render the best performance have some of the best players with top salaries, their team-mates can receive a much lower salary (but not low) than theirs.

However, a player's payment does not only depend on his own performance. According to a paper by Ruijg and Ophem (2014) clubs primarily buy players because with them the team can become stronger and sport performance can improve, and players are rewarded in the form of premiums based on their contribution to team performance. This is logical, as sport success has an effect on financial success as more tickets can be sold and merchandising and sponsorship incomes will also grow. At the same time they remark that borrowing or buying a player is risky. Efficiency of a player is changeable depending on time, on other team members and also on the strength of opponents. Financial success can also depend on economic environment, the performance of the national team and the popularity of other sports, among others. Among the expenses related to players, salary and a possible signing fee has to be considered (in case he has a valid contract). The latter can mean two kinds of compensation in an economic sense for the selling club: on the one hand the lost productivity for the time of the player's contract, on the other hand the invested capital for the purchase or the youth training of the player. Earlier studies (Lehmann and Schulze, 2007, or Franck and Nüesch, 2010) have found a strong, positive correlation

between salaries, signing fees and productivity (performance), but there is very little trustworthy data on salaries, and access to data on signings is also limited.

Extra appreciation of especially skilled footballers' extra performances by clubs can be justified. According to a study (Bryson et al., 2009) that examined players who can play outstandingly with both feet and the differences between their salaries and others, demand for players who can play with both feet outstandingly can be higher, as the vast majority of players is mostly right-footed. The authors examined the five big European championships and the German league separately and according to their findings players who are equally good with both feet get a significant premium on their salary (the difference also depends on the player's position). Why can the salaries of "two-footed" players be higher? On the one hand, they are capable of better performance, on the other hand, they mean an extra opportunity for the coach when putting the team together. There is no evidence for the significant effect of "two-footed" players on team performance, performance improvement could only be proven in case of midfielders, yet all of them receive a higher salary. In case of left-footed players, salary difference occurs for midfielders but not as significant as for "two-footed" players. In the study that examined Germany only, performance was in proportion to salary. It is more likely to depend on whether the "two-footed" player can find himself a team where he is considered unique and they can use him better in teamwork. This is more important than the simple fact that he is two-footed.

All in all, there seems to be a strong, positive correlation between players' performance and salary, studies made in all four leagues support this correlation (see the first column of the table 4). However, superstars rise above others because they are considered hardly replaceable resources, therefore their price is also exponentially higher than that of their peers (not proportionate with their performance increase) (Franck and Nüesch, 2012).

Time left of his contract and media attention connected to his signing can also have an effect on a player's price and motivation. Feess et al. (2003) examined behaviour connected to contracts in study on their game theory, and they write that when signing the contract both the player and the club sets the greater profit as goal. The less time there is left of his contract, the more it is the player's interest to give a good performance, so that afterwards he can sign a new contract. Besides, the new club might also prefer a short contract time left, because after it has expired they can get the player for free, or it is cheaper if there is not much time left of the contract in

case the club takes the player before the contract expires. The more time left of a player's contract, the less likely he is to sign over to a new team. According to the study that examined the signing contracts of the German championship between 1994-2000 (Feess et al., 2010), a year longer contract time significantly increases the average transfer fee. Players' salaries mostly increase in a new team compared to their previous ones. After the introduction of the Bosman-ruling an increase in established contract time could be noticed, instead of the previous 2.8-2.9 years on average earlier it has grown to 3.2-3.3 years.

#### **2.2.2.4. Correlation between expenses on players and the sport performance of the team**

Football is a team sport so besides individual skills and abilities there are several other factors influencing the sport performance of the team (performance of peers, level of professional staff's preparation, infrastructure, strength of opponents etc.), because of this it is important to examine the effect of money spent on players on the performance of the team. In English football a strong, positive correlation was confirmed between sport success and salary expenses (Szymanski and Kuypers, 1999), as well as between rankings in the league and salary expenses (Hall et al., 2002). According to the interpretation of these authors, clubs have the appropriate information about their players' abilities, and they pay them to compensate for their productivity and efforts made in order to achieve the club's sport goals. Clubs strive to conduct this compensation with acceptable accuracy, so that players would receive as much as they deserve. Their results are consistent with the circularity of success (or the lack thereof), so more successful clubs will have more capacity to invest even more in human capital. It is a very important statement that a steep rise in salaries produces only a small-scale increase concerning league scores gained, so there must be excessive sacrifices made to buy and pay players in order to achieve better results. The reason for this is that club-specific influences and the level of success of international cups also affects incomes which are not independent of the league. There is also a significant, positive correlation between average salaries and sport success in the first two divisions of English football (Szymanski, 2014).

The sum of players' individual performances, however, does not directly show the team performance because other factors also enhance a better team performance, among others the personality and knowledge of the coach (Brady et. al., 2008).

Besides, it is also important that buying talents and superstars is not enough, their continuous training and development is also essential, which on the one hand means their sport professional development, on the other hand building their brand.

According to Brady et al. (2008) incomes are in a positive correlation with (earlier and current) sport success, and sport companies spend more than 60 percent of their income on the salaries of their players. As salaries are based on players' sport skills, investment into players results in success on the pitch (in their research in the English championship and in international cups). Successful clubs will become even richer and will be able to further build up their success by spending more on players than less well-to-do clubs. Big clubs have an interest in keeping the difference between themselves and smaller clubs great and thus keeping up the imbalance. This leads to a national dominance in each championship. This could be changed by rulings, for example by introducing a salary cap, maximizing the number of players, reducing the mobility of players. But these possible rulings have been refused by all big championships, and leading clubs for the time being view them as a "curse".

#### **2.2.2.5. Sport success, clubs' incomes and financial results**

Determining the value of a player is very difficult because a sudden loss of value can occur for example in case of injury, but other physical and psychological reasons can also cause a serious change in performance. Future performance of players is hard to predict, and thus determining intangible assets' future income generating capacity is also difficult. Referee decisions influencing matches should also be considered. Clubs take commercial and financial risks, which are in connection with the fact that income depends greatly on sport performance. Sport performance directly influences the number of spectators watching on site, income from consumers market, and indirectly it influences incomes from other markets, from sponsors and from TV and merchandising products.

Some football companies operate as joint stock companies for whom it is necessary to disclose financial performance transparently. Benkraiem et al. (2011) analysed the correlation between the sport performance of English clubs on the stock market and the fluctuation of share prices. In their opinion, the rate of intangible assets is growing in football, and they are very difficult to evaluate (to determine their actual value). According to their findings, sport results have a significant influence on share prices, the intensity of stock market reactions greatly depends on outcome (victory,

draw, defeat) and on the venue (home, away). According to them, defeat on home ground has the greatest negative consequence. They examined the results of seventeen British clubs on the stock market between 1995 and 1998 and they found that on the day after a victory there was a one percent growth, after a draw a 0.6 percent drop and after a defeat a 1.4 percent drop.

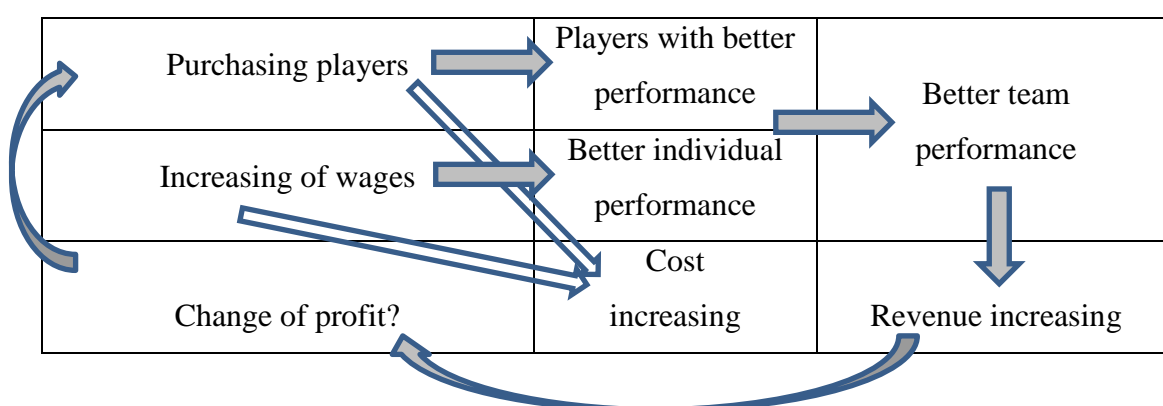
Findings by Allouche and Solez (2005) were similar, as well as those of Renneboog and Vanbrabant (2000): effect on exchange rate is positive in case of victory, international qualification and cup success, but negative in case of defeat and drop-out from any competition announcements. Stadtmann (2006) also provided evidence for this through the example of the German Borussia Dortmund GmbH & Co. Fotaki et al. (2009) analysed corporate finances and resource based theory in the field of acquisition, marketing and development of corporate resources. They studied the effects of buying, selling and borrowing players on shareholders' property by analysing fifteen English clubs on the stock market. They pointed out that selling and lending players produced an abnormal volatility around the time of the event, in their opinion investors do not judge the players market as effective. The authors consider a sport company's capability to appropriately manage its intangible assets key to a permanent competitive advantage. Companies (and sport companies even more so) must regularly evaluate their human resources, its performance and effect on the organization. Analysing why a sport company changes its human resources from time to time and whether this has added value regarding the company is a possible subject of further research.

Drawerl and Fuller (2002) through a risk analysis of injuries connected the above correlations and summarized the significance of them. In their opinion the aim of leadership (and human resource management) is to estimate, evaluate and control arising risks regarding the most important resource as well, which is players. In professional football injuries mean a much greater danger than in other fields. The biggest problem is when a professional clubs' players are not available, therefore, they cannot contribute to sport and financial performance. The article presents a statistically based risk analysis method which examines the team's quality and performance and the club's income and salary expenses between 1993 and 1997 in the English championship. The model found a positive correlation between the four factors mentioned above, and found a clear link between injuries and the clubs' sport and financial performance. The model is essentially the following: if the value and quality



of the team is increased by an action (successful youth training, or player purchase), this shows in the team's sport performance as well. In many cases (Dobson-Goddard, 1998), however, the expected professional success does not show in the first years as increase in income, while salary expenses are growing, which need to be followed by further investments if the quality of the team is to be maintained. This is where many clubs fall behind because they lack the capital to make improvements year by year and they cannot increase their income so quickly. For instance the local audience (income on the day of the match is important) cannot spend more because there are no more seats in the stadium or consumers are not solvent enough. Missing out on these further contributions by consumers prevents signing the appropriate replacement players. If an injury occurs, the quality of the team can decrease which reduces team sport performance which in turn leads to a drop in income (because of missing out on money paid for sport success and paid by spectators etc.). Richer clubs possess a greater and higher-quality framework, so they can easily replace injured players. However, if key players of smaller clubs get injured, team performance can decline greatly (this contributes to the great imbalance between clubs). All in all, the risk of injury needs to be considered also when determining the size and quality of the framework. Figure 6 helps summarize the findings of chapter 2.2.2.

Figure 6: Connections between the expenditure related to players, individual performances, team performance, and business returns.



Source: edited by the aoutor, based on Szabados (2003)

The basis of figure 6 is the success strategy described by Szabados (2003), according to which a prior investment into sport professional work results in better sport results and higher income. However, in the same competition more clubs might choose this strategy, so there will always be clubs who cannot win the competition and so they cannot realise the income necessary for profitable functioning. This is called the

Szymanski-catch (Szymanski, 1999). 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. Increasing sales return in international markets is the key part of increasing income (more consumers, global sponsors, further television broadcasts), so the club needs to finish among the top teams in local championships so that they can get into international competitions. It is important for business companies running the clubs to think in terms of long-term returns and profitability and not to let a few years lack of success make achieving strategic goals impossible.

### 2.2.3. Factors Influencing the Value of Professional Footballers

Both for sport companies and for professional players it is essential to know the factors influencing players' value. In general players agents conducting transactions have the most information, which in many cases means an informational asymmetry, and if the agents' motivation is different from the clubs' and players' goals the principal-agent problem arises (Chikán, 2008). An analysis of stakeholders capable of influencing the decision of the company or who are influenced by it, is important in case of sport companies and on the players market. "The concept of 'embeddedness' represented by alternative economics is characteristic of the triple connection of economics, society and natural environment, according to which these three systems function embedded into each other" (Polányi, 1976). According to András (2003, 75) "an economical entity, like a business-based football company always operates embedded in a concrete social and natural context. Its operation cannot be understood without identifying this context". From the point of view of a player's signing for example, considering business and non-business stakeholders' behaviour can be important, for instance keeping a player who has been connected to the club for a long time or re-signing an earlier player can have a significant effect on the behaviour of fans and consumers loyal to the club. András (2003, 85) categorizes the stakeholders and the level of their stakes according to table 5.

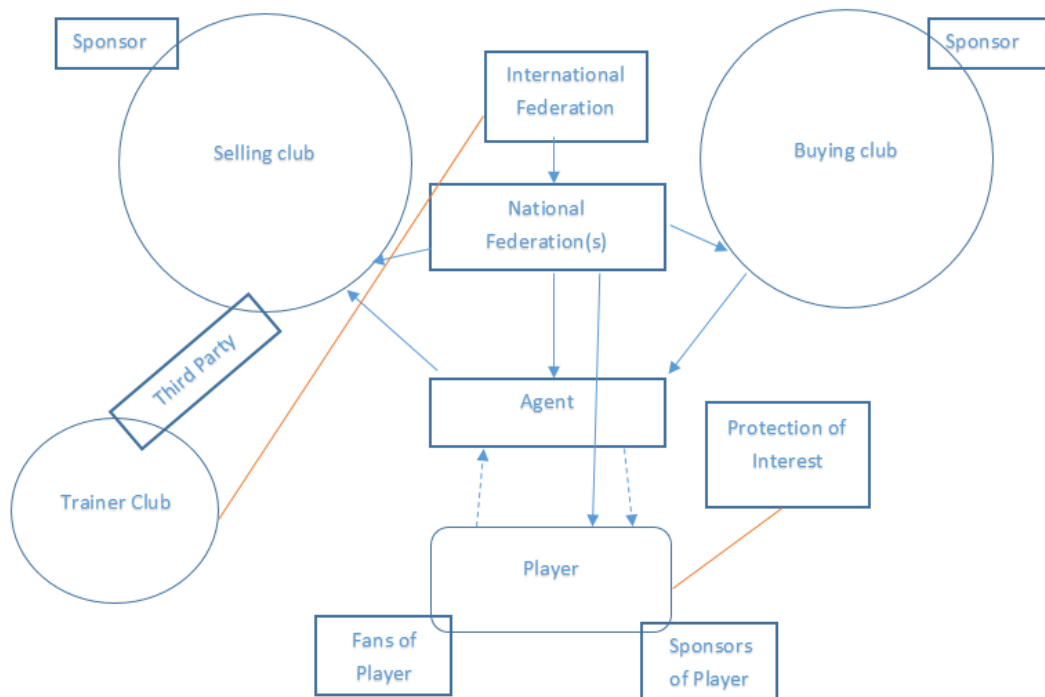
Table 5: Typical skateholders of football companies and their interests

<i>Typical Stakeholder Groups</i>	<i>Their primary interests</i>
<i>Owner</i>	To increase the value of the club
<i>Player</i>	To maximise revenue
<i>Television</i>	To increase audience
<i>Fan</i>	Success of the team
<i>Competing Club</i>	To maintain or increase market-share
<i>National Federation</i>	To maintain the unpredictability of outcome; to redistribute revenues
<i>International Federation</i>	To increase the revenue of the industry internationally
<i>EU Institutions</i>	Law harmonisation

Source: András 2003, 85

Through figure 7 I demonstrate how difficult it is and how many actors can influence the success or failure of a signing transaction.

Figure 7: Stakeholders of player transfers and the main connections



Source: edited by the author

During transfer, a selling and a buying club reach an agreement with each other and with the player, and the establishment of a contract is conducted by a players-agent. In national and foreign signings the international federation also plays a role, although their role is usually limited to administration and controlling if rules are kept. A training fee is paid to the club who did the player's youth training (but their role is passive), moreover, a third party owner can also receive part of the transfer fee in accordance with the proportion of his ownership (this is forbidden in most countries,

see the relevant paragraph of chapter 2.3.1.3). Options can be entered into a player's contract regardless of ownership as well, for instance the previous club can receive further amounts, success fees as the player later progresses (among others in case of a certain number of matches, championship victory, further sale etc.<sup>4</sup>).

Sponsors' attitude can be a very important factor in a transaction. Sponsor contract can be established by a player, a club, national federations or international federations. This way, special conflicts of interest can arise, a significant sponsor of a club or a player can have a serious effect on the signing of a player because if the sponsor obtains consumers while a certain club works with the player they can both lose a significant amount in case of signing. At the same time, maybe the transaction is established with the help of another sponsor, to whom it is worth attracting the player to a certain club because with his marketing action they can receive a greater profit.

Those stakeholders should also not be forgotten whose influence on the transaction is relatively low, but the effects of the transaction seriously concern them as well, for example supporters, other employees or management itself. It is also necessary to remark that the rise of its players' value is important to a club even if it does not intend to sell them and thus to realise an immediate profit. On the one hand, sport companies can demonstrate the licence of players in their accounting among intangible assets, this way creating "capital" on the resource side. On the other hand, players with higher value can arouse the interest of new consumers (supporters/fans), which can mean a growth in the sport company's revenue acquired in other markets (increasing merchandising, new sponsors, greater media attention), that is, it is important to consider the role of stakeholders and plan consciously.

It is the interest of different stakeholders to know exactly the company's financial, profitability situation. This can be decisively influenced by the method and accuracy of player appraisal. According to Kozma (2004) "the existence of athletes' active signing market gives the basis of indicating human resources in financial statements in a way that is unusual in other industries."

Annual reports published by the UEFA disclose the most important aggregated professional and financial data about professional sport companies that run teams participating in international cups, so among others they show how the accounting of these companies work, and how much certain groups of assets represent. Football

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<sup>4</sup> In determining the role of stakeholders I have received help from players-agent Mátyás Esterházy and the contracts uploaded to the webpage of Football leaks about player transfers.

companies can show brand value, licence, transfer rights and of course players licence among intangible assets. The UEFA study even puts a special emphasis on players licence.

Table 6: Changes in assets of clubs that participated in UEFA international championships between 2009-2012

<i>EUR Bn</i>	<i>2009</i>		<i>2010</i>		<i>2011</i>		<i>2012</i>	
<i>Fixed assets</i>	5.4	27%	5.9	29%	6.6	30%	7.2	31%
<i>Player assets</i>	4.7	24%	5.2	25%	5.0	23%	5.2	22%
<i>Other long-term assets</i>	3.5	18%	3.2	16%	3	14%	3.3	14%
<i>Cash</i>	1.5	8%	1.5	7%	1.8	8%	1.7	7%
<i>Transfer receivables</i>	1.3	7%	1.5	7%	1.7	8%	1.8	8%
<i>Other short-term assets</i>	3.6	18%	3.3	16%	3.6	17%	4.0	17%
<i>Total reported assets</i>	20.0	100%	20.6	100%	21.7	100%	23.2	100%

Source: edited by the author, based on Csator dai (2014) and UEFA 2009, 2010, 2011, 2012

It can be seen in table 6 that in football companies' balance sheets the licence of players is one of the most valuable items among assets, it is stable in accounting for 20-25% of the assets (Csator dai, 2014). Companies either activate the value of players' licence and amortise it later on, or they account their players market incomes and expenditures on the expense of that year's balance. Based on the UEFA study (2010, 92), out of the 80 clubs that got into international group circles 95 percent activates players' price and only 5 percent handles it as immediate expenditure, however, in the whole European spectrum this proportion is 60 percent to 40. Generally speaking, from west to east the number of clubs that do not activate their players' value, grows (UEFA 2010, 93).

András et al. (2000) determine those factors that can enhance a player's greater worth, which would also mean a value on the players market that can be realised in money. Based on these, some of the factors influencing the value of players' licence are predestined, while others are guided or added features. Under predestined factors the authors mean "born" features. Such can be physical characteristics, mental abilities and advantages and disadvantages deriving from social background, summarized according to the following:

1. physical features: built, agility, appearance;
2. mental abilities: intelligence, game intelligence, personality;

3. social status: nationality, ethnicity, family background.

Besides pre-determined abilities, the authors emphasize the importance of acquired characteristics, which require a mental predisposition and a willingness to learn. “The pre-determined and acquired characteristics together determine the PR and media attractiveness of the athlete, which is influenced by his look, style, manner of speaking and behaviour, among others. All these details define how the athlete can be marketed towards the media and through it, towards sponsors.” (András 2003, 48)

Chadwick and Burton (2008) focused on the factors shown in table 7 when determining the main factors of top football players, stars, with the help of the abbreviation TOPSTAR.

Table 7: The meaning of “TOPSTAR”

<i>Term</i>	<i>Meaning</i>
<i>Team</i>	championship, success, player’s position in the team
<i>Off field</i>	actions in private life
<i>Physical characteristics</i>	appearance, style, mentality, way of thinking
<i>Success</i>	records achieved on pitch, number of cup victories, other professional success
<i>Transferability</i>	to what extent can the following target groups be reached by the player: women, men, elderly, young, other geographical locations, people who speak a different language
<i>Age</i>	in which phase the player’s career is, what is behind the brand
<i>Reputation</i>	playing style, reputation on and off pitch, media attention, etc.

Source: Chadwick and Burton (2008), own editing

Further on I will present the most important studies and a summary of the findings of researchers who measure players’ value with statistical methods. In the United States statistics were used much earlier than in Europe during transactions. For example in American baseball the statistical model measuring players’ performance is called sabermetrics. This helps to prove a player’s value in an objective way (Albert, 2010).

Carmichael (2006) included the following among explanatory variables: players’ age, experience (number of matches played) number of goals and position. Among influencing factors he also considered players’ personal characteristics, international appearances, and their selling clubs’ performance as well as ranking in championships, and the proportion of scored and received goals. According to his other model, transfer fee is determined by the clubs’ bargaining power: the more power the

selling club has compared to the buying club, the higher the price will be. Bargaining position depends on the performance of the club, the size of the market (championship) as well as the present or prospective added value of the player. Number of goals scored by the player, championship matches played, international matches and the player's age have an obviously significant and, in connection with the signing fee, positive effect. Based on research studying clubs' effects, characteristics of the selling clubs also seem significant, especially regarding rank in the championship. This has proved to be a decisive variable on the part of the buying club as well. According to his findings, experienced players who previously appeared in clubs who had borrowed them were easier to market.

Value of a player can be determined by how likely he is to get injured. In connection with sport injuries Drawer and Fuller (2002), studying the English championship's data between 2003 and 2008, came to the conclusion that players' injuries negatively influence clubs' financial efficiency and performance, as well as value of players. Tunaru, Clark and Viney (2003) demonstrated injuries' effect on players' value through their real-option Opta-index model. Studying injuries is made difficult by a relatively low number of items and great differences between cases, which makes it difficult to quantify. However, its practical stakes are very high, as most often conflict between clubs and federations arises due to injuries.

Frick (2007) points out that not every player has the same chance of signing, and the subsample of actual transfers cannot be fully projected to the whole sample. This is a big problem because prices of only a small amount of transfers are known exactly. According to their results, when studying actual transfers, the following factors can influence the transfer fee: age, number of minutes played in the season following the transfer, and role as field player. Age has a positive effect up to 26, afterwards it drops. It is surprising that in their research goals scored do not have a significant effect.

According to the 2013 study by KEA – CDES the following three factors play a role in the difference between footballers' estimated value and price:

1. besides on-pitch performance, influence in media is also important, that is, what the player's image is like, how marketable he is to sponsors;
2. so called "star signings" of transfer periods can strongly deform the market (other signings "adjust" to these, so the total amount of transfer

prices of the whole period can grow because of some big signings), see superstar-effect theory (Rosen, 1981);

3. the speculative aspect of signing.

Frick (2007) and Berg (2011) summarizing findings of research done in the field write that in case of the variables shown in table 8 they have noticed significant results (based on empirical study of data from English and German championships).

Table 8: A summary of factors influencing players' value (variables studied in both German and English championships in bold)

<i>Significant variable</i>	<i>English championship</i>	<i>German championship</i>
<b><i>player's age</i></b>	+	+
<i>number of years left from player's contract</i>		+
<i>player's position</i>		+
<b><i>number of goals scored by the player</i></b>	+	+
<b><i>views and spectators of buying club</i></b>	+	+
<i>views and spectators of selling club</i>	+	
<i>sponsorship income of buying club</i>		+
<i>capacity of buying club's stadium</i>	+	
<i>international cup appearance of buying club</i>		+
<i>division of buying and selling club</i>	+	
<i>FIFA-co-efficiency of player's country</i>		+
<i>number of matches played by player</i>		+
<i>number of international matches</i>	+	
<i>number of national team matches</i>	+	
<i>number of player's earlier clubs</i>	+	

Source: own editing based on Frick (2007) and Berg (2011)

Berg (2011) found a U-shaped connection between the player's *age and value*: on average, value of players grows until age 24-25, and afterwards there is a drop. The reason for this is that an experienced player is supposed to be capable of a stronger performance, while in case of younger players there is a bigger chance for improvement and thus later outstanding performance.

Besides the most frequented variables used, it can be useful to build *social and sociological* variables into models as well. A study by Balázs and Péter (2015) includes for instance as a variable the country of origin (a sudden growth of demand for Belgian players), the mother tongue (for example Brazilian players in Portugal), or the nationality of coaches (they often employ players from their own country). Through their trial-research they could prove to a little extent that social variables are worth considering in research trying to find out players' value.

The value of a player can be influenced by his performance in matches between national teams, especially in international championships. Effect of *sporting events* on



the value of players has received relatively little attention so far (I have found no relevant literature earlier than the 2012 European Championship), still, clubs keep attacking national and international federations because possible injuries can endanger the player's career, or at least he cannot perform in some important matches. Kiefer (2012) published a workshop study on the 2012 European Championship, and thanks to a data collection by the Sport Economics Research Centre of Corvinus University of Budapest some studies have been conducted to contribute to research exploring factors influencing players' value by involving new aspects. Kiefer (2012) primarily examined the effect of media attention (Google-hits, mentions on the UEFA webpage, number of likes on Facebook). She tried to find out what aspects could explain the growth of a player's value. She studied exclusively the players who showed a growth in value and tried to explain these changes. According to her findings, a player's value is greatly influenced by his participation at a football championship, she found a positive correlation between change in value and number of minutes played during a match (this is where she found the greatest positive effect), and team performance and number of goals scored also plays a role. There is a negative correlation between change in value and age, that is, the younger a player is, the greater effect his performance at a championship can have on his career. According to her further findings, the popularity of a player also changes in online media, so a big championship can be a great tool to start a brand-building campaign, or to achieve new advertising contracts.

Patai and Popper (2014) examined changes in players' value with statistical tools, especially in connection with individual and team performances at the European Championship. Confirming the results of Kiefer (2012) they found that especially younger footballers can benefit from appropriate individual and team performance. Regarding the players' market value, they, too, have found a strong positive correlation with goals scored, and a moderately positive one with team performance. During the European Championship in 2012 the value of players who played at least on one match increased more than 0.5 million Euros on average. Total value-increase of all submitted players reached 170 million Euros (Havran, 2014).

During my own research (Havran 2016b) I divided players into five clusters according to "predestined features," than drew conclusions based on their results produced at a tournament regarding these clusters. According to my findings, winners of greater tournaments can be those players (and their clubs) who are still young, do

not play in top teams and clubs (but are runners-up), and their average value is lower than stars (whose average value is 12.5 million Euros). It is interesting that their average performance at a tournament was not outstanding. However, if the federation sends an older or more successful player of the club to a tournament, there can be a conflict of interests between the club and the federation, as the player's club cannot expect a great growth in value, while a disappointing ranking or an injury can have a negative effect on the club's performance. In this case a special marketing plan can be offered to the club, within which they can deal more with their star player's appearance at the tournament, thus trying to draw some attention to their club from those kinds of spectators watching their star player at a big tournament who do not count as regular consumers in club football yet.

### 2.3. International Business Economics Interpretation of the Players Market

In several points of chapter 2.2 I demonstrated the globalized nature of professional football. In this chapter I will show how the players market of international football and its related sport corporate activities can be interpreted from the point of view of international business economics.

On the labour market, one of the most influential trends is globalization. World economics have significantly changed, previously existing obstacles have been demolished; and work, capital and products can flow more freely than ever before in history. It is generally true, that competition for talents has become worldwide. While in most sectors, such as IT, professional skills can block the flow of talents (Doherty et al., 2014), in football, integration is relatively easier, so mobilisation is greater.

Strategies of top companies in different competitive sectors are often characterized by an ability to quickly adjust to changes, and this is true in the entertainment industry, where sport companies are present as service providers. If we consider the factors determining the functioning of these companies nowadays, we can state that from an economic point of view, global economics as corporate and (sport)professional framework, economic recession (crisis of sectors, nation-state and regional constraints) and changing economic systems (Czakó-Reszegi, 2010) mean the greatest challenge (András, 2011a).

The focus in Chikán's (2008) interpretation of economic globalization from the point of view of the corporate world are the economic decision-makers, who consider

and weigh up the possibilities of the whole world when making their decisions. Markets of professional sport (András, 2004) are also, to different extents, globalized<sup>5</sup>. Competition systems of professional football allow access to regional and global markets regarding both club and national team football based on their geographical expansion (table 9).

Table 9: Examples for level of competition in professional football

	<i>National</i>	<i>Regional</i>	<i>Global</i>
<i>National teams</i>		European Championship qualifications and final	World Cup qualifications and final
<i>Clubs</i>	national championships, cups	UEFA Champions League and European League	FIFA Club World Cup

Source: András-Havran 2014, 5

The globalized nature of players market is not new. Even from formerly closed economic systems signings to other countries were frequent, a nowadays usual phenomenon, athletes' nationalizations. Different kinds of co-operations have become everyday occurrences between sports companies: from simple contracts to foreign capital investments (András et al., 2012a).

Szymanski (2014) connects the success of European football with its internationalization. European football's players market has improved greatly in the past two decades, players from outside Europe now make up one third of the total player squad, while all industries viewed together, in Europe the proportion of non-European workforce is only 7%. In his historical overview, Szymanski (2014) writes that in early days, players could change clubs even during the season but later they were obliged to have a contract with one club only per season. Internationalization started in the 1950s when two legendary players, Argentinian Alfredo Di Stefano and Hungarian Ferenc Puskás both signed with Real Madrid. In the 1980s due to the quality and spread of television broadcasts, international expansion could start to grow and a significantly higher demand arose for championships. Greater competition increased the demand for talents, too. While in 1992, all together 9 foreign players appeared in English first division, by 2013 this number grew to 290, which means approximately two thirds of total headcount. The proportion in Germany is 50%, in Spain 40%.

<sup>5</sup> For more on this topic see András et al. (2012b).

International business economics describe companies' internationalization by their entry into foreign markets (Czakó-Reszegi, 2010). In their study András et al. (2012a) describe the factors that drive sport companies to foreign markets, their aims with foreign expansion and the advantages and disadvantages of their internationalization. András (2012a), as well as Czakó and Reszegi (2010) quote Dunning (1992), who identified four groups of motivations for entering foreign markets.

1. Finding resources: the company would like to access special resources with which it can improve the quality of its product or service or can reduce its costs. According to Dunning (1992), natural resources, human resources, technological advantages of a given country or organisational skills can be more specific targets of a company. In football, primarily access to human resources (for example founding academic choosing in a country with a wide range of youth training) can be the main objective of sport companies, so this is the most important motivation regarding the players market.
2. Finding markets: the company's aim is to increase profit through selling on new markets, which depends on the size of the given market, its rate of growth and paying capacity. In football there are several examples of how sport companies are trying to enter into bigger and bigger markets. Consider Asian and US tours and training matches. The players market is less affected by this, however, it has happened more than once that a club tried to access a nation's market by signing one of its national team players (for example Manchester United gained great popularity with Asian consumers by signing the South-Korean Park Ji-Sung).
3. Finding efficiency: in this case the company's objective is to increase working efficiency, rationalization, and learning. Among countries affected, depending on level of development, objectives can be the following: to increase efficiency building on differences between costs and prices, or to make improvements based on size- and range efficiency.
4. Finding strategic advantages (tools): the goal is to defend a long-term competitive position, and to improve innovation skills.

In his study Bennett (2008) writes that the development of television and the globalization of media allows fans to follow their favourite club all over the world. As

a growing trend, clubs achieve most of their profit from foreign markets (directly from merchandising incomes, as well as indirectly from television broadcasts and sponsor contracts), from so-called satellite fans. Previous local fans' historical advantage is lost<sup>6</sup>. The author sees the main problem of globalization in the fact that as a result of income from new markets, standards will improve, but at the same time, inequality will also grow, which will lead to sport and economic monopoly as a separate competition for a few clubs.

The business model of the biggest clubs is built on investments producing sport achievements which produce an increase in income. The club's brand is determined by trading the best players. They often interfere in weaker markets to gain players, fans or other resources (see the resource-based view of Penrose). At the same time, building identity is an important part of football, so infinite growth is impossible, a club must be able to determine who the target consumers are (what are their main characteristics, how fanatic they are).

Poór (2009, 109) in connection with international human resource management (HRM), as well as Bakacsi et al. (2006) identifies the following roles of HRM from traditional companies towards top companies: administrative, collective interest reconciliation, strategic, counselling/coach. Strategic and coach level HRM approaches are typical especially of fast-changing knowledge intensive companies (Stocker, 2012), it also occurs in professional sport. It is fundamentally about international companies with interests in many countries. It is not frequent in sport companies, although there are a few examples (e.g. Red Bull energy drink-company appears in several sports and several countries as proprietor). Mostly it is the functions that are outsourced (sales – shops, academies, scouts, connected service provider companies) but these are not the main functions, and clubs participate in a certain country's championship. During appearance in international cups there is no direct company function.

According to a theory (Kozma 2010, 287) of international business economics, human resource management of a company entering into international scenes is a challenge to senior leaders, but at the same time, appropriate management can mean new possibilities. Some of the challenges are cultural diversity, organizing

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<sup>6</sup> For example matches are timed so that residents of other continents can follow them, too, among others the matches of Real Madrid and Barcelona were often broadcast late at night according to European time.

international jobs (delegations), performance review and remuneration across countries, trainings, and global organization of knowledge management. Cultural diversity means solving extra tasks caused by differences between cultures (ethnic, linguistic, national, religious, etc.), supporting learning and adapting to different attitudes to work (different behaviour at work in every county/region) and finding out about needs of colleagues (informal contract: expected working hours, having a say in decisions, accountability, private life, man-woman relationship). Moreover, the following aspects can also be considered here: identifying possibilities to increase efficiency (colleagues from different cultural backgrounds can be suitable for different tasks), and weighing up advantages and disadvantages stemming from appointing a local or an experienced foreign leader.

Preparing expatriates is especially important for international companies. Transferring a leader within the group is different from a player changing clubs, but many similar points are to be considered, especially from the point of view of the individual. In case of the former the nature of the relationship is that of a parent company and a subsidiary, while in case of the latter the relationship is between two actors in a supply chain. A footballer who signs abroad experiences a kind of expatriate existence, which requires conscious preparation. With international companies knowledge sharing and trainings are common practice, which aim to encourage colleagues to share experiences, information and skills, and thus to enhance their own and their company's success (Kozma 2010, 305). They organise individual and team training programmes on an international level. In football it could be interesting to organise passing on loan players' experiences in a systematic fashion, or to send coaches and youth to training camps abroad. Recording and structuring experiences could help the next generation in case of signing with a foreign club.

As a result of the global functioning framework that also determines professional football nowadays, football companies running professional teams can also be characterized by their competition system, media broadcasts etc. (Czakó - Reszegi 2010, 179), that is, their leaders need to manage and coordinate functions done in many different countries.

András et al. (2012a and 2012b) identified motives to enter international markets in all five markets of sport. In connection with players market they ascertain that selling a player abroad (exporting) can be the most obvious source of income for a local sport company on the international market. Player-import can also happen on

the international market, for which the main reason is gaining resource, so in this case the aim of the sport company is to acquire the licence of the best possible player, that is, gain better human resource. A sport company's participation in international competitions is important when buying or selling players on the international market. In case of selling, appearing and giving a good performance at an international competition can help acquaint the players with leaders of sport companies they would not meet otherwise, moreover, participation in a higher level competition (for example Champions League) can in itself increase the value of a player. International appearance makes purchase easier for the sports company, too, as well-known clubs are easier to get to for trial players as well, and the chance to appear internationally can be an extra motivation for a player when signing.

## 2.4. The State of Professional Sport and the Business Functioning of Football in Central-Eastern-Europe

The theoretical background of this dissertation is basically provided by international literature, tendencies and examples (the reason for this is the fact that it is worth studying good practices that are even in their size relevant), the analytical part focuses on examining the career opportunities of Hungarian players. In order to establish a stronger link between these two I also study regional circumstances, and analyse the characteristics of the Central-Eastern-European region regarding football companies and players markets.

When discussing professional football internationally, it is worth analysing the Hungarian situation in comparison with countries that have a similar size, disposition, economic and social background. In the methodology of the paper I formed my research question accordingly, for which it is essential to write about studies describing the Central-Eastern-European region's professional sport and professional football even in the literature chapter.

During the analysis of regional literature I looked for studies concerning professional football in nine countries in English and Hungarian. Some of the articles are about the regionally decisive change of the regime and its effects on sport, while others examine the economic and business functioning of clubs. Articles analysed in these two topics are shown in table 10.

Table 10: Relevant studies about professional sport of Central and Eastern Europe

<i>Country/Topic</i>	<i>Financial activity of clubs</i>	<i>Transition</i>
<i>Slovakia</i>	Nemec - Nemec (2009)	
<i>Czech Republic</i>	Procházka (2012) Roşca (2012) McDonald (2014)	
<i>Romania</i>	Mihaylov (2012) Roşca (2014) Balázs – Péter (2015)	McDonald (2014)
<i>Bulgaria</i>	Mihaylov (2012)	Girginov - Sandanski (2008)
<i>Hungary</i>	András (2004) Kozma (2004) Kozma (2015) Mihaylov (2012)	András (2003) Vincze et al. (2008)
<i>Serbia</i>	Mladenović - Marjanović (2011)	
<i>Poland</i>	Bednarz (2014)	Lenartowicz - Karwacki (2005)
<i>Croatia</i>		Hodges - Stubbs (2013)

Source: edited by the author

The following authors wrote about the change of the regime and its effects on sport: McDonald (2014) in Romania, Girginov (2008) in Bulgaria, András (2003) and Vincze et al. (2008) in Hungary, Lenartowicz and Karwacki (2005) in Poland, Hodges and Stubbs (2013) in Croatia. Authors came to similar conclusions in all countries, according to them the years of the change of the regime were very difficult and the first regulations concerning companies that run sport teams were only made in the mid-1990s. After 1989 state support for professional sport dropped significantly, so most clubs had serious financial difficulties. Instead of the state, local governments appeared as proprietors of clubs to strengthen city identity. Besides losing serious state support the sport had to face the increasing social problem of hooligans attacking each other more and more intensively.

In an article by Mihaylov (2012) the model of a hypothetical Central-European championship is described. Football is the most popular sport of the region, and in his opinion with a regional competition quality and competitiveness of local football could be increased, because the best regional clubs could prepare against each other. In his paper he calls this championship the Balkan League and in his opinion this could be the solution to the biggest challenges of the region's football, which is that the most talented players leave the region, and choose one of the Western-European championship instead. In 2011 six Bulgarian clubs, the Romanian Dinamo Bucurest



and the Serbian Red Star tried to found a Balkan League but the UEFA made it clear that they are against any such initiatives. According to Mihaylov (2012) the biggest problem caused by international cups (Champions League, European League) is that they lead to a loss of popularity of the region's local championships. According to his findings, the obstacle of a regional championship like the Balkan League is that the number of solvent consumers is very limited.<sup>7</sup>

Based on the article by Mihaylov (2012) clubs' success – both sport professionally and economically on the above mentioned markets – is greatly influenced by how much they can spend on signing good quality players. Richer teams this way rise even higher above the others and on the long run their dominance can cause the complete loss of weaker teams according to the author. Economic, and together with this also the sport professional gap is growing between teams, as fans buy tickets for the matches of top teams, these teams receive the right to be broadcast on TV, which provides another great source of income, and they also win the prize money deserved by the best team of a championship. In great European championships – Champions League, European League – regularly the same clubs get into the finals, where these prizes are even higher, and where smaller teams have absolutely no chance to get into. Central-Eastern-European football clubs have no possibility to obtain a significant income from broadcasting rights, their matches are not watched regularly by a fixed number of fans, they do not have the financial background to sign stars, so their income from the merchandising market is also low, and on the sponsors market also the above described reasons make it difficult to receive any possibilities. Studying the region we can see that only a few teams per country can achieve outstanding results who can also qualify for the lists of international cups. This way the argumentation of the above quoted Mihaylov (2012) can be proven on a smaller scale as well, that is, the gap between richer and poorer teams keeps growing both in a financial and in a sport professional sense.

Roşca (2014) examined the webpages of Romanian clubs from the perspective of consumer targeting management. According to his findings, clubs use their websites to provide information, and in many cases they could be used more purposefully to strengthen the relationship between the club and the consumers. According to the

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<sup>7</sup> We can find good examples for regional championships in other sports in Central-Eastern-Europe, for example the Erste ice hockey league ([www.erstebankliga.at](http://www.erstebankliga.at)), the SEHA handball league ([www.seha-liga.com](http://www.seha-liga.com)), or the ABA basketball championship ([www.abaliga.com](http://www.abaliga.com)).

findings of this research, Romanian clubs implement business solutions unsuccessfully as these solutions do not manage to help consumers make their online merchandising purchases, which could increase the clubs' income.

In his other study Roșca (2012) examined the player-trade's financial contribution to Romanian economy in five consecutive seasons (2006/2007-2010/2011). It is detectable on a macro-economic level that player export influences the financial structure of Romanian football and the Romanian economy, as professional football is part of the economy. According to Roșca (2012) Romanian football clubs should diversify their incomes, of which one part can be the players export: selling Romanian clubs' players abroad. This produces income for the clubs on a micro level (on the level of sport companies). According to his study, the gross export of Romanian first division clubs on an annual average in total was 18.1 million Euros between 2006 and 2011, and realized profit was 4.5 million Euros in the same time period.

Procházka (2012) focused on Czech professional football clubs in his study. He involved 36 football clubs in the research which appeared in Czech first and second division between 2005 and 2010. Clubs should have handed in 180 financial statements during this period but officially they only handed in 97. Annual EBIT (balance before taxes) was on average -4,962 thousand Czech Crowns in the five years studied. In many years average amount of equity was even lower than subscribed capital. Based on the examined basic financial data he claims that the financial stability of Czech football has deteriorated considerably. In 61% of the cases examined, clubs showed a loss regarding earnings before taxes, which proves the previous statement, and signifies a generally poor financial performance. All the above mentioned factors lead to the fact that Czech football means a highly risky environment for all those stakeholders who only obtain their information from official sources about clubs' financial situation. In Hungary Stocker (2012, 105) found similar results, that is, on operating income level Hungarian football sport companies were in the red during the four-year period studied, moreover, this loss was the amount of 7-16 percent of their overall revenue. The value of equity, however, in Hungary was positive, but according to Stocker (2012, 106), this is due to sport companies accounting their players' value in reserve, and many of them employing a significant amount of fixed reserves. Still in the line of profit reserves in 2010 there was still an accumulated 9.35bn HUF loss, which is 85% of given year's overall revenue. Making financial reports public and

giving a realistic picture of sport companies' business management would be very important in order to enhance the business operations of sport because then different stakeholders could be appropriately informed about the clubs' situation. About statutory accounts and what information stakeholders would expect from them, Kozma (2004) has written a comprehensive article.

Nemec and Nemec (2009) show in their study that every Slovakian first division club already operated in a company form in 2008. Their annual income was between 30 and 100 million Slovakian Crowns, especially from trading activities. Their hypothesis, which says that the clubs of this popular sport with a high income and business type activity will choose a company form, was confirmed based on the sample.

McDonald (2014) studied how oligarchs of Central-Eastern-Europe invest in football. One case of the study shows the past decade of the Romanian Steaua Bucurest. Its owner is Gigi Becali who was in prison when this article was being written. A view spread in Romania, according to which Becali had been able to become a politician because he owned the team. By acquiring the historical, popular football club he got a great chance to establish a political capital and to get well-known throughout the country. Being in full control of Steaua he consciously used media and popularity to increase his own fame. A significant part of Steaua Bucurest's incomes came from non-business operations.

Bednarz (2014) presented a case study from the Polish league and demonstrated several forms of commercialization. In 2011 in Poland sponsorship and advertising activities meant the greatest part of clubs' income source, and accounted for approximately 35% of overall turnover. Starting from the 2011/2012 season one match per week has appeared on the programme of the television channel Eurosport2, where more than 20 European countries can see the Polish league. Both clubs whose matches are broadcast by Eurosport2 earn 100,000 PLN by this. Bednarz (2014) demonstrates through the case of Lech Poznan that good international performance has a great effect on business revenues. Lech Poznan has played against teams such as Manchester City or Juventus and their income grew from 50 million PLN to 85 million PLN.

According to Kozma (2015, 218) "there are countries and sports where every market paradigm-based theory is irrelevant", so in the Central-Eastern-European

region before starting a few specific enquiries, research paradigms need to be chosen depending on the subject of the study and the research questions.

In all academic texts dealing with Central-Eastern-European sport and football, attention is drawn to formal deficiencies of financial reports, increasing loss and in many cases decreasing market income. Championships in possession of a larger local consumer base (such as the Polish league) are more likely to produce business results, of which an essential criterion is international opening (for example the Polish league being broadcast on an international sport channel). In many countries clubs have proprietors whose intentions are questionable, such as in case of the multiple champion Romanian Steaua Bucurest.

## 2.5. Summary of the Literature Chapter

At the beginning of my dissertation I presented the definitions and terminological framework used in it. During the literature analysis, professional sport and its players market were in focus, I demonstrated their attributes from the point of view of different fields of business, such as human resource management, strategy, or international business economics. By exploring the international literature I gave a detailed literature review on the correlation between buying players and performance, on factors influencing players' value, and on the literature of professional football in Central-Eastern-Europe. The novelty of my dissertation and its contribution to the literature of management and business administration lies in these, and in presenting the relevant connections between the different fields and the relevant literature of value creating process management, strategic human resources management, professional sport and international business economics.

I presented professional football's dual objective and the special appearance of double value creation, which means that behind the decisions of proprietors there are also other motivations than the direct aim for profit. I showed several possible ways of value creation through players, and in the next, methodological chapters I will introduce the measurement options for these, in order to find the answer to my research question. For this, a theoretical review of value creation and human resource management helps evaluate the clubs' real processes in connection with players, while I found exploring the Central-Eastern-European literature useful when I analysed Hungarian football in relation to its regional environment.

### 3. Research Questions and Methodology

In the literature review chapter I identified sport companies' value creating possibilities connected to players, the connection between professional sport and human resource management and characteristics of the players market. The most important resources and value creating factors of football clubs are professional players, therefore they need to pay equally great attention to keeping their players and signing new ones as well as to youth training. Transactions related to players' licences (buying and selling) happen on the players market, while development, training and youth training are connected to the real processes within the sport companies. In my dissertation I am looking for the answer to the question how Hungarian professional football clubs create value through buying and training players.

Measurements related to selling players can be evaluated on the one hand from a corporate financial viewpoint, on the other hand through analysing players market transactions. In case of the former, connections between performance and money spent on buying and paying players can be examined through empirical study according to the findings of the international journals introduced in chapter 2.2.2. (I have not examined these due to the limited transparency of Hungarian data.) In case of the latter, data of acceptable quality from the point of view of research are available for a primary research. Interpreting the efficiency of the Hungarian national team's, championships' and clubs' sport performance and placing it on an international scale was helped by the study of the Central-Eastern-European players market and of player transactions of the clubs operating there.

Value creation through developing professional players is measurable through exploring the operation of clubs and academies related to them. Creating value through developing players can mean further training for existing adult players or developing youth training. Measurement of both means measuring infrastructure, work and circle of experts dealing with players and complementary training for players.

In order to find answers to the questions above, it is necessary to get to know the situation of international and regional players market. In chapter 4 through secondary research I present trends of the international players market, current challenges and possibilities. In chapter 5 based on primary research I provide a regional overview in which I explore the players market export of Central-Eastern-European championships and clubs, and in fact the corporate efficiency of clubs' youth

training. This can be an important cornerstone of the example to be followed in Hungary. During my research with a qualitative methodology I conducted an exploratory study about the operations of Hungarian professional football's youth training (chapter 6). In the following I present my research questions, their details and hypotheses connected to them.

### 3.1. International Players Market Trends and their Analysis

After reviewing the relevant chapters of international business economics (chapter 2.4) I present the most important tendencies of the players market processes with the help of secondary research. In order to do this I have reviewed the studies and databases of relevant international professional organizations and research workshops mostly with a Central-Eastern-European focus. The European football federation (UEFA) produces an annual financial report about the operations of European clubs. I have reviewed and processed the so-called "Club Licensing Benchmarking Report" studies between 2008 and 2015. I reviewed demographic reports and relevant monthly reports of the CIES (International Centre for Sports Studies) research centre between 2011 and 2015. Furthermore, I processed some more useful and relevant international studies in order to get the most accurate picture possible about the current trends of the international players market. *Relating to my research question in this chapter (4.) 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.*

### 3.2. A Sport Professional, Business and Transfer Market Analysis of Central-Eastern-European Football

In professional football there is a serious struggle to acquire players with outstanding abilities on the international players market. Income from selling players can mean a significant amount of the market revenues of clubs appearing in Central-Eastern-European championships. Because of this, to them preparing players for a professional career abroad and building a youth training able to support this have become the main objectives. Because of this I find it important to find out about the results clubs in the Hungarian region achieve both in a sport professional and in a financial sense, how they manage their most important asset, the players, and how clubs of countries similar to Hungary can join international competitions and markets. Information found in the Central-Eastern-European literature introduced in chapter 2.4 support the fact the studied countries' professional football and social-economic situation make them suitable for a comparison with Hungary. My aim is to measure football clubs' and championships' players market export performance. This part of the research establishes a connection between international and Hungarian analyses and findings.

In our region among the markets of professional sport, sport companies can mainly hope for an income from the international players market. With the help of regional analysis we can find out what correlation club success has with transfer success, and what effect this all has on the performance of national teams (both adult and youth). The chapter is also important in finding out whether there are ways to learn, examples to follow, that is, what kind of results clubs of other countries get and with what financial resources and what sport infrastructural background. Countries involved in the study are the following: Bulgaria, the Czech Republic, Croatia, Poland, Hungary, Romania, Serbia, Slovakia and Slovenia. Besides geographical position these nine countries have cultural and economic similarities as well, all of them were socialist countries and are members of the European Union, except for Serbia which is a candidate country.

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, analysing my own primary data collection I examine player export in the past ten years realized by the clubs and championships of the



region. This is how I try to identify the championships and sport companies possessing the most efficient players export, whose functioning can be a role model to several clubs from the region.

Research questions connected to the chapter:

*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?*

Hypotheses connected to this research question are the following:

*Hypothesis H1a: Hungarian football, regarding its sport results, can be considered competitive compared to regional opponents.*

Methods used to test the hypothesis:

- CEE-focused study of championships and clubs strength in UEFA rankings between 2005 and 2016.
- Study of the performance of national teams (participation in bigger tournaments between 2002 and 2016).
- Performance of championship clubs (group stage, eighth finals) between 2003 and 2015 in international UEFA cups (CL and EL).
- Secondary analyses through reviewing and evaluating findings of existing studies.

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

Methods used to test the hypothesis:

- Comparison on macro-level: comparison of championships and main macro-details of the nine countries with data from the German and Russian championships.
- Study of CEE championships: after data collection from the webpage [transfermarkt.de](http://transfermarkt.de)<sup>8</sup> I constructed a database about the first division clubs from the affected championships of the nine countries between 2006 and 2014. All

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<sup>8</sup> For contribution to data collection I would like to thank Dániel Patkós.

together there are 1261 lines in the database with the following details: size of framework (heads), average age (years), number of foreign legionaries (heads), percentage of foreign legionaries compared to the framework (%), value of the club's players squad in given year (million Euros), and average value of players (thousand Euros).

- A study of CEE clubs: From all nine countries I collected the clubs of which the estimated value of their players squad (transfermarkt.de, 2016 July) is at least 10 million Euros, and if there is no such club in the country, I put its most valuable club on the list.
- A study of CEE players: During data collection I collected data from the website transfermarkt.de (2016 March) about players whose estimated value is at least 150,000 Euros. All together there are 2,250 lines of data (players) in the study, details are the player's name, position, age, nationality, club and estimated value.
- Analysis of transfers: again, I found the data on transfermarkt.de. In case of all recorded transfers I collected the player's name, the estimated transfer fee, original championship and new championship, as well as position and age, starting from the 2005/2006 season until the 2015/2016 season. This meant all together seven parameters in case of every transfer. There were 2,102 of these during the ten-year period examined. Among these were 787 transfers that went out of the CEE region and thus counts as the region's export.
- With the help of secondary analysis by reviewing and evaluating the findings of existing studies.

I give details of the individual studies and data collections as well as details of calculations in the chapter on findings (5.2).

One possible limitation of the research may come from eventual inaccuracies of data found on the webpage transfermarkt.de. Anyhow the databases are comprehensive and comparable, and currently there are no better data set estimating football players value.

### 3.3. The Role of Development and Career Management of Hungarian Players

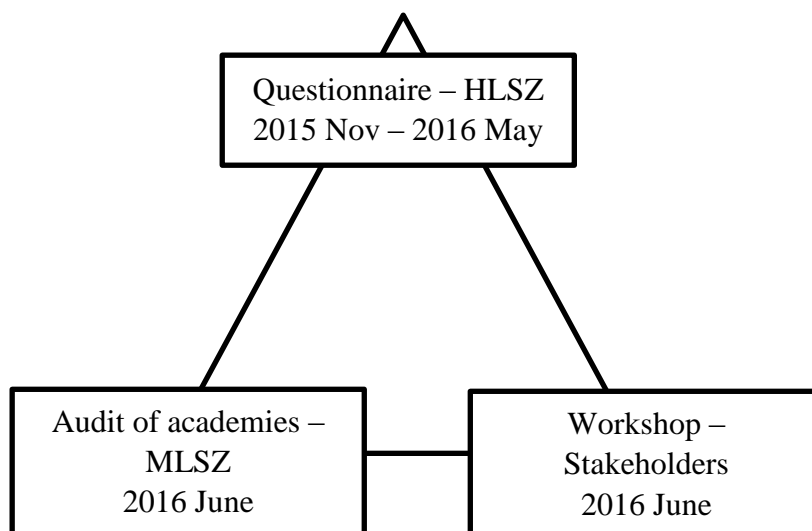
After an international overview and quantitative research I examined the players market of Hungarian football and within that, how the functioning of Hungarian sport companies and academies can be evaluated as a basis of sport performance and of organizing the value creating processes connected to players development. 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' development, especially career management. This provided the basis of my research and my hypothesis, and it also helped me write the questions for my questionnaire.

#### 3.3.1. Research Questions and Hypotheses

András studied the commercialization and operational characteristics of Hungarian football in 2003. Now, more than a decade later, after so many changes have occurred on both international and regional level, it might be worth re-examining the clubs, especially the players market, and together with this the youth training.

In my research I applied the method of triangulation (figure 8) which means conducting a study by using different methods (qualitative and quantitative, even mixed) combined. In my primary research I conducted qualitative analysis, for which the main reason is that I wanted to gain information on a micro-level (sport companies and players).

Figure 8: Chosen methods during the triangulation



Source: edited by the author

My goal with this was primarily to reveal more aspects of the same phenomenon more deeply. I also wanted to test and confirm my statements. Out of the four interpretation of triangulation (data, person, method, theory) I applied method triangulation, which means using several methods to answer one question (Szokolszky 2004). It is important to note that the result received after many different methods can also contain errors but on the whole they improved the validity of my research.

Among my methods I think the most important one is the anonym questionnaire research with 200 respondents<sup>9</sup>. This was complemented by processing an audit report made by a foreign company commissioned by MLSZ (MLSZ 2016), and the expert workshop organized afterwards, within which I evaluated the findings with the relevant Hungarian stakeholders of football.

My research questions connected to the chapter and related hypotheses:

1. *How can Hungarian players' career support and preparation for professional career be evaluated?*

*Hypothesis H2a: The academies work according to appropriate strategic goals as businesses.*

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<sup>9</sup> In choosing and finalizing the questions of the questionnaire the following helped: correlations I found in the literature presented in the chapter on literature, the findings of the above mentioned studies and research, and a previous interview with the former CEO of a football club. I conducted the questionnaire research together with my supervisor, Dr Krisztina András and with Dr Gábor Horváth, secretary general of the Organization of Professional Footballers.

Methods used to test the hypothesis:

- reviewing and secondary processing of relevant statements from the audit report published by MLSZ.

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

Methods used to test the hypothesis:

- asking professional players in a questionnaire;
- workshop organized with different stakeholders of professional football.

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

*Hypothesis H2c: Hungarian players' own view of future career opportunities is more optimistic than Hungarian and regional experiences would justify.*

Methods used to test the hypothesis:

- asking professional players in a questionnaire;
- workshop organized with different stakeholders of professional football (can be used indirectly).

*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).*

Methods used to test the hypothesis:

- asking professional players in a questionnaire;
- workshop organized with different stakeholders of professional football (can be used indirectly).

Methods used to test hypotheses are summarized in table 11.

Table 11: Summary of methods applicable for testing hypothesis

<i>Hypothesis</i>	<i>Questionnaire</i>	<i>Workshop</i>	<i>MLSZ</i>
<i>H2a</i>			✓
<i>H2b</i>	✓	✓	✓
<i>H2c</i>	✓	(✓)	
<i>H2d</i>	✓	(✓)	

Source: edited by the author

I give a detailed description of the questionnaire research and the workshop in the following chapter.

### 3.3.2. Methodology of the Research

I elaborated the research methodology based on Earl Babbie: *The Practice of Social Research* (1995, 276-302). To research players' opinions I chose a *questionnaire research* because on the one hand, the player is the analysis unit, on the other hand, I wanted to collect genuine data about the population that is too large for direct observation. Questionnaire surveys are suitable for measuring the attitudes of a larger population. According to Babbie, questionnaire surveys are characterized by a low level of validity and a high level of reliability. Advantages of questionnaire research are their economical nature, large amount of data available, and the standardized nature of collected data. Disadvantages can be that they are somewhat artificial and possibly superficial, and through them it is difficult to get a picture of social processes in their natural surroundings. It can afterwards be supported by focus group survey, and because of this I organized the expert workshop to evaluate the findings of the questionnaires.

Babbie describes three possible forms of the questionnaire method: self-reporting, postal, and with an interviewer. The latter would have been too difficult to organize, and there were no resources to conduct such a survey. Postal surveys nowadays can be replaced by online self-reporting questionnaires, but in this case I did not use it on the advice of the Organization of Professional Footballers (HLSZ). Based on previous experience, players are hard to persuade to fill in these kinds of questionnaires, the success of the survey could not be guaranteed. Out of the possible methods I chose the self-reporting form. Players received the questionnaires per team

with the help of the captains, I received help in sending out and collecting them back from HLSZ.

As the Hungarian representative of the international organization of professional footballers, HLSZ (founded in 1990) aims to fulfil the duty of Hungarian professional footballers' protection of interests. The organization has more than a thousand members, and it protects the interests of footballers against federations and associations and in public in general. Their tasks, among others, are the representation of footballers free of charge in legal and federation processes, informing them about sport insurance, organizing events, career support etc.<sup>10</sup> The organization is in an active relationship with Hungarian professional players, and they have conducted several anonymous surveys with them. Their last research (HLSZ, 2014) was published in the spring of 2014, in which they studied factors influencing becoming a footballer in Hungary, and in my dissertation I build on the findings of this. For my own research I needed a relatively large amount of data in order to get an accurate picture of players' opinions and the existing processes in my research field. Because of this we conducted a joint survey with a professional organization represented by secretary general Dr Gábor Horváth. Primarily, I calculated with 200-300 incoming answers, and in the end I received exactly 200 with which I can get an acceptable picture of players' opinions and attitudes about the current state of Hungarian players market and youth training.

It was an important aspect to establish a relationship of trust, and the participation of HLSZ in my work ensured this. The disadvantage of the method of collecting back the questionnaires needs to be noted, that is, the questionnaires sent to the teams were either not sent back to me at all from a club, or if they were sent back, a larger number of items was received, which can distort the sample – which I also indicated by the individual relevant findings. At the start of the questionnaires I gave a short explanation about the aims of my research, and representatives of HLSZ also informed the clubs' representatives shortly about the aims of the research.

I sent the questionnaires to Hungarian first and second division clubs (as well as clubs that were excluded because of licence problems but who have quality youth teams), to academies and youth training centres. In fact I sought out every organization that employs professional footballers and associations that include young players

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<sup>10</sup> Source: [www.hlsz.hu](http://www.hlsz.hu)

preparing for a professional football career. Out of the 42 organizations I asked 16 clubs and associations sent the questionnaires back.

I assigned identification numbers to the received questionnaires and recorded them in electronic form, and after data cleaning, loaded them into the SPSS program to make formulating statistical statements and conducting analysis easier. The advantage of the self-reporting form is that it is cheap and quick, while the disadvantage is that respondents leave out questions (in my case, on average less than 5% of the answers were left blank) and it is unsuitable for getting answers for more complicated problems and complex questions. I designed the questionnaire so that it takes only a short time to complete and that it fits onto the two sides of an A4 sheet and mixing up the papers would not cause a problem during sending back. This way the questions were suitable for a general stocktaking and finding out not too complicated opinions and impressions. In order to be able to test the correctness of the results and to understand the correlations of the findings, I organized a focus group discussion with some of the stakeholders in the field. By using a mix of qualitative research types and by quantitative analysis of qualitative research the *validity* of a research's findings can be increased.

The sample that is the basis of the research cannot be considered representative and the sending out of the questionnaires corresponds to the rules of random sampling because it was sent to the whole population but this cannot be said about the answers received, because that greatly depended on the attitude of clubs and captains. From the point of view of *generalization*, my findings need to be treated with reservations but the size of the sample and the completeness of the send-out are reasons for the acceptability of my findings. Due to the type of the questionnaire (several questions were about the support and correctness of the club) it can be supposed that wherever the club prevented the players from sending back their responses, by the players of those clubs probably an even weaker result would have been received about the development and support for players.

In connection with the *reliability* of the research it can be said that the questionnaire contained mainly multiple choice and close ended questions so both by filling in and processing the situation was clear. The questionnaire did not contain subjective, long text answers so personal interpretation by those who processed the questionnaires could not decrease the reliability of the research. It can be stated that if



the research and data processing were done again in the same circumstances, the results would be the same.

During the *focus group research (workshop)* a professional moderator led the discussion with 6-12 group members, who in some respect were similar to each other, mostly in a special room about a specific stimulus topic (Siklaci 2006, 9). The guided discussion I conducted is not a focus group in the classical sense because its aim is neither finding out about group dynamics, nor market research, it is more like a workshop. Methodologically it was more reasonable to talk to participants in groups instead of in individual interviews, because I heard everybody's opinion in the theme and they could react to each other's opinions as well, which is very important in a complex issue like this. The greatest advantage of this method is interaction among the participants. During the process the researcher has a chance to meet the stakeholders and they also meet each other and enter into interactions. Social effect studies based on secondary data analysis and/or questionnaire survey are mostly well complemented by the findings of focus group research. This methodology is suitable, among others, for getting a general picture about something, collecting background information, enhancing the rise of new thoughts, filtering out the potential mistakes of a plan, and collecting associations about research questions (Letenyi 2005, 102). The primary aim of my focus group research was to evaluate findings after the qualitative analysis, to collect opinions related to my research questions and findings, and to avoid coming to mistaken conclusions.

Finally, after processing the questionnaire survey and directly after organizing the workshop, the latest academic *audit report* of MLSZ was published. Secondary analysis of this report supported the validity of my research findings.

### 3.3.3. Limitations of the Research

Among professional sports in Hungary, football has the most available data and information, however, this transparency is not an advantage to the sport. This is true both on an international and on a regional level, take for instance the statements of FIFPro's Black Book. Hungarian research is hindered by lack of data (for example the actual extent of state funding), analysis of misleading data (for example the actual content of sponsorship revenues), low willingness to respond, and excessive state intervention. Because of this, researchers of professional football need to expect

difficulties when making interviews and when trying to use the answers they were given. Another challenge can be to make use of the findings as there is not a great willingness among practical actors in this matter. In my research, this is why I decided to seek out the players and that is why I leaned on using international studies and databases. In the chapters describing the findings I draw attention individually to the limiting factors. All in all it can be stated that the sample of players asked cannot be viewed as representative, and the webpage [transfermarkt.de](http://transfermarkt.de) did not provide accurate data about players' value either, still, with a consequential approach, the right conclusions can be drawn.

## 4. International Trends in Professional Football

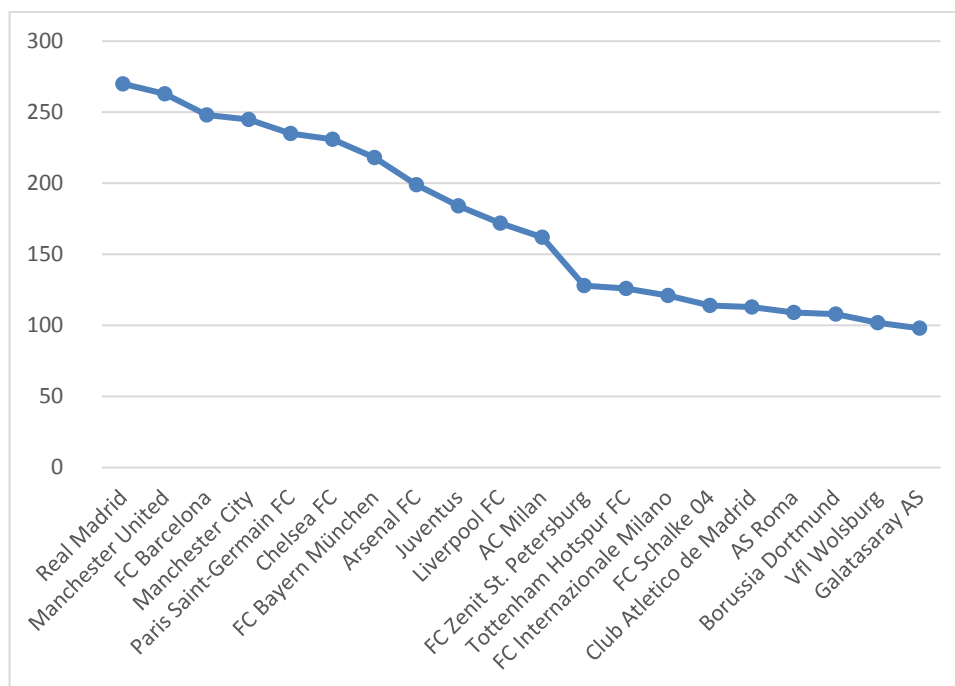
### 4.1. Current Trends of International Football

In this chapter I examine the past decade's results and experiences in international football, with a special focus on the changes and concentration in clubs' sport professional and financial results (incomes and expenditures).

In case of clubs making a financial report for UEFA in 19 years *clubs' revenue grew* by 9.5%, since 2002 it doubled and since 1996 it grew to five times it was (UEFA 2014, 32). This was mainly caused by the UEFA raising the prizes in its international competitions, which meant million 500 EUR in the period between 2004 and 2006 and grew to million 1200 EUR by the 2013-2015 period, which means an annual growth of 12% on average (UEFA 2013, 20). The amount of UEFA prizes is due to the increase of international consumer base and together with that an increase in sponsorship, commercial and television revenue.

Besides an increase in income, a *significant increase in expenditure* is also noticeable. The UEFA in its study examining clubs' 2014 financial year (UEFA, 2014) – when studying the 20 clubs with the largest salary expenditure – found that on average, clubs spend 57% of their overall revenue on salary expenses, which means a 9% growth compared to the previous year. Their average salary expenditure was million 172 EUR, and the total amount spent on salaries by these 20 clubs was million 3,446 EUR. Figure 9 shows the distribution of the salary expenses of the 20 clubs, and it is clear that there is a big difference between the clubs spending the most and those spending least, for example the first one, the Spanish Real Madrid spends 2.75 times as much on salaries as the 20<sup>th</sup>, the Turkish Galatasaray.

Figure 9: Annual payroll costs of the 20 clubs that spend most on salaries in million Euros



Source: UEFA 2014, 65

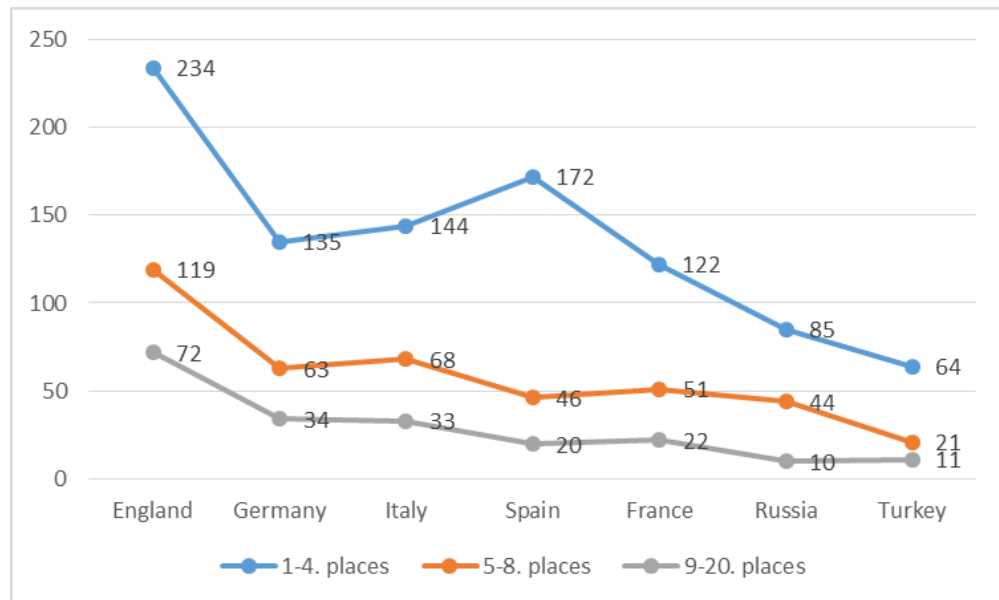
Clubs that participate in cups organized by UEFA spend more than 60% of their incomes on salaries, premiums and related taxes. 79% of *payroll costs* are spent on players and only 21% is spent on the salaries of technical and administrative staff (UEFA 2013, 44). In 2012 12% of the clubs participating in UEFA cups spent more on payroll costs than their overall revenue, and a further 10% spent between 80 and 100% on it. More than a third of clubs spent more than 70% on payroll. Only a quarter of clubs spends a lower amount on their payroll costs (UEFA 2013, 47).

In a study of clubs participating in international football it was the first case in 2012 (closed financial reports of 2012 were examined) that the growth rate of the total amount of clubs' revenue was bigger than the growth rate of the total amount of salary expenses, and also the rate of financial loss of clubs decreased (UEFA 2013, 8). It is to be emphasized that it was only the rate of producing loss that decreased and all together *the amount of loss is still significant*, moreover, year by year new loss accumulates in the industry.

According to UEFA's 2014 financial report (UEFA 2014, 67), *there is a strong correlation between salary expenses and rank in championships*. Figure 10 shows that in every examined championship there is a big difference between the salary expenses of clubs who achieved very different sport results, especially between the first four and the rest of the clubs, which is extremely important because mostly they can participate

in international competitions and thanks to that increase the number of their consumers on the international market and increase their revenue. Thanks to this it will again be them who can further invest their capital into signing new players and giving them higher salaries.

Figure 10: Differences between average salary expenses in the seven strongest championships among 1st-4th, 5th-8th and 9th-20th ranking clubs in million Euros



Source: UEFA 2014, 67

A. T. Kearney (2010) also *revealed a strong correlation between transfer account and sport results*. Those clubs that spend more money on buying new players get better results. The 2008 publication of UEFA (UEFA 2008, 49) shows the correlation between sport success (league ranking) and income, which is rather strong. These statements correspond to what I wrote in chapter 2.3. The 2009 UEFA report summarizing international football's issues on a club level (UEFA 2009, 74) presents similar correlations: on the one hand, there are huge differences even between the clubs of the best championships, on the other hand, the correlation is exponential, that is, for a little more sport success, significantly more investment into players is necessary. The 2015 March publication of CIES supports the theoretical correlations introduced in the literature. It writes that expenses of the 5-5 clubs that spent most on the players market in the 2009/2010 and 2014/2015 seasons of the TOP5 championship grew from 63.2% to 67.0% within the expenses of the whole championship. In parallel, the same clubs reached significantly better ranking in championships in 2012-2015 compared to

2009-2012: the average ranking of the 5-5 clubs improved from 5.3 to 4.2 (CIES 2015b, 6-8).

In 2009 and 2015 researchers of CIES examined what percentage of European first division clubs' players came *from their own youth training*, and what changes occurred on the players market. All in all, in the six years the number of players from clubs' own youth training dropped from 23.1% to 19.7%, that is, the emphasis shifts more and more onto purchased players, flow of workforce is freer and globalization is increasing (CIES, 2015c).

Another sign of the internationalization of the players market is that between July and October 2015, CIES found only 19 clubs where the proportion of players from own youth training was higher than 50% considering minutes played. Out of these, three were from Western-Europe: the French Lyon, and Bilbao and Real Sociedad from Spain. With a different approach they found that there are 32 clubs that do not have players from their own youth training at all, and in 61 clubs, even if there were players from their own youth training in the framework, they did not play at all (CIES 2015c, 6).

Researchers of CIES (CIES 2016c) studied 31 European championships in order to reveal the *playtime of youth*. Between 2009 and 2015 players under 22 years old were included in the study, with a special emphasis on local vs. foreign (CIES 2016c, 1). All in all, players under 22 in the 31 championships examined between 2009 and 2015 played 14.6% of total playtime on matches. In the examined six years in these championships playtime of local youth dropped from 12% to 10.7%, while playtime of foreign youth increased from 2.8% to 3.8% (CIES 2016c, 2). Another revealing piece of data is that in case of a foreign contract in 2009 22.2 years was the average age, which by 2015 dropped to 21.7 years. In 2009 players who changed countries under 18 constituted 8% of international signings, and this proportion grew to 9.8% by 2015. So it can be concluded that *internationalization kept growing even among of young players*, more and more players sign abroad at an increasingly earlier age (CIES 2016c, 3).

If we consider territorial distribution in Europe, it can be said that playtime of players under 22 is highest in Central-Europe (19.4%) and Northern-Europe (19%). They are followed by Western-Europe (15.4%) and the lowest proportions are in Eastern-Europe (11.1%) and Southern-Europe (9.3%). Among all foreign under 22 year-old players, the proportion of minutes played is highest in Southern-Europe

(29.9%) and Western-Europe (29.2%), and in Central-Europe it is the lowest (14%) (CIES 2016, 4). So all together a trend can be noticed that *from Northern- and Central-European championships*, where they see less income and fewer possibilities, *young players sign abroad at an increasingly earlier age, mostly to Southern- or Western-European championships*.

Researchers of CIES between 2009 and 2015 showed a negative correlation ( $R^2=41\%$ ) between championships' UEFA-coefficient (sport professional success) and playtime of local youth. That is, the more clubs of a championship lean on young players from their own youth training, the more difficult it is for them to achieve good international sport results. Above average are (that is, more successful on an international level with players from their own youth training) the German, the French, the Dutch and the Croatian championships, which is attributed to their efficient youth training system by the authors. On the other hand, below average are the Cyprian, the Polish and the Hungarian league. *The study especially emphasises the weak Hungarian results, according the opinions of the authors, it would be vital to improve youth training, training methodology, and change the mistrustful attitude towards young players* (CIES 2016c, 7).

As the result of this chapter I identified the *following trends* in the past decade of international football:

1. Globalisation and internationalisation of football and players market has intensified (at an increasingly younger age and in an increasingly larger number footballers sign abroad).
2. Income of football clubs has grown significantly, especially because of the increase in international cups' popularity.
3. HR expenses of football clubs have grown significantly (transfers and payroll).
4. Accumulated loss of football clubs has grown because in order to achieve sport success they spend larger amounts on purchasing and paying players.
5. Concentration of sport success increased as both on a national and on an international level the number of clubs in possession of a higher income and better players is limited.
6. Concentrated sport success leads to an increase in the concentration of income, so the number of internationally competitive clubs is decreasing.

## 4.2. Effects of Three Important Players Market Phenomena

In this chapter I summarize the players market effects of the three important phenomena introduced in chapter 2.2.1.3.

### 4.2.1. The Bosman-ruling

In the last years prices of the stars on the players market broke records. Several clubs have financial difficulties, many have already gone bankrupt due to debt but in many cases individual owners called „sugar daddies,” who are often motivated by prestige reasons to be football club owners, help (Szymanski, 2014). Taking part in European football cannot exactly be considered rational on the part of some proprietors because neither in itself, nor compared to other industries is it profitable (Kassay and Géczi, 2014).

Binder and Findlay (2012) examined the effects of the Bosman-ruling regarding the performance of European clubs and national teams. According to their findings competitive balance was strongly upset in national championships as clubs appearing in the Champions League grew significantly stronger, as – thanks to the reorganization of the Champions League – prize money increased considerably. According to Binder and Findlay (2012) the number of foreign footballers grew in large leagues due to the Bosman-ruling, which raised the standards of given championships, however, they superseded the majority of local players, which caused a drop in the performance of national teams of countries that organized the best championships.

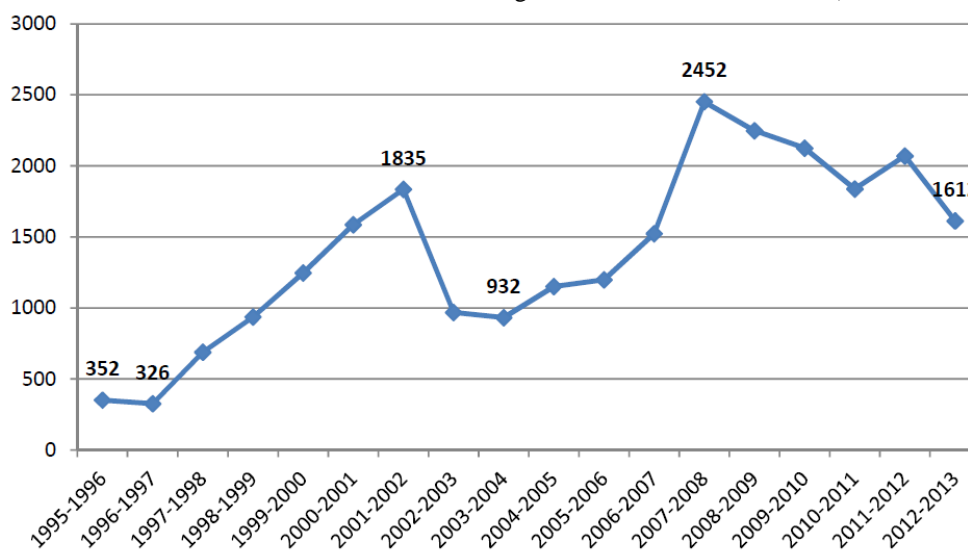
According to Frick (2007) an important effect of the Bosman case (and other similar proceedings) was the growth of differences between smaller and larger clubs, and another one was that through signing foreign players the number and value of transfers on the players market increased. According to the report of KEA-CDES (2013) since the introduction of the Bosman-ruling, the number of completed transfer transactions tripled, and their value became almost 7.5 times of the original by 2011. In 2001 the FIFA, in cooperation with the European Commission and the European Football Federation, the UEFA, formed its earlier regulation to control the overly liberalized European transfer market susceptible to speculations. In this regulation they maximised contract time with players in five years and determined transfer periods (a shorter winter and a longer summer one) when players can sign from one club to



another. Besides all these, they made separate regulations in protection of young players (Lembo, 2011).

Figure 11 shows the total amount spent on buying players in the five big European leagues between 1995 and 2013. The introduction of the Bosman-ruling did not break the transfer fees, they kept on rising until 2001 when as a result of the above mentioned regulation (maximum five-year contracts) turnover began to fall. From the mid-2000s prices began to rise again, thanks especially to new proprietors. From 2009 there was another drop regarding overall data, however, it is worth looking behind them. The research of KEA-CDES (2013, 134) emphasises that in England, expenses spent on players grew considerably, in Germany there was a smaller but more evenly distributed growth, however, in Italy, France and Spain only a few clubs spent excessively, the others fell behind, so the gap between clubs increased. From the perspective of Hungarian players market it is to be highlighted that possibilities opened up by the Bosman-ruling strengthened in the Central-Eastern-European region after the individual countries joined the European Union, as afterwards the region's footballers could get into richer and stronger championships much more easily.

Figure 11: Volume of transfer market in the TOP leagues between 1995 and 2012 (in million Euros)



Source: KEA-CDES (2013, 131)

A later research by CIES from February 2016 wrote about the increasing number of foreign players. In the TOP5 championships in 1985 9.1% of players were foreigners, in 2015 46.7% (CIES 2016b, 1). Regarding distribution, this proportion is highest in North-America and Europe, in the former 48.5%, in the latter 47.7%. In Latin America

it is only 13.6%, while in Asia only 17.9% (CIES 2016b, 2). As for age, among older players there are more foreign legionaries (33.8% are above 28), position-wise most foreigners are among strikers (34.9%) (CIES 2016b, 3).

#### **4.2.2. Effects of Financial Fair Play Regulation (FFP)**

Franck and Lang (2014) examine cases of great financial investments (capital replacement) in their article. In these the “benefactor” proprietor pays the expenses and provides a resource for new signings, although on the whole the sport company produces a loss. In English football, too, there were a lot of instances of excessive capital replacement in order for sport companies to avoid insolvency. According to their claim, these payments actually increase the risk of the club’s bankruptcy as they aim to achieve better sport performances so that they can get a higher income but they get higher risk too. They coined the term “too big to fail” which refers to clubs who act like that year by year, however, it is possible that after their bubble bursts they will disappear from the international map of football, as the number of ranks in championships that are worth international appearance is limited.

According to Szymanski (2014) FFP forces clubs to fulfil their obligations determined in the contracts and limits their spending on transfers and salaries, so it will have an effect on European football. In his opinion the new regulation will improve the profitability of clubs and decrease the number of players’ signings. However, according to Madden (2012) preventing these kinds of transactions will lead to everybody’s situation getting worse, less money will be paid for stars, less money can be asked for tickets and standards will drop. Szymanski (together with Peeters, 2012) in his other article, as well as Vöpel (2011) write that leagues that are much less well-balanced regarding strength will arise, as the new regulation can conserve the current balance of power.

According to Drut and Raballand (2012) some clubs are careless with their budget while others keep the rules strictly so the former win the championships. According to Storm (2012) quoting Kornai (1980) a few sport companies with soft budgets will dominate. Kornai also refers to Storm (Kornai 2014, 15) exactly in his study about rethinking his soft budget theory in which he cites it as interesting example that this phenomenon occurs not only in case of Hungarian, but in case of the biggest, privately owned international clubs as well.

Franck (2010) summarized proprietors' other motivations: synergy in other fields of business, social and political legitimacy, community attention, simple spending, as the big fortune is from an inexplicable place (see the synergy strategy in chapter 2.2.). According to him professional football is suitable for money laundering because of the big amount of cash-flow, but personal affection for sport can also play a role. The UEFA promises to enforce the regulation and its continuous review. Assessing clubs' actual financial situation and dealing out punishments can have an effect on international football in the next few years.

#### **4.2.3. Appearance and prohibition of Third Party Ownership (TPO)**

The CIES, commissioned by the FIFA published a study in 2013 examining TPO specifically (CIES 2013b). The research was made with questionnaires sent out to federations, the researchers worked with a response proportion of about 50%. Besides, it was the limitation of the research that federations often only gave estimations, because contracts established with a third party can be made without the knowledge of the federation. According to the research about player agencies by the cited Poli and Rossi (2012) 15% of players in the five main championships can be affected in a case of third party ownership.

According to the 2013 report three federations even have separate rulings to prohibit third party ownership in players licence, among them the English and the French ones. For those English clubs who would like to sign a player whose right was owned by a third party as well, they must first buy him from the third party. Five federations, including the Argentinian and the Italian allow ownership only for clubs (even as a third party), other companies cannot own players licence. In Poland only one previous club can own the player's licence and nobody else. According to the English and French federations TPO can distort fair competition among clubs, and it can further increase transfer fees. In Portugal, companies have to report cases affecting a third party, who cannot have a say in the operations of the club or the actions of the athlete. However, in Brazil third party ownership is not only allowed, but the national law requires the federation, its members and any other stakeholders to accept it. A relevant study by KPMG (2013) reports similar proportions and target countries.

Before 2013 only three federations expected administration from clubs concerning third party owners (Norwegian, Croatian, Panamanian), but as part of the 2013/2014 international licence, the UEFA obligates its members to do it, who now

have to report affected players and the share of the third party, but they do not have to disclose the name of the third party. Most countries think, that in their case this issue is irrelevant, because either only amateurs play or they have no knowledge of such cases. In Hungary, too, the sport law prohibits this kind of activity. “The Law on Sport expressly states that – with the exception of (1) brokerage commission in connection with a professional athlete’s signing or transferring and (2) contributions to be paid to the sport federations – every agreement is null and void which provides shares from the price paid for the transfer of usage rights of players licence to any other than the professional athlete or the sport company transferring usage rights temporarily or permanently.” (Rippel-Szabó, 2013)

In April 2015 the FIFA prohibited further usage of the institution of TPO ([www.fifa.com](http://www.fifa.com)), and this was confirmed by the decision of the European Parliament ([www.europarl.europa.eu](http://www.europarl.europa.eu) 0066/2015).

### 4.3. Other Factors Influencing the Players Market

Besides different outside factors *the clubs’ chosen strategies* themselves and their operation also result in the effects described in chapter 4.1, which is the growth of transfer market turnover and clubs’ expenditure on players.

Most strategic models build on obtaining better quality players, only transfer strategy places the emphasis on training players, that is, on increasing supply on the players market.

Table 12: Strategies of football clubs and effect on transfer market

<i>Strategy</i>	<i>Success-circle</i>	<i>Transfer</i>	<i>Commercial</i>	<i>Synergy</i>	<i>L’art pour l’art</i>
<i>Direct profit target</i>	Exists	Exists	Exists	Does not exist	Does not exist
<i>Superordinated target</i>	Dual but growing sport	Dual	Financial but sport success also needed	Dual but growing sport	Sport
<i>Effect on the transfer market</i>	Increases the demand and the price	Increases the supply – decreases the price	Follower	Increases the demand and the price	Increases the demand and the price

Source: edited by the author based on Szabados (2003)

According to the message of table 12, those strategy types where the sport target is in focus, the result is that clubs spend beyond capacity on buying and keeping players in order to stay successful by possessing meagre resources. So the synergy and L'art pour l'art strategies lead to increasing prices on the players market. The same way, those who want to apply the success-circle strategy (either successfully or failing in the end) can also achieve success by investing in their players squad, so they also produce a demand-increasing effect on the players market.

Clubs choosing a commercial strategy are satisfied with smaller sport success but they, too, need to achieve a certain level in order to retain their consumers and their profits realized on the markets of sport. These clubs will not be able to buy the most expensive players and their effect on the players market is insignificant. They are more of followers of the current, they need to accept rising salary expenses as outside factors, which they can counter-balance either by reducing their other costs, or by increasing their income. Only those clubs who apply the transfer strategy increase the supply on the players market, as they increase the number of the best players, which can have a price-reducing effect. However, the number of the best and most expensive players is still quite low, so operations of clubs following the transfer strategy can only produce a moderate effect on the players market, they have a more intensive effect on the number of transfers than their value (turnover can increase because it will be in their interest to make more sales).

It has to be noted that several clubs try to apply different types of strategies mixed together, for example with a tight budget they concentrate on increasing the value of players, so they use the commercial and the transfer strategy together, but by considering the use of the main types, effects can be modelled appropriately.

All in all, it can be said that the tendencies of football (success on pitch becoming more important than financial results, and the appearance of new circles of proprietors who put their trust in strange synergies) have resulted in an increase in demand and thus growing prices on the players market for a long time. It is no coincidence that in the American leagues which have very different characteristics most intervention has been happening exactly on the players market, so that eventually they can retain competitive balance both on other markets and on pitch. Moreover, it is no coincidence either that the UEFA invented the Financial Fair Play (FFP) regulation, which is supposed to curb the excessive spending on players, but about its efficiency no far-reaching conclusions can be drawn.

Besides the above-mentioned ones, other factors can have strong effects on the competition among sport companies for players, and thus on the trends of the transfer market as well. Some of these are the given country's *currency appreciating or depreciating* (buying players is helped by the former, selling by the latter) or the given country's *taxation laws*. Jacobsen et al. (2013) studied footballers' international signings with regard to high tax rates affecting processes. Since 1985 they analysed fourteen European countries. Both the countries' case studies and the regression calculations show that the proportion of signings has a strong correlation with taxation laws regarding the number of foreign players. They demonstrated the so-called "sorting-effect" (when lower tax-paying possibilities raised the interest of better skilled players and so they superseded players with weaker skills), and the replacement effect (in this case because of low taxation foreigners superseded the locals from the market). Even within the European Union differences between tax rates can be significant. Several studies wrote about the correlation between taxation and migration, but for now, only a few were about highly skilled workers.

Jacobsen et al. (2013) conducted their analysis on professional footballers, because on the international players market mobility is high, so it is easy to observe and evaluate. They collected data from between 1985 and 2008 about players of every team from fourteen leagues, about taxation rules of the given period with a special focus on high-income groups, foreign employees and sometimes separate taxation rules for athletes. They paid special attention to the changes caused by the Bosman-ruling (in the end there is no signing fee, which can mean a significant cost reduction). Countries involved in the study: Austria, Belgium, Denmark, England, France, Germany, Greece, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland. Eastern countries were excluded due to lack of data before 1990. They also collected data about English, French, Italian, Spanish and German second division. As opposed to other sports, footballers cannot reside permanently in a different location than the headquarters of the club, so they always pay taxes in the country where they play.

According to their findings the reconsideration of the Bosman-ruling compelled many countries to invent new rules regarding the highest tax bands and special rules concerning only professional athletes. In the "post-Bosman" period taxation had a considerable effect on migration processes. Elasticity between foreign players and net wage rate is approximately 1, in case of stars more than 1. So if the

remaining net wages grow by 1%, there will be approximately 1% more foreign players, and among stars, the rate of growth is more than 1%. Nevertheless, a country can invent a separate ruling for taxation of foreign legionaries to protect local players. Among local players if the elasticity of net wages is 1%, their number only drops by 0.15%, so it is much less cost-effective to reduce the tax of both local and foreign players than only reducing that of foreigners.

International tax consultancy company Ernst & Young (2013) studied the taxation of players from 30 European countries with the help of the international and member state organization of FIFPro by questionnaire research. They examined taxation competitiveness, for example what gross costs a player with an annual net salary of 100,000 Euros or 1,000,000 Euros means to his club. According to their findings, there are significant differences between individual championships, for example the total cost of net one million Euros salary in Germany and Italy means 1.85 million Euros, in England and Spain a little more than 2 million Euros, while in France 2.6 million Euros for football companies. In smaller leagues the total cost of a net salary of 100,000 Euros for example in the Czech Republic, Romania and Turkey is around 120,000, and in Slovenia, Sweden, Belgium or the Netherlands it is over 240,000 Euros. Regarding taxation Hungary falls into a relatively more competitive category, thanks to the simplified contribution to public revenues (Ernst & Young 2013, 10).

## 5. A Sport Professional, Business and Transfer Market Analysis of Central-Eastern-European Football

### 5.1. Introduction

In this chapter I give a regional overview in which I explore comparable Central-Eastern-European championships' and clubs' sport professional and business performance. My aim is to introduce and analyse the players market of the Central-Eastern-European region, and to place it in international football. My focus is export capability on the players market, and in fact on the business efficiency of clubs' player development and youth training, which can be an important cornerstone of the example to be followed in Hungary as well. This part of research establishes a link between Western-European top football and Hungarian results, so it makes it easier to place and interpret local football in international football and compared to competitors in the region. Several studies were conducted about Hungarian football and about the great Western-European championships, too, but there are significant differences in operation, there are regional characteristics, and incomes and budgets are also on a considerably different scale, so local clubs are very difficult to compare with top-clubs. My aim is to show that clubs from championships of countries like Hungary can join international competitions and markets. Among the markets of professional sport, regional sport companies can hope for an income mainly from the international players market (András et al. 2012a). By income from players market in this paper I mean a given club's trade balance on the players market, that is, the value of players sold, decreasing it by the amounts spent on buying. So money spent on youth training is not part of this definition.

The research is also important with regard to whether there are ways to learn or examples to follow, or what results clubs of similar countries get with what financial resources and sport infrastructural background. In other words, football of countries with a similar background and economy and with the same geographical features can provide plenty of valuable results for the examination of Hungarian football. Countries involved in the study are the following: Bulgaria, the Czech Republic, Croatia, Poland, Hungary, Romania, Serbia, Slovakia and Slovenia. Besides geographical position these nine countries have cultural and economic similarities as well, all of them were



socialist countries and are members of the European Union, except for Serbia which is a candidate country.

A.T. Kearney (2004, 4-5) offers business models for football companies representing different size levels and different size and composition markets. These models can be the home club representing the heartland, the challenger home club, the home star club, the international challenger and the internationally decisive, leading club. Clubs with a lot of consumers and clubs appearing in larger championships and international competitions can support themselves financially, while for smaller companies, challengers, transfer income can be the solution. It might be worth determining the weight and possibilities of the Central-Eastern-European region based in this in European football, and offering an appropriate business model to different football clubs of the region.

It is typical of the region that many published financial results need to be taken with reservations, as the operation of companies and sport organizations is not exactly transparent. Their income from the markets identifiable in football are either close to zero, or available data are not trustworthy. Out of the five markets, the players market transactions are the easiest to follow and estimate, so I examined primarily these.

As part of the chapter I collected and reviewed literature from academic journals (see chapter 2.5 of the paper) and examined materials of research companies and organizations (UEFA, CIES) who deal with international football, with a special focus on effects on the CEE region. I also built on findings of earlier studies (András-Havran 2014, András-Havran 2016) but compared to those I collected data from a wider time period and added new questions to the enquiry.

In the first part of the chapter I compare the regional transfer market with the similar size German and Italian market, then after a regional analysis I continue my study on the level of championships, clubs and individual players, so I progress from a wider environment towards a micro-level. I present the sport professional results of leagues and clubs from the region and specialties of the region that characterize professional football's markets and the financial results of clubs. Central-Eastern-European clubs can realize the highest market revenue on the players market and most workable data are available regarding this market, so in the closing part of the chapter focus is on the players market with the help of my own database and analysis.

The relevance of the chapter stems from the fact that there had been no earlier complex research about the football of the CEE region which compared results and

efficiency. At the same time, it can be enlightening not only in this region but also on an international level, because the nine countries together can be considered a significant market. Another novelty can be the business approach to the operations of the players market of professional football in ex-socialist countries. More than 25 years after the change of the regime and 10 years after joining the European Union they still have their particular arrangements, mixed ownership (business-state) and many championships and clubs of the region work with considerable political interference, and at the same time they give many talented players to the best championships. Besides its theoretical contribution, the chapter can mean practical use to federations and clubs from the region, because on the one hand, they see how they compare to others, on the other hand they can learn from each other's examples (strategy-forming, signing policy, youth training, etc.), and the federation can consider rulings (support for clubs, players market regulations etc.).

## 5.2. Regional Comparison

It is important to place the region in the international environment, so first I examine and compare the nine countries as one region with Germany and Russia with a macro-level analysis. Central-Eastern-Europe viewed as one region provides a good basis for comparison even compared to the greatest championships.

Table 13: Regional outlook

Description	Related period	CEE – 9 countries	Germany	Russia	Source
GDP/capita	2014	11 997 USD	45 028 USD	14 174 USD	www.imf.org
Value of players	2015.01.25.	1 172 M EUR	2 400 M EUR	1 040 M EUR	www.transfermarkt.de
Profit/loss from transfers	2009-2014	475.3 M EUR	-453.55 M EUR	-405.47 M EUR	www.transfermarkt.de
Revenue of transfers	2009-2014	700 M EUR	1 130 M EUR	711 M EUR	www.transfermarkt.de

Source: András-Havran 2016 (203)

In table 13 it can be seen that the CEE region's level of average economic development is similar to the Russian one, but is much weaker than Germany's. Income from transfer market in the CEE region is approximately 60% of the income of the German first division, however, their transfer expenses are considerably higher than their incomes, which leads to the fact the clubs of the Bundesliga realized about half a

million Euros loss with their players market operations during the studied period. On the other hand, clubs of the CEE championship reached a similar amount of profit (475 million Euros). Incomes of Russian players market are about the same amount as the CEE region's, but due to high expenditure, the Russians have similar losses as Germany. So the Russian and the German championships are in a buying position on the international players market, while the CEE region is a serious outlet figure. It is also important to see how different the CEE region's results are in its different countries. Between 2009 and 2014 27% of the regional players market revenue came from Serbia, 21% from Croatia, 16% from Romania, moreover, the majority of it is connected to only a few clubs (András-Havran 2014, 10). All in all it can be said that within the region between countries as well as between clubs within countries there are significant differences regarding players market results. In the same time period 15% of the whole transfer balance of the region's players market trade came from one single club, the Serbian Partizan Belgrad (transfermarkt.de).

### 5.3. International Sport Professional Success

International sport professional success within the region can be examined on the level of *national teams*, *championships* and *clubs*. In this chapter I go over these levels in this order.

Performance of *national teams* is not always in direct correlation with the level of development of countries' football, as in some tournaments even teams who have the chance to be champions can be the ones to say goodbye in the playoff. But the fact that a national team is a regular participant of great tournaments shows the strength of its country's football, and among fans and supporters great interest surrounds national team football. In table 14 I summarized which countries' national teams got into international competitions (European Championship, World Championship, Olympics, Youth Championship) between 2002 and 2016. Before 2016 it was only the Hungarian national team that did not get into the adult European Championship or the World Championship. In the Olympics only Serbia took part, twice. Both in adult and in youth categories Croatia and the Czech Republic are outstanding.

Table 14: Efficiency of national teams

<i>Country</i>	<i>European Championship</i>	<i>World Cup</i>	<i>Olympics</i>	<i>U20-U21 World Cup</i>
<i>Serbia</i>		2006, 2010	2008, 2004	2015
<i>Croatia</i>	2016, 2012, 2008, 2004	2014, 2006, 2002		2011, 2013
<i>Czech Republic</i>	2016, 2012, 2008, 2004	2006		2009, 2007
<i>Poland</i>	2016, 2012 (as organiser) 2008	2002, 2006		2007
<i>Slovenia</i>		2002, 2010		
<i>Slovakia</i>	2016	2010		
<i>Bulgaria</i>	2004			
<i>Romania</i>	2016, 2008			
<i>Hungary</i>	2016			2009, 2015

Source: edited by the author based on András-Havran 2014 (13) and uefa.com

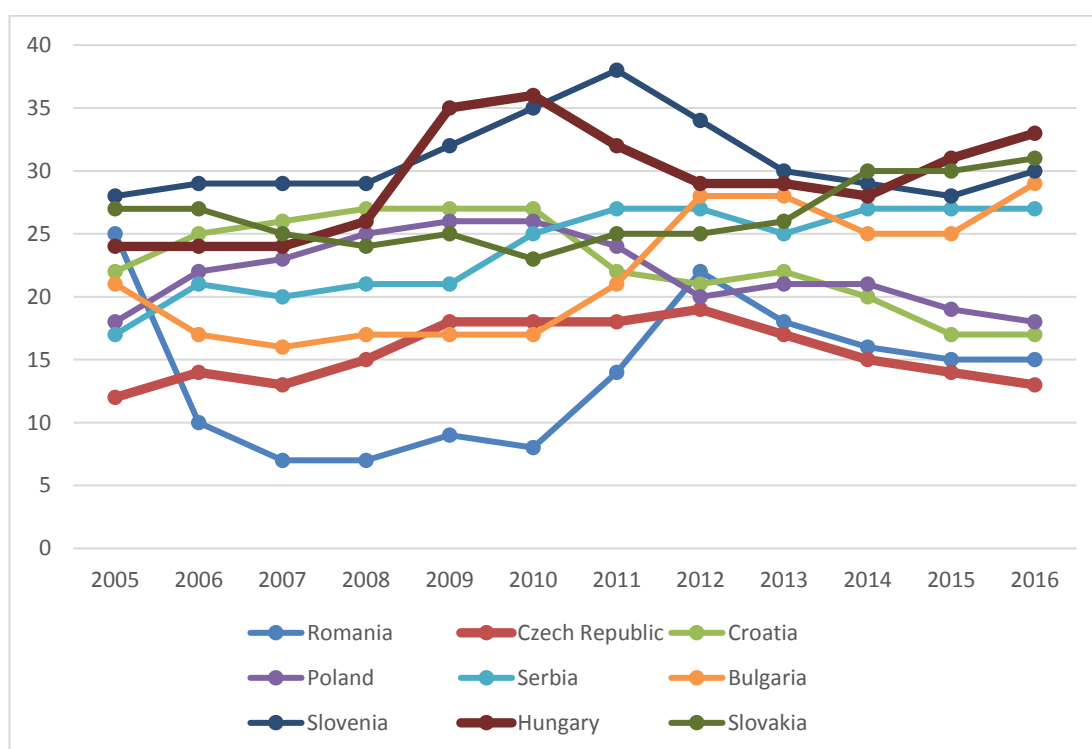
Comparing the success of national teams with the players market shares described in the previous paragraph, it can be said that championships of countries appear internationally regularly are also frontrunners in players export. Serbia, Croatia, the Czech Republic, and Poland all achieved great export results in the region, while Romania, who can pride herself on a serious player sale, is an exception, because this country took part in only two international tournaments during the period examined. Slovakia, Slovenia, Bulgaria and Hungary are ranking among the last both with regard to players sales (including other nationality players, who signed from these countries) and to national team results. Of course the effect is vice versa, as good international performance draws attention to the players and the championship as well.

Before moving on to clubs and championships, let me briefly introduce the possibilities for clubs appearing in the region's championships to join international competitions and the past few years' important events in this field. From the championships of all nine countries examined, 4 clubs per country can take part in two international cups of the UEFA (UEFA 2013, 11), but they get into the competition in different qualifying rounds. In the Champions League, the champion of every country starts in the second qualifying round, while it is possible to get into the Europa League (EL) from the Champions League (CL). In 2009 the UEFA's rule changed and the so-called "champions route" was introduced, thanks to which weaker championships' first ranking teams can avoid non-champion teams of big leagues (second, third, and fourth ranking teams). Furthermore, clubs that are eliminated in the last qualifying

round of the Champions League can still continue in illustrious ranks in the Europa League, so clubs of the region have a better chance to get into the group stage of the Champions League and the Europa League. It is to be noted that in the CL only once did a team from the region get into the group stage in the past 13 years, and it was the Czech Sparta Praha in 2004 (AC Milan beat them in two matches with a total result of 4-1) (András-Havran, 2014).

Figure 12 shows the UEFA-rankings of *championships* in the last ten years, which are produced by adding all the collected points up and ranking the strength of championships accordingly (in fact, this also measures international competitiveness, but on the level of championships). This list is important to all championships because out of higher ranking championships more clubs can take part in international competition or join later, which also means setting off synergic processes, or ones that weaken each other after a few successful or unsuccessful years.

Figure 12: UEFA-rankings of the leagues of Central-Eastern-Europe between 2005-2016

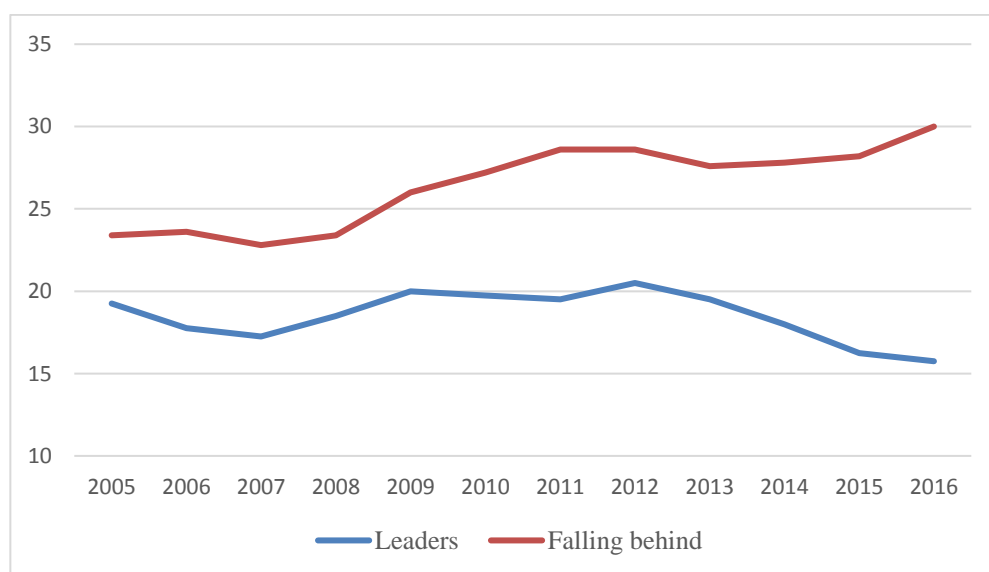


Source: edited by the aauthor based on uefa.com; 2016 May

It can be seen on figure 12 that out of the nine regional championships at the moment the Czech (shown in bold with red color) have the best ranking and the Hungarian (also in bold with brown color) have the worst (on the figure, the lower values mean the better results, as it is based on rankings). In the time period between 2006 and 2010

the Romanian championship appeared in very illustrious rankings which, besides good sport results, was also due to the championship's current position which allowed the winner of the Romanian championship to start directly in the group stage round of the Champions League. They lost this position and in two years dropped a great deal on the list, then a slow growth was to be experienced again. All in all, the Hungarian, the Slovenian and the Slovakian championships show the worst rankings, and the Bulgarian and the Serbian show a weakening trend. The most interesting parts of the figure are the results after 2012, because from there the directions of the regional championships have gone completely opposite ways: improving tendencies can be seen in the Polish, Croatian, Romanian and Czech championships, while the other five championships show increasingly worse trends. On Figure 13 I show the averages of the annual results of both the best four ("Leaders") and five others ("Falling behind") in order to illustrate the difference better.

Figure 13: Differences between UEFA rankings of the "Leaders" and the "Falling behind" on average between 2005 and 2016



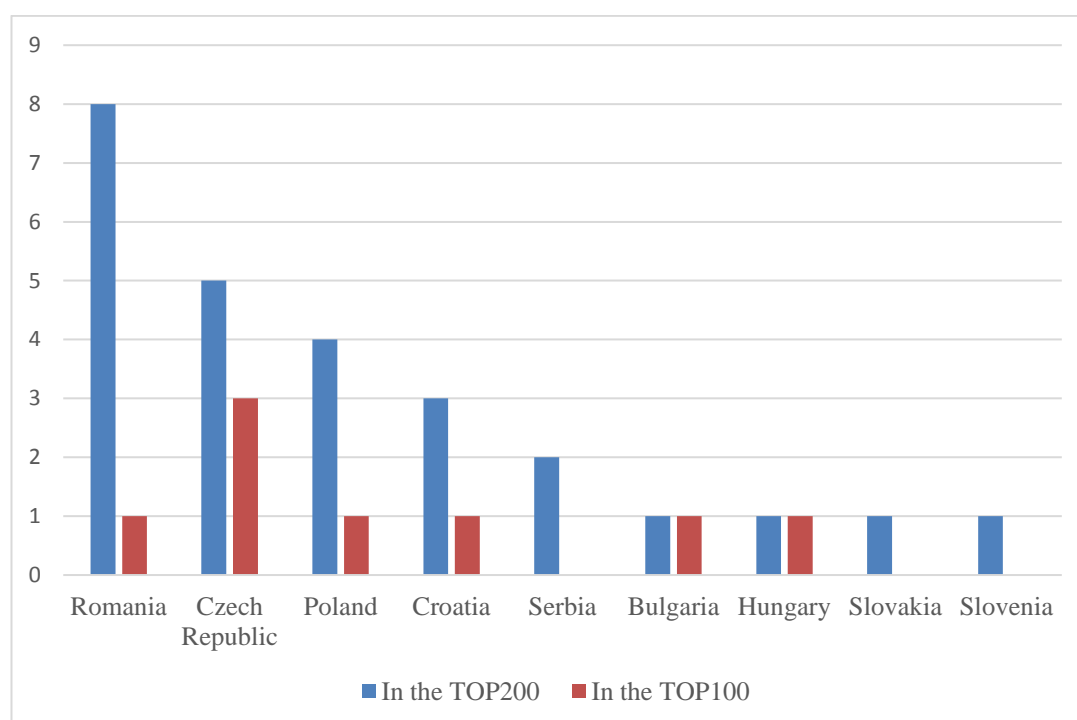
Source: edited by the aauthor based on uefa.com; 2016 May

Opening of the scissors is partly due to the above mentioned separation of champions and non-champions route in the 2009/2010 season, which means that those rated in stronger championships fight separately from the winners of smaller championships for getting into the Champions League group stage. This, on the one hand, ensures that more countries' clubs get in among the best 32, on the other hand it makes the competition regional in the sense that in the qualifying round there is bigger chance for regional champions to play against each other. Moreover, enhancements - are still

there, so clubs that appear closer to the top on the UEFA-list as enhanced ones get weaker opponents, and they join the qualifying rounds later, so year by year they have a bigger chance to get into the group stage of the Champions League, which means a serious income opportunity as well as international fame. Another reason can be the attitude of different championships, federations and clubs to the development of football, and choosing the appropriate strategic direction based on fundamental skills. Emphasis is on bigger numbers of consumers in Poland and Romania, on more developed economic indicators in the Czech Republic and on improving talents in Croatia.

Figure 14 shows the results of the best *clubs* of the nine championships based on the UEFA list of May 2016. The UEFA makes its list based on international sport results according to the weighted results of the past five years. The nine countries are represented by 26 clubs among the best 200 teams of Europe (which means 13%), however, among the best 100 there are only 8 clubs (so they makes up 8% of the best clubs).

Figure 14: Number of CEE clubs among the best 100 and 200 clubs of the UEFA



Source: edited by the aauthor based on uefa.com; 2016 May

Most clubs got into the 200 best from Romania, which can be due to more Romanian clubs finishing among the first three of the championship, so more clubs gained points in international competitions, while out of the 5 Czech clubs appearing among the 200, the 3 best got into the 100 also, which means they could retain a high quality and serious international results for years. At the end of the list are the Slovakian and the Hungarian championships which could only send one team among the 200 each. The Hungarian one is the Videoton at the 180<sup>th</sup> place, while the best from the region is the Czech Viktoria Plzen at the 43<sup>rd</sup> place.

There are only 8 clubs among the best 100 from the region, although three years ago there were only 5. However, three years ago there were 31 clubs among the best 200 from the region, and it dropped to 26 by now. It is an interesting piece of UEFA statistics that in the time period between 2003 and 2013 among the clubs that played the most international matches (Champions League, Europa League) Steaua Bucurest reached the illustrious 6<sup>th</sup> place (right in front of Bayern München) (qualifying rounds were also counted and it is true that Romanian Steaua reached better ranking in the much easier Europa League after being eliminated from the Champions League).

Appendix number 2 shows how many clubs from the region could take part in UEFA cups (Champions League, Europa League) between the 2003/2004 and the 2012/2013 season, and how many reached the group stage, and how many got into the best 16. From the region all together 341 clubs could participate in international tournaments, and only 27% of them reached the group stage, and among the best 16 there were only 8 of them, which is a little over 2% of all participants. Out of CEE clubs outstanding are the Romanian and Czech clubs of which about half got into the group stage in one of the international leagues (András-Havran, 2014). From every TOP 5 championship (from England 53, Spain 52, Italy 40, Germany 36, France 34), and from the Portuguese (24), the Russian (16), the Dutch (15), and the Ukrainian (9) championships more clubs got into the best 16 than in the whole CEE region, and even Scotland had 8 occasions like that.

I complemented the international comparison with results since the UEFA's 2013 report (table 15), which made it obvious that there was a year (2015/2016) when as many as three Czech clubs got in among the group stage of the EL, moreover, in three years two Czech clubs got in among the best 16 of the EL. Moreover, in the spring of 2016 Sparta Praga qualified into the best 8 teams of EL against Italian Lazio. I would also like to highlight the rise of Polish clubs, which means they overtook



Bulgaria, and Slovakia and Slovenia also caught up to Hungary, from where no club got into group stage in the past three years.

Table 15: International results of the seasons between 2003/2004 and 2015/2016 in the CEE region

League	<i>Number of clubs in the Group Stages</i>	<i>Proportion of clubs in Group Stages compared to all nominated clubs</i>	<i>Number of clubs in the best 16</i>	<i>Proportion of clubs in the best 16 compared to all nominated clubs</i>
Romania	29	25%	4	36%
Czech Republic	25	21%	4	36%
Croatia	15	13%	0	0%
Serbia	12	10%	1	9%
Poland	12	10%	0	0%
Bulgaria	11	9%	2	18%
Hungary	5	4%	0	0%
Slovakia	5	4%	0	0%
Slovenia	4	3%	0	0%
Total CEE	118	100%	11	100%

Source: edited by the author based on UEFA (2013, 13) and uefa.com

#### 5.4. The Efficiency of Players' Development in a Sport Professional Sense

In the following I show sport professional results regarding *players*, with the help of assembling data from international research companies and studies about Central-Europe.

From the digital atlas of CIES<sup>11</sup> I collected the main data concerning the countries in the region. They show the state in 2014. One of the most interesting sets of data is the one about which countries and clubs send the most first division players to Europe (according to definition they counted those here, who spent at least three years in a given club between age 15 and 21). Out of the first 30 youth trainer clubs 11 is from the CEE region (5 of them Serbian), so the region's championships are

<sup>11</sup> Source: [http://www.football-observatory.com/IMG/swf/da2015\\_v01\\_eng.swf](http://www.football-observatory.com/IMG/swf/da2015_v01_eng.swf), time of download: 2015. November 15.

significant in youth training. 74 players in the European first division championships are from the Serbian Partizan Belgrad, which all in all is the second best ranking in Europe (the first one is the Dutch Ajax with 77 players, the third Barcelona with 57 players). All together 5 Serbian, 3 Croatian, 2 Czech and one Hungarian (MTK) clubs appear on the list of 30, which, considering the population, is a serious amount.

From the digital atlas of CIES I also collected data on the proportion of players in national teams from players of given championships' clubs. The Czech championship is the best in the region with a proportion of 8.4%, but they achieved only 19<sup>th</sup> place in Europe with this result. All in all, all nine countries are among the last 13, so not many quality players (national team level) appear here. Based on these, it can be said that several outstanding players go to Europe from the region, but in the championships there are only a few quality players, because the talents sign away from here and because of their limited financial opportunities, clubs have a difficulty signing national team level players from other championships.

Another finding from the CIES data is that most footballers playing now in European championships started their career in Brazil (455 players), followed by the French (323), and third are the Serbian (with 219 players). Further regional rankings and number of players are as follows: 8<sup>th</sup> is Croatia with 123 players, 13<sup>th</sup> is Slovakia with 85 players, 24<sup>th</sup> is Poland with 47 players, 26<sup>th</sup> the Czech Republic with 46 players, 30<sup>th</sup> Slovenia with 43 players. Bulgaria and Hungary are not among the first 30.

Researchers of CIES conducted a comprehensive study (CIES 2015c) on adapting *players from clubs' own youth training* and the efficiency of youth training. They examined how many players from championships' own youth training play in first division in Europe. Based on geography, they divided Europe into five parts: Western-Europe, Northern- Europe, Southern-Europe, Eastern-Europe and Central-Europe. The latter contains the Austrian, Croatian, Czech, Hungarian, Polish, Serbian, Slovakian and Slovenian championships. My definition of Central-Europe differs in only three points: in their division, Austria is central, Romania and Bulgaria are Eastern, together with Russia, Belarus and Ukraine. Because of Romania and Bulgaria I also studied the results of the Eastern region.

Between 2009 and 2015 in Western-Europe, proportions of home-trained players dropped from 20.9% to 16.9%, while in the CEE region from 28.8% to 24.8%. In Eastern-Europe until 2014 it dropped from 22.9% to 17.3% but afterwards it

suddenly rose to 22.3%, according to the authors this might have been due to the Russian-Ukrainian crisis (there was no source to buy players). In 2015 the proportion in Southern-Europe was only 14%, in Northern-Europe 25.8% but there it was continuously above 30% until 2014, it is interesting why they would sign so many new players so suddenly (CIES 2015c, 3).

In 2015 the proportion of *players from clubs' own youth training* on championship level (table 16) was highest in Belarus (34%) and the Czech Republic (30.7%) and lowest in Turkey (8.3%). Regarding minutes played, outstanding are the Czech (31.8%), while the Turkish and the Greek are the last (5.1% and 5.8%) (CIES 2015c, 4).

Table 16: Number and proportion of players from own youth trainings in the championships of the CEE region

<i>Country</i>	<i>Proportion of club-trained players in the squad</i>	<i>Proportion of played minutes of club-trained players</i>
<i>Czech Republic</i>	30.7%	31.8%
<i>Hungary</i>	29.5%	27.0%
<i>Slovakia</i>	28.5%	24.8%
<i>Slovenia</i>	26.0%	25.0%
<i>Croatia</i>	23.4%	24.4%
<i>Serbia</i>	23.0%	19.7%
<i>Poland</i>	18.6%	12.9%
<i>Romania</i>	14.5%	10.1%

Source: edited by the aauthor based on CIES 2015c

Outstanding data from the Hungarian championship can be in strong correlation with the new ruling of the Hungarian Football Federation<sup>12</sup>, according to which those clubs that let young local players play above a certain amount of minutes, can receive bigger amounts of the money from television broadcasting and trade managed by the Federation. This, however, at the moment is not in correlation with European results yet.

Examining adaptation of players from own youth training on a club level, it emerged that it is most common in Northern-Europe, Central-Europe and Eastern-Europe to lean mostly on young players from own youth training in adult teams. In 2015 in the European first division championships there were all together 24 clubs

<sup>12</sup> Source: <http://www.mlsz.hu/blog/2016/02/09/tovabbra-is-kozpontban-a-magyar-tehetsegek/>, time of download: 2016.03.16.

where at least half of the framework was from their own youth training, and only one of these was from Western-Europe, the Athletic Bilbao, famous for priding itself on its own Basque youth training. From Hungary the MTK, the Honvéd and the Debrecen got in (52% of the players in all three are from their own youth trainings), but among the 24 clubs there were 3 Czech, 3 Slovakian, 1 Slovenian and 2 Bulgarian ones (CIES 2015c, 5). In 2015 out of these 24 only a few produced international success but for example the Sparta Praha played outstandingly in the EL.

They also examined how many players clubs in Europe's first divisions had in their framework from their own youth training on 1<sup>st</sup> October 2015. Regarding the whole of Europe, the Serbian Partizan Belgrad is the first, the Croatian Dinamo Zagreb is the fourth, but among the first 20 there are all together 3 Serbian, 2 Croatian, 1 Bulgarian and one Czech club from the region. These seven clubs gave 352 players in total to first division clubs in Europe (CIES 2015c, 7). Despite selling their talents in great numbers, they could still achieve sport professional success on an international level, consider the achievements of Dinamo Zagreb in the CL, or the EL quarterfinal of Sparta Praha in the 2015/2016 season<sup>13</sup>.

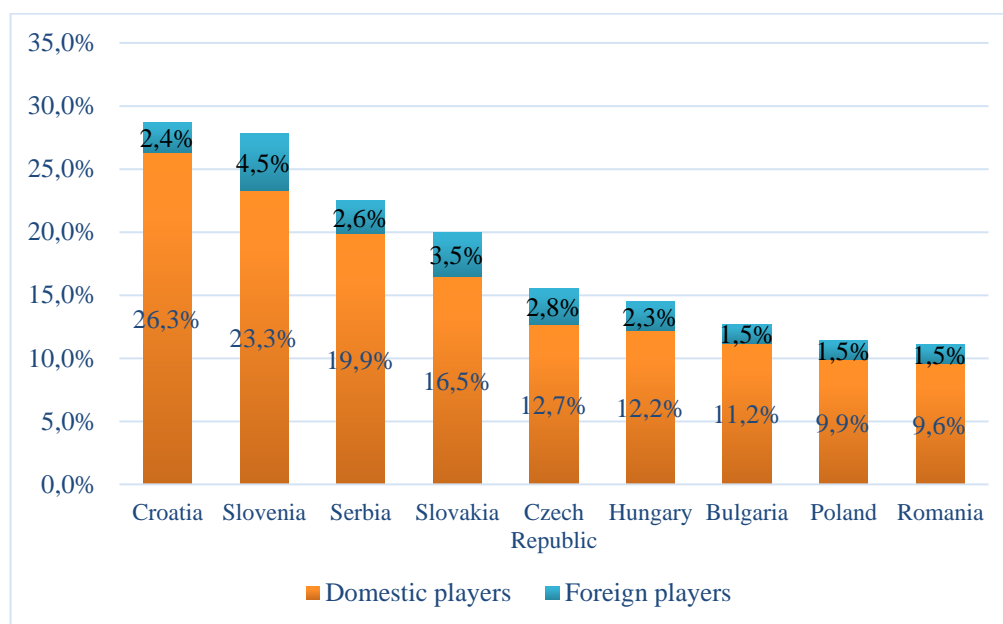
Besides these, CIES researchers checked how many percentage was the minutes played by footballers from their own youth training of the clubs championship matches in the time period between July and October 2015. Among the 21 clubs using the most players of their own youth training in 2015 in Europe are 6 teams from the region: the Serbian OFK Belgrad (3<sup>rd</sup> on the list with 7 people), the Jagodina (4 people) and the Spartak Subotica (4 people), the Hungarian Diósgyőr (4 people), and the Slovakian AS Trenčín and Senica (4 people each). Among the players from youth training with the most minutes played in Europe is the 1996 born Dániel Sallói of Újpest, who spent 53.6% of playtime on pitch (CIES, 2015c, 11).

Studied on the level of championships (figure 15), out of the 31 European countries examined, proportions of on-pitch playtime of players under 22 is highest in Croatia (28.7%), and the proportion of local players there is also outstanding (26.3%) (CIES 2016c).

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<sup>13</sup> Source: uefa.com

Figure 15: Proportions of playtime of players under 22 of total playtime



Source: CIES 2016c, 6

CIES researchers also collected outstanding clubs where the playtime of players under 22 was the highest in Europe. First one was the Croatian Lokomotiv Zagreb (54.2% of time is played by young players – this is the only team where more than half of the time is for the young), second was the Serbian OFK Belgrad (43%). In the best 32 (this is the number of clubs where young players' playtime amounted at least to 25% of total playtime) there were 4 Croatian, 5 Serbian, 4 Slovenian and one Bulgarian clubs, so the region provided 56% of the 32 clubs. On the list there were several Dutch, Belgian and Scandinavian clubs, of the TOP5 championship only the German Schalke appears at the very end of the list (CIES 2016c, 8).

By using young players, achieving international success became more difficult, although it is clear that with a good youth training this is manageable, too, as out of the 32 clubs, 6 got into the group stage of the Champions League in the period studied: the Dutch Ajax, the Danish Nordsjaelland, the Belgian Anderlecht, the Swedish Malmö, the German Schalke, and from our region the Croatian Dinamo Zagreb.

It can be a justified question how minutes of playtime for young players were distributed during the CL matches. Unfortunately, the study gives no detail about this, and neither about whether the youngsters under 22 are from their own youth training or bought players. However, in the continuation of the study they collected the clubs where the foreign legionary players under 22 played the most. Out of the first 20 clubs in this, 8 managed to get into the group stage of the CL: Ajax, Anderlecht, Basel,

Celtic, Porto, AZ Alkmaar, Nordsjaelland and Twente. All of these clubs have a serious network of players scouts and youth training scouts, and thanks to this they can obtain the most talented young players from abroad. Here the only one from the region is the Czech Slovan Liberec where 8.1% of playtime foreigners under 22 are on pitch. So clubs of the CEE region have youngsters (mostly from their own youth trainings) play more because they have no choice, as they cannot afford to buy and/or retain good players. On the other hand, CEE clubs with outstanding youth training can achieve serious results anyway in their local and also in international competitions (CIES 2016c, 9).

Least playtime for under 22 year-olds is given in Western-European clubs, among the 20 clubs like this only the Czech Viktoria Plzen got in (with 2.8%). According to the opinion of the authors of the study more and more young footballers sign away not long after getting a role in their training club's adult team. They cannot compete with the more well-off clubs, they cannot protect them. This is not only a problem for training clubs but for players as well, as a sudden signing abroad at a very young age can mean a break in their career as well. From an economic point of view it is seen as a sensible policy to make a careful local ruling to protect investments into youth training, while from a sport professional point of view best would be to reduce the damage done to young talents (CIES 2016c, 11).

A study from CIES in January 2016 (CIES 2016a) calculated the *proportions of playtime* of national team players coming from the TOP5 championship *in minutes played in national teams*. Hungary appears 46<sup>th</sup> place among 50 countries, 8.4% of playtime of the national team was played by TOP5 players. This is an unfavourable result considering that the standard of the Hungarian national team is well below internationally competitive, so having locals play longer minutes does not help the success of the national team. From the CEE region almost all championships are stronger than the Hungarian one based on UEFA data, and more of them play in one of the TOP5 championships. In the playtime of the national teams TOP5 players appeared in Romania in a 22.5% ratio, in the Czech Republic 27.5%, in Slovakia 31.5%, in Poland 52.6%, in Croatia 61.2%, in Serbia 61.5%, in Slovenia 64.9% (CIES 2016a, 10).

If we look at the playtime of all national team footballers playing abroad, Hungary reached 54.4%, but the majority of its foreign legionary players do not play in the TOP5. In case of other CEE countries, this number is higher with TOP5, but the

gap is considerably smaller, so they have a sure amount who trains in TOP5 and are available for the national teams (CIES 2016a, 8).

The research centre of CIES (CIES 2015b, 1) examined *footballers younger than 23 integrating into teams* in case of 31 first division European championships. They divided European championships into three groups: the top 5 championships, 7 followers and 19 developing ones. CEE championships ended up in the latter (all 9 championships I studied). Researchers of CIES calculated the players' experience measurements based on number of matches: playtime minutes spent in weaker championships count less than TOP5 championship minutes. In case of TOP5 championships young footballers have played 18 first division matches by the time they turn 18, 30 by the time they are 19, 47 by 20, 67 by 21, 90 by 22 and 114 by 23 (CIES 2015a, 2). The researchers ranked the most experienced players, 5 per position (goalkeeper, defender, defensive midfielder, midfielder, attacking midfielder, striker) and per year (U20, U21, U22 and U23) in all three groups, including the one of the 19 developing championships. According to the findings of the research the championships of the CEE region stand out regarding having the U20 age group play, which might be explained by the fact that talented players sign with other championships already at age 20, but it can also mean that clubs cannot have talents as their stable base (appendix number 3). According to the findings of the position-based study, clubs of CEE championships use their talented youngsters more in the positions of goalkeeper and attacker. Detailed findings are presented in appendix number 4.

## 5.5. Business Operations, Consumers in the Region

When redistributing income among clubs, the UEFA gave 75% of the total amount to CL participant clubs between 2013 and 2015, 19% to EL participants and 6% to non-participants (solidarity), this mostly conserves the situation of the clubs (UEFA 2013, 21). Table 17 presents the income-based grouping of different championships' clubs who compete internationally according to the estimate of the UEFA.

Table 17: Number of CEE clubs based on club revenue

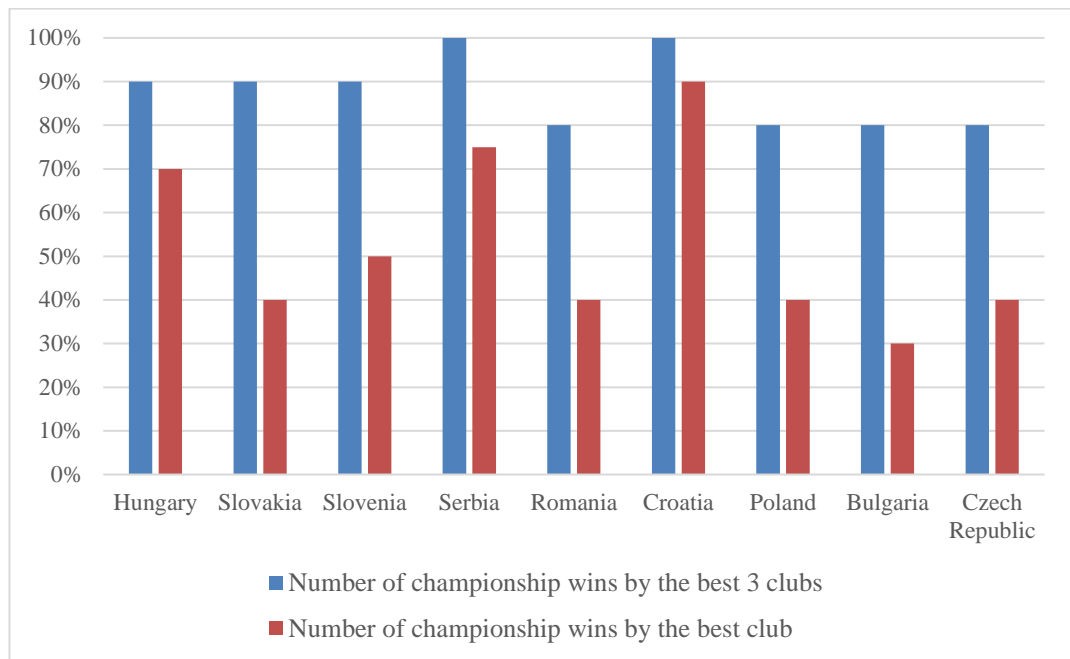
<i>Country</i>	<i>10-50 M EUR</i>	<i>1-10 M EUR</i>	<i>0-1 M EUR</i>
<i>Poland</i>	1	3	0
<i>Czech Republic</i>	1	3	0
<i>Croatia</i>	1	2	1
<i>Bulgaria</i>	0	4	0
<i>Hungary</i>	0	4	0
<i>Romania</i>	0	4	0
<i>Slovenia</i>	0	4	0
<i>Slovakia</i>	0	3	1
<i>Serbia</i>	0	2	2

Source: András-Havran 2014, 9

Three clubs have an income above 10 million Euros in the region, 29 clubs have an income of between 1 and 10 million Euros. All in all, only a little part of the UEFA money ends up in the region (as there are few CL and EL participants), but at the same time it can be stated that those who are CL or EL participants, rise above the other teams in the region, as it means a significantly larger income for them than the average budget (in the 2012/2013 season the UEFA paid 8.6 million Euros for getting into the group stage of the CL – uefa.com). There are great differences within the region between clubs competing in international cups, so even outstanding clubs of local championships have significantly different financial possibilities compared to each other. While in 2013 out of clubs competing in international leagues the Hungarian, the Romanian, the Bulgarian, the Serbian, the Slovenian and the Slovakian teams had similar incomes, between the Polish, Czech and Croatian clubs differences were rather big (UEFA 2013, 38). This means that successful participants in these championships remain difficult to beat. This is shown in Figure 16, which presents the concentration of results between 2003 and 2013.



Figure 16: Contrecentration of sport results by clubs between 2003 and 2013



Source: András-Havran 2014, 9

Figure 16 shows the proportion of won championships by the three most successful clubs and the most successful club in the last decade. In every country the three most successful clubs have won 80-100% of championships in the last 10 years. But the most successful team also won at least every third one, so it is rather difficult for new clubs to get to the top and thus obtain an opportunity to compete in the Champions League, increase their income from there, and sell players on the international market. This concentration trend harmonizes with the above mentioned data which says that the number of UEFA TOP200 teams in the region is dropping, but among the TOP100 it could grow. As in Western championships, in the CEE region, too, there is a continuing trend of a few big clubs retaining both sport success and financial prosperity in the long run, so they are exponentially wealthier than the other clubs in the championship. On other markets clubs of the region either have no significant income (for example the merchandising market), or their actual size or market activity is not verifiable (sponsorship, actual income from consumer market). The low number of on-site spectators seems to prove a low amount of income from other markets, since if there are no consumers, business income from sponsorship, merchandising and trade cannot be realized to a significant extent either.

Based on the 2014 report of the UEFA (UEFA 2014, 38) average income per club in the region is highest in Poland (4.8 million Euros), followed by the Czech

Republic (4.3 million Euros), then Romania (3.7 million Euros). Average income of the Hungarian, Croatian, Bulgarian, Slovenian and Slovakian clubs show a similar level (between 2.9 and 2.4 million Euros), and in case of Serbian clubs this amount is 1.2 million Euros. However, the UEFA does not examine the permanent contents of income and actual commercial nature, for example there is no information about whether there is support from state companies, whether state television pays broadcast royalties, and whether there are actual business terms and performance factors in sponsorship contracts.

According to the UEFA's data collection (2012, 36-37) average and aggregated number of spectators is not too high in the region (table 18), only the Polish, Czech and Romanian leagues got into their collection, the others are below even the fourth division of England.<sup>14</sup> This suggests a low local consumer base, which affects incomes on the days of matches and sponsorship incomes.

Table 18: Number of spectators in the Polish, Romanian and Czech football leagues during season 2012/2013

<i>League</i>	<i>Number of spectators on average</i>	<i>Number of clubs in league</i>	<i>Number of matches</i>	<i>Total spectator number</i>
<i>Poland</i>	8,409	16	240	1,830,615
<i>Romania</i>	5,184	18	306	1,586,321
<i>Czech Republic</i>	4,798	16	240	1,151,505

Source: edited by the author based on UEFA (2012) 36-37 and András-Havran 2014, 10

Regarding spectator numbers (UEFA 2012, 39), it can be said about changes between seasons 2011/2012 and 2012/2013, that in Bulgaria growth was above 20%, but the Croatian and Romanian leagues also experienced growth, however, in the Serbia league there was a smaller drop (-5-10%), and in the Hungarian and Slovenian leagues there was a bigger, more than 20% drop. This is in accordance with the fact that based on a survey among fans in the region the majority chose a local club as their favourite, except for three countries (Hungary, Slovenia and Slovakia), where Barcelona was the favourite (UEFA 2013, 41), which means the lack of competitiveness of clubs from these areas on the global market.

According to the findings of the study on players from European clubs' own youth trainings integrating into adult teams (CIES 2014, 20), out of the top 20 clubs in

<sup>14</sup> As a comparison, the average of the German second division is above 17,000, the average of the Dutch first division is above 19,000.

Europe 9 were from the CEE region. This allows conclusions that clubs of the region put an emphasis on youth training, and they cannot afford to spend serious amounts of money to sign players from elsewhere, instead they have to lean on their own base. Top of the list was the Hungarian Haladás, which has a framework with 85.7% from its own youth training. Fifth on the list is another Hungarian club, MTK (65.2%).

UEFA's report on the year 2012 (UEFA 2013, 48) highlights the Polish Legia Warsaw and Lech Poznan, and the Serbian Partizan from the region – they made over 3 million Euros profit from selling players. According to page 49 of the report, transfer incomes made up 22% of income for clubs in the Polish championship and 21% of Serbian clubs' income. If we look at income proportions of player sales, in Europe, the Partizan is 3<sup>rd</sup> place with more than 60%, Lech Poznan is 5<sup>th</sup> with over 40% and Warsaw is 8<sup>th</sup> with over 20%. In their comprehensive players market data collection, researchers of KEA-CDES (2013, 176-179) wrote short analyses about countries regarding their clubs' financial situation. Their main statement of the study is that most clubs of the CEE region realise or should realise most of their incomes from the transfer market. In an international overview I examined the indicators of a few clubs' academies, as well as transfer data about the clubs' adult teams.

Table 19: Comparison of youth academies of related clubs

<i>Country</i>	<i>Club</i>	<i>Number of players</i>	<i>Number of coaches</i>	<i>Cost per year (euros)</i>	<i>Transfer profit/loss in last 6 years (euros)</i>
<i>Germany</i>	Bayern München	185	26	3,000,000	-190,750,000
<i>Croatia</i>	Dinamo Zagreb	200	21	1,300,000	60,300,000
<i>Czech Republic</i>	Teplice	284	26	<500,000	-240,000
<i>Germany</i>	Schalke 04	190	34	>3,000,000	-18,530,000
<i>Hungary</i>	All leagues	n.a.	n.a.	700,000-1,000,000	10,740,000

Source: András-Havran 2016, 204-205

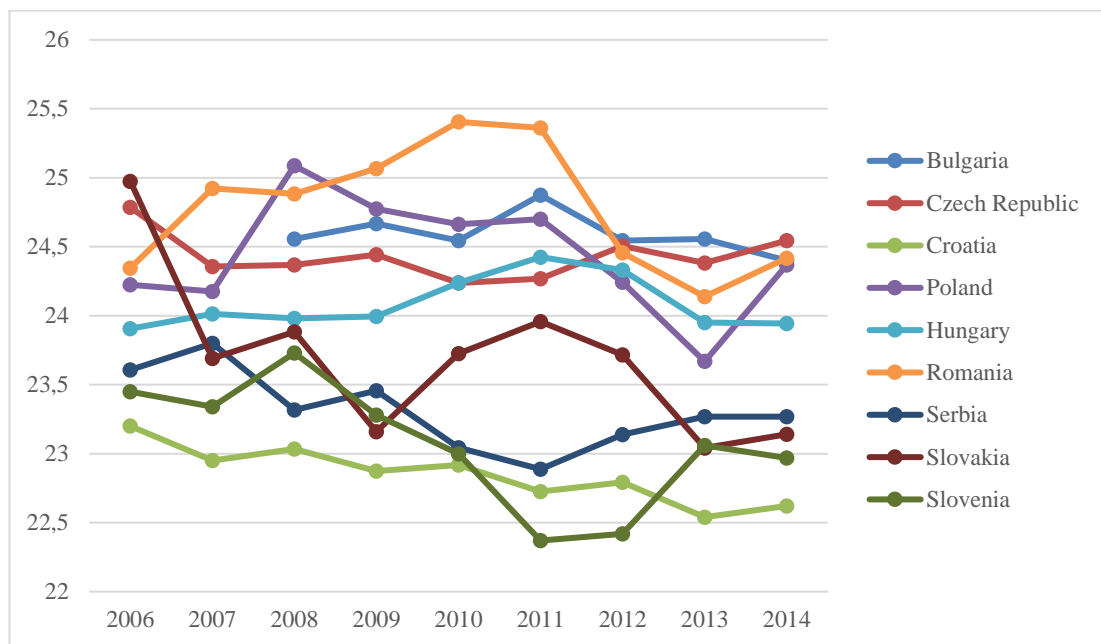
From the survey by European Club Association (ECA 2012) besides two German clubs' youth training I chose examples from the surrounding countries. Number of young players and coaches are similar, but the German clubs have a much bigger budget than their Central-Eastern-European competitors. The clubs themselves still

produce a loss on the players market, they cannot train the best of the world in their own youth training, but it is not their direct aim to fill their whole framework from here, as they have the opportunity to buy players. The Croatian Dinamo Zagreb also operates its academy with a budget equivalent to 400 million Forints annually, and the adult club (especially thanks to selling players from their own youth training) has reached more than 60 million Euros positive transfer balance on the players market in the past six years. The Czech Teplice has not been able to produce profit with its much lower budget yet. From Hungarian clubs there was no case in the study, but according to information from the academies (which is very difficult to find), bigger Hungarian academies have about the same budget as Dinamo Zagreb, but adult clubs belonging to them can only produce a fraction of the Zagreb club's transfer profits all together (table 19). In this light their operations cannot be considered efficient.

## 5.6. Players Market Analysis – with primer database

*In the first part of my research based on primary data collection I assembled a database about the first division clubs of the nine championships between 2006 and 2014 from the webpage transfermarkt.de. All together there are 1261 lines in the database with the following details: size of framework (players), average age (years), number of foreign legionaries (players), percentage of foreign legionaries compared to the framework (%), value of the club's players squad in given year (million Euros), and average value of players (thousand Euros). First I present my findings on the level of championships.*

Figure 17: Average age of players appearing in CEE championships between 2006-2014



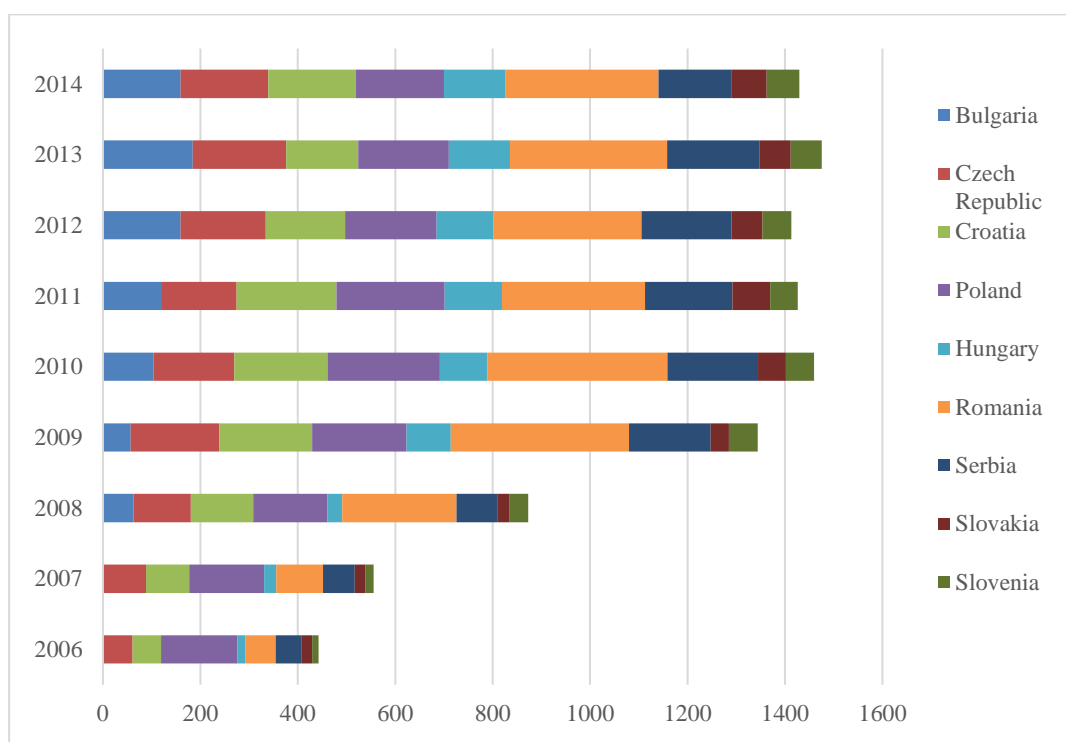
Source: edited by the author based on transfermarkt.de

Based on the data there was a slight drop in *average age of professional players* (figure 17) in the region (the average was 24.11 years in 2006, while by 2014 it dropped to 23.84), which means that younger and younger players appear in CEE clubs.

Players on average between 2006 and 2014 were oldest in Romania (24.78 years), but average age can be considered high among Bulgarian players (24.6 years), as well as Polish (23.43 years), and Czech ones (24.43 years). Youngest players were in the Croatian (22.86 years, marked by green thick line), the Slovenian (23.07 years), and the Serbian (23.29 years) championships. The average of the whole region between 2006 and 2014 were 23.99 years. There were only three championships where the average age of players did not drop during the 8 years studied: in the Polish championship average age grew from 24.23 to 24.37 years, in the Romanian league from 24.34 years to 24.42, in the Hungarian championship from 23.91 to 23.94. The biggest drop occurred in the Slovakian league, where players' average age dropped from 24.98 years to 23.14. Based on the findings it can be said that players got chances at an increasingly younger age in the region's clubs since the countries studied joined the European Union. On Figure 18 it can be seen that clubs of four championships (Serbian, Croatian, Slovenian and Slovakian) have a significantly younger framework than the other five countries.

Studying *the value of player squads* it can be stated that based on findings, estimated value of players grew significantly between 2006 and 2010 (Figure 18), which can have many reasons. On the one hand, players' value grew in general on the international players market, on the other hand, most countries of the region joined the European Union in 2004, which made it easier to sell players to the better championships of Western-Europe. Thanks to this, players of the region became more well-known and their value grew.

Figure 18: Estimated value of players of CEE region between 2006 and 2014 (data in EUR million)<sup>15</sup>



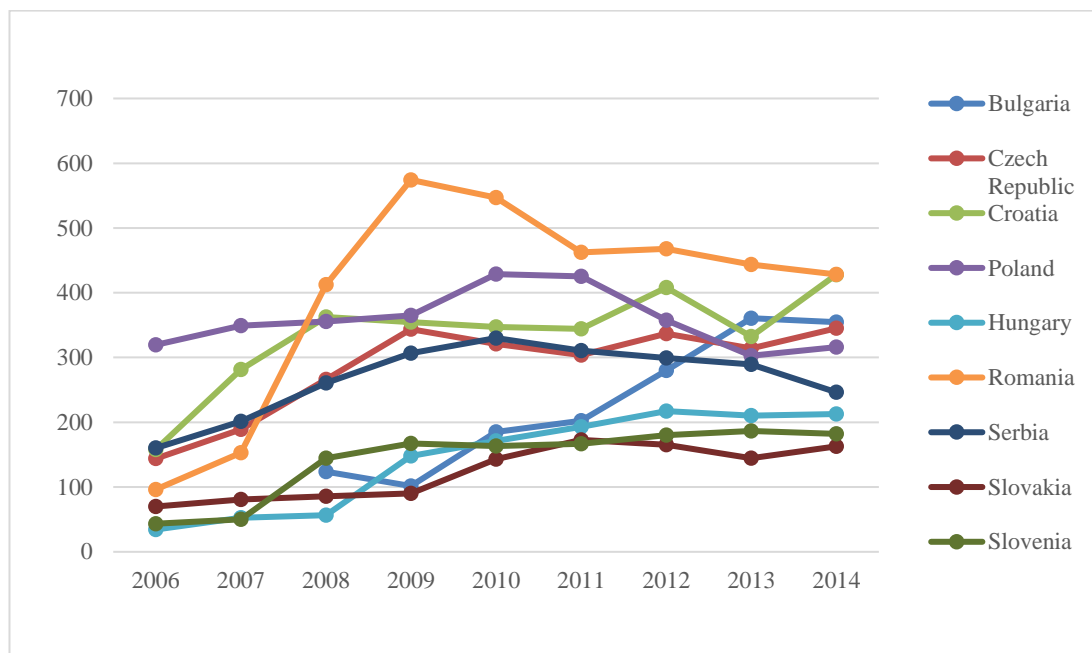
Source: edited by the author based on transfermarkt.de

This summary does not consider the number of clubs appearing in first division, this is why the Romanian championship, which has a higher headcount, is overrepresented. With the average value of players, distortion due to the number of clubs appearing in the championship and to the size of the framework can be filtered out. Regarding average value, a significant growth can be noticed, between 2006 and 2014 the

<sup>15</sup> Figures 18 and 19 show the estimations of transfermarkt.de in the given year, so it does not express players' value in Euros of the same year's price. Due to the large number of countries and countries joining the Euro zone, data collection would have meant excessive need for resources compared to the usefulness of the obtained information, for the same reason I did not calculate inflation and changes in exchange rates either. By taking inflation effects into consideration, differences between the 2006-2008 and the following time period would most certainly be smaller but regarding the scale, results would be similar.

regional average more than doubled: in 2006 it was 134 thousand Euros, while in 2014 it was 301 thousand Euros.

Figure 19: Average value of players in the CEE region between 2006 and 2014 (data in EUR thousand)



Source: edited by the author based on transfermarkt.de

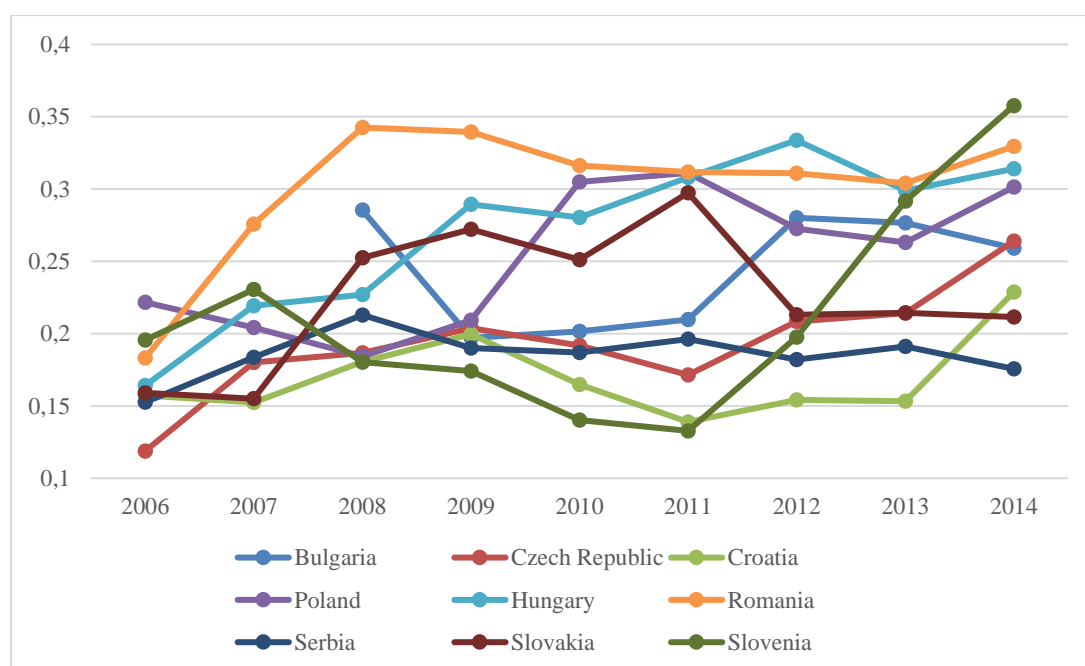
It can be seen on figure 19 that growth occurred after relatively low starting values, which, besides reasons described above, can be due to the methodological development of the database transfermarkt.de and the increasing accuracy of its methods, which helped them devote more attention to the evaluation of players from less popular championships as well. Keeping this limiting condition in mind, we can say that average value of players was highest in Romania and Croatia in 2014, although the Romanian results had been decreasing since 2009 after the sudden rise beforehand (could have been caused by their regular appearance at CL).

*Average value* of Bulgarian, Czech and Polish players can be considered high, too, although in case of the latter, there was a drop in the last 8 years. The other four championships (Slovakian, Slovenian, Serbian and Hungarian) show a much weaker performance on the UEFA lists (see figure 12 above), which points to the fact that there is a strong correlation between international cup participation and the value of players: the more international matches a club plays and the further it gets in an international competition, the more well-known and valuable its players will become. There can be another interpretation of this correlation as well: the more valuable

players a club buys, the further it will get in international cups. Both directions can be true in individual cases, in all championships clubs apply different strategies, but all in all, it shows the trends clearly.

The source of buying players can be local and international as well, so it is worth examining the role of foreign legionaries. It can be an important question from the point of view of the national team, too, how clubs of championships better provided with local players perform internationally, and also, the high number of foreign legionaries in a not so strong championship proves the weak efficiency of development and training of local players.

Figure 20: Ratio of foreign players in the CEE region between 2006 and 2014



Source: edited by the author based on transfermarkt.de

Figure 20 shows how the proportion of foreign legionaries changed in the squad of clubs between 2006 and 2014 in the nine countries examined. All in all, it grew from 17% to 27%, so internationalization grew considerably in this field, too, not only in player sales. In the eight years studied, proportion of foreign legionaries was highest in Romania (30%), followed by Hungary (27%), then the Polish league (25%). Proportion is lowest in Croatia (17%), the Czech Republic (19%) and Serbia (19%). Considering these eight years, biggest growth in foreign legionaries occurred in the Czech Republic (from 12% to 26%), in Hungary (from 16% to 31%) and in Slovenia (from 20% to 36%). There is a growth in clubs' *player framework* also, as while



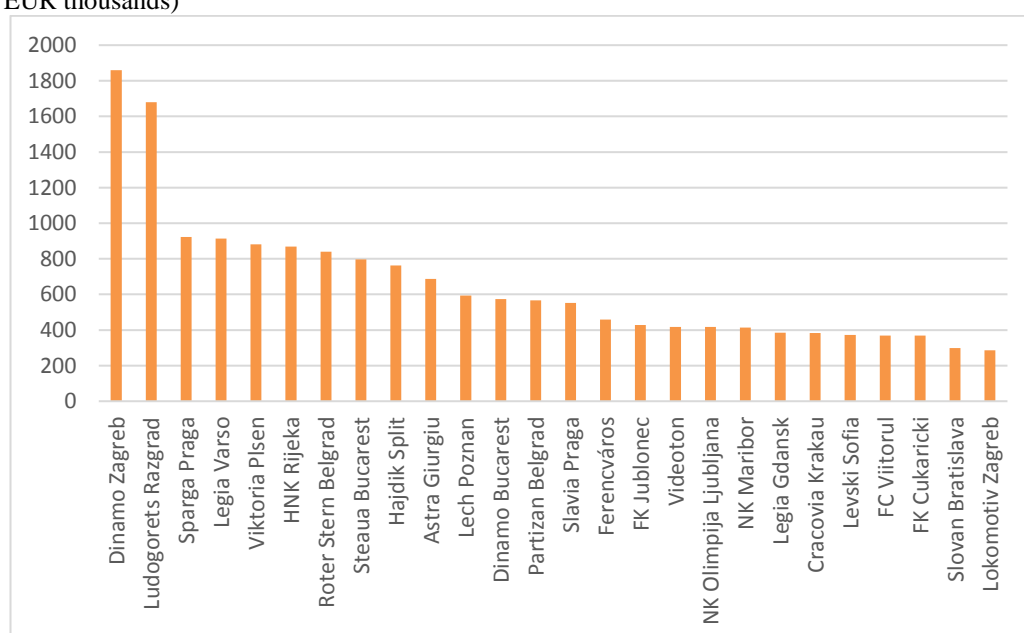
regional average in 2006 was 31.15 players, by 2014 it grew to 37.9 players (source: transfermarkt.de).

All in all, it can be said about Hungary that it achieved lowest rank in the region on the UEFA list, and the number of foreign legionaries in it is especially high so foreign players in the Hungarian League were not high-quality and internationally competitive. Average age of players can be considered high, compared to the region, and average value of players is among the lowest ones.

After the championships, I also examined the situations of the clubs. From all nine countries I collected the clubs, whose *player squad's estimated value* (source: transfermarkt.de, July 2016) reaches 10 million Euros, and if there were none in the country, I put the most valuable club on the list. For the latter, the Slovakian championship was an example, where the Slovan Bratislava has the most valuable framework (8.68 million Euros). Appendix number 5 shows the estimated value of player squads of clubs that fulfilled these conditions, in descending order.

Based on the estimations, the club that has the most valuable player squad in the region is the Croatian Dinamo Zagreb, followed by the Bulgarian Ludogorets Razgrad. These two clubs rise above the others, especially if we also consider average value of players (figure 21). Only these two clubs possess average player value above one million Euros, moreover, in their case this amount exceeds even 1.8 and 1.6 million Euros.

Figure 21: Average value of players in the clubs of the CEE region with the most valuable squad (data in EUR thousands)



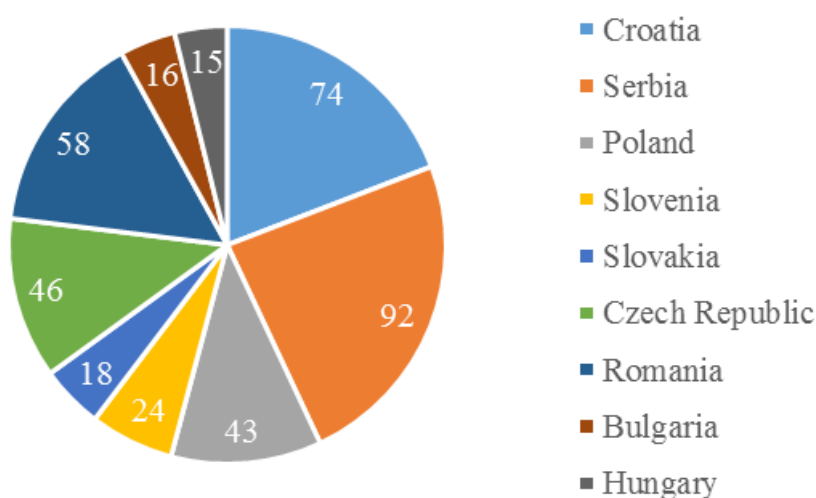
Source: edited by the author based on transfermarkt.de

Considering total value of squads, in the first 25 clubs, 4 clubs appear from the Czech, Polish, Romanian and Croatian championships each, 3 from the Serbian, and 2 from the Slovenian, Bulgarian and Hungarian (Ferencváros, Videoton) each.<sup>16</sup>

After championships and clubs, I continued my data collection and study on the level of *players*. In the *second phase of primary data* collection from the website transfermarkt.de (March 2016) I collected data about players from the CEE region, whose estimated value reached 150,000 Euros. All together the study contained 2,250 lines of data (players), including name, position, age, nationality, club and estimated value of players. There was a total of 386 players, whose value in the CEE region was above one million Euros.

Total value of the 100 footballers who were considered the most valuable was 965.6 million Euros, while estimated total value of the first 50 was 744.75 million Euros (source: transfermarkt.de).

Figure 22: Distribution of players' number with at least EUR 1 million estimated value in the region



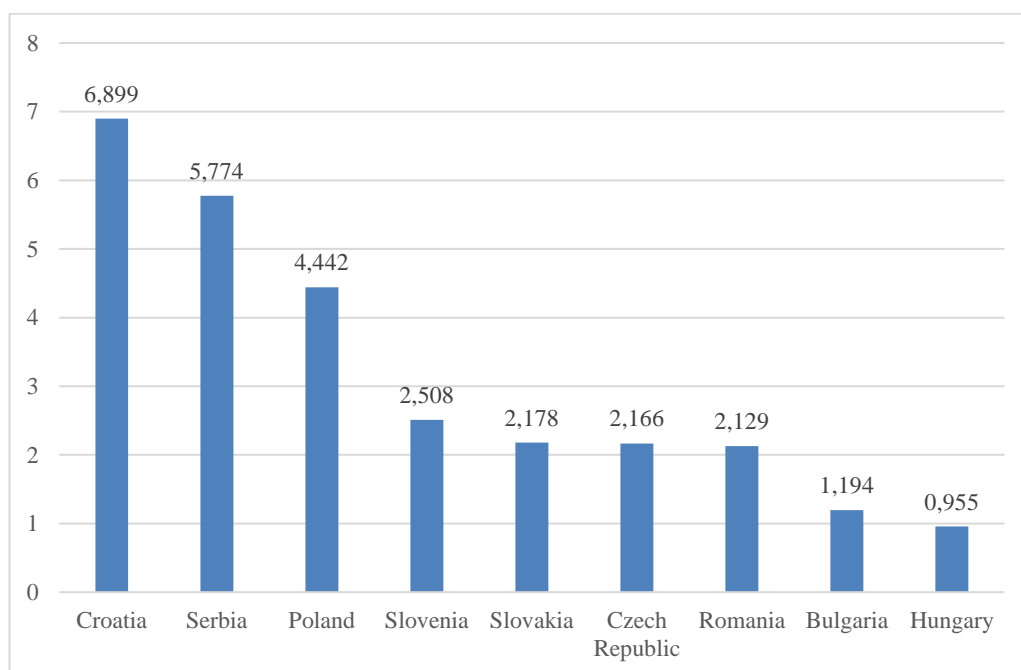
Source: edited by the author based on transfermarkt.de

At the time of the study, number of players with an estimated value *above 1 million Euros* (figure 22) was outstanding in Croatia and Serbia (74 and 92 players). Slovakia, Bulgaria and Hungary are at the end of the list with 18, 16 and 15 players (source: transfermarkt.de).

<sup>16</sup> The Slovakian club appearing on Figure 21 is not number 26 on the list according to values, as it is preceded by other clubs that have frameworks of between 8.68 and 10 M EUR.

Studying *the 50 most valuable footballers of all these nations* we can see (appendix number 6) that the Croatian, Serbian and Polish players are the leaders in the region, while the Bulgarian and the Hungarian footballers are at the end of the list. If we look at *the average value of the 50 most valuable players* of a given country (figure 23), it can be concluded that the average value of the 50 best Croatian players is nearly 7 million Euros, and only Hungarian players' average value stays below 1 million Euros.

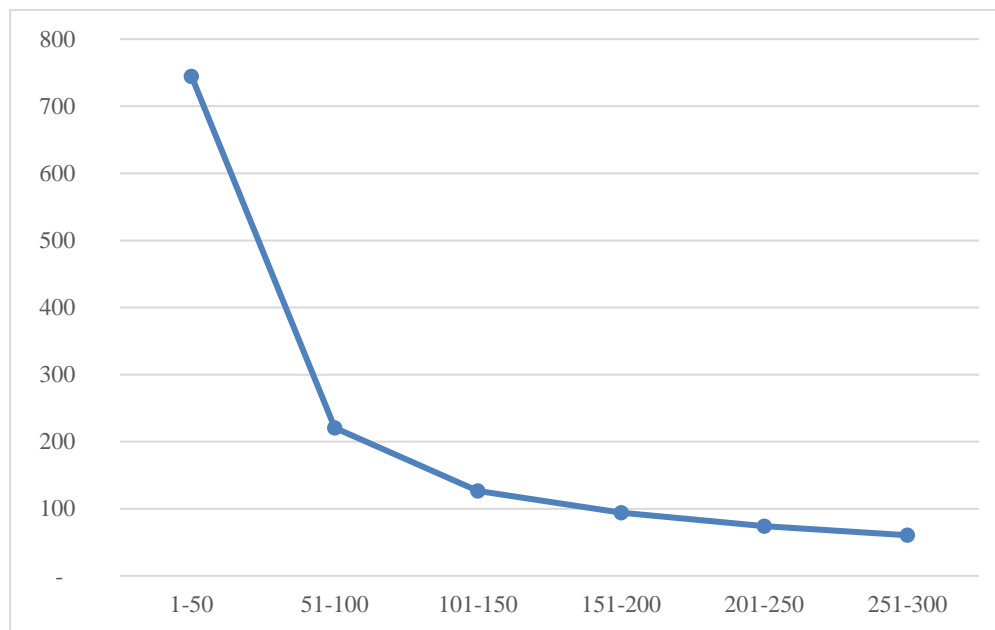
Figure 23: The average value of the most valuable 50 players by nationality of the players (data in EUR million)



Source: edited by the author based on transfermarkt.de

After this I examined the distribution of players' value, that is, what the most valuable players' value concentration is like. If we examine the value distribution of the most valuable players not on country but on a regional level, on Figure 24 we can see that players can be divided into groups of 50 based on their value, and there are significant differences between the total value of groups. This exponential trend is characteristic in European football, too, that is, the value of the best players is considerably higher than that of the average.

Figure 24: Value-concentration of the most valuable football players in the CEE region (data in EUR million)



Source: edited by the author based on transfermarkt.de

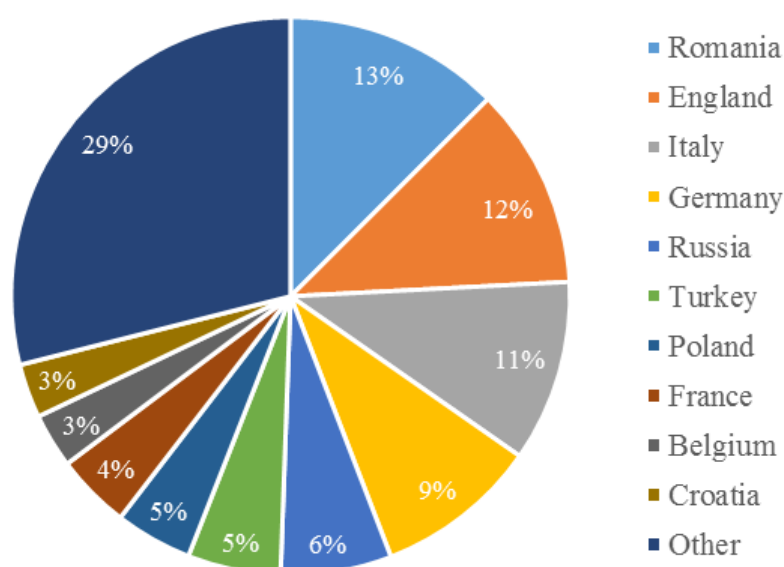
After the total values, I calculated the average values as well regarding the groups of 50, the results of this can be seen in appendix number 7. The average value of the region's 50 most valuable footballers is nearly 15 million Euros, while that of the following 50 is only 4.4 million Euros. So the region has several especially valuable footballers, most of whom play outside the region, mainly in the first division of TOP5 championships.

This means that the CEE region takes part in the international players market on the supply side, with increasingly younger players and an internationally relevant turnover. Free flow of workforce within the European Union resulted in migration from Central-Eastern-Europe in many industries, it has grown in football as well, as players count as locals because they are citizens of the European Union. Loss of talented players can be compensated for by the money gained by their sale and, in case of their later transfer, by income from their training fees. Competitiveness of championships, besides the built-out system and the brand, is determined by the quality of their players. Traditionally stronger championships and clubs can provide bigger salaries and can buy out players of their contracts from smaller championships and clubs, because they have a bigger market share. In the CEE region number of consumers is lower, and their solvency is also weaker than that of Western-European ones, however, they have a cost advantage regarding building infrastructure,

maintenance, payroll and service costs. These can be complemented by support through national tax system (for example the corporate tax-supports in Hungary), and in case of their currency becoming weaker, advantages stemming from exchange rates. By using their resources efficiently and building on the above listed competitive advantages, a Central-Eastern-European championship or club can establish its future success.

In the third phase of data collection I studied *player signing* in the Central-Eastern-European championships. Data were collected from the website transfermarkt.de. In case of every signing I recorded the player's name, position, estimated price of signing, original championship and new championship, starting from the 2005/2006 season to the 2015/2016 season. This means seven variables, which resulted a total of 2,102 in the ten-year period. Among these, 787 signings were out of the CEE region, so these can be considered the export of the whole region.

Figure 25: Percentage of transfer amounts from the CEE region separated by destination countries between 2005 and 2015

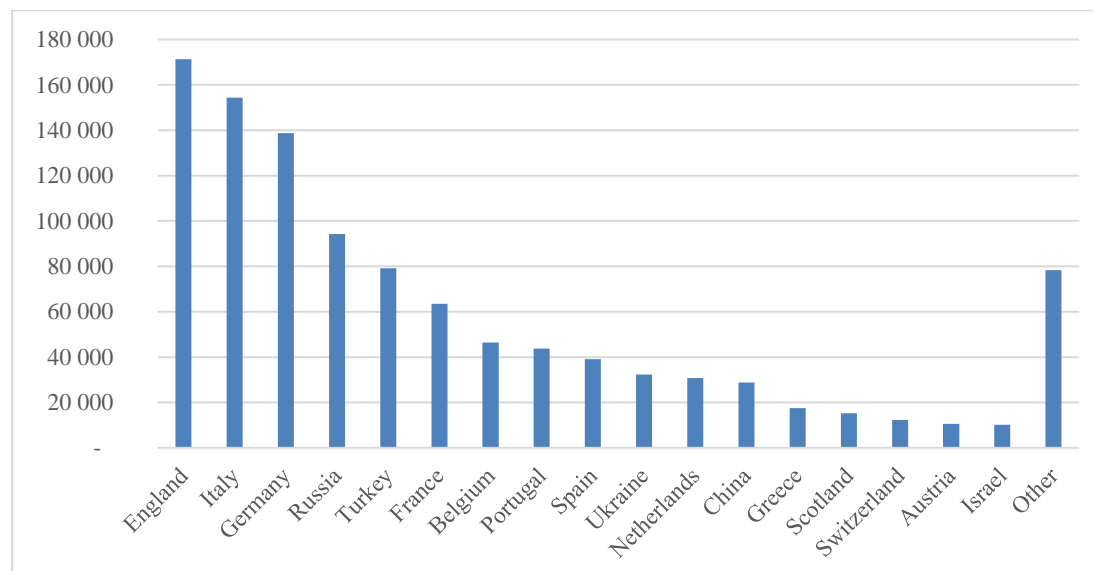


Source: edited by the author based on transfermarkt.de

Players signed to the Romanian championship at highest value in the CEE region (including signings within the country), followed by England, Italy and Germany. Among the 10 destination countries with highest value are Russia, Turkey, Poland (again, including signing within the country), Belgium and Croatia (including signing within country). Signings to all other championships make up 28% of the total value

of transfers (figure 25). Transfers exclusively outside the CEE region are shown in figure 26.

Figure 26: Dispersion of transfer amounts in the CEE region by destination countries between 2005 and 2015 except the amounts of transfers within the region (data in EUR thousands)

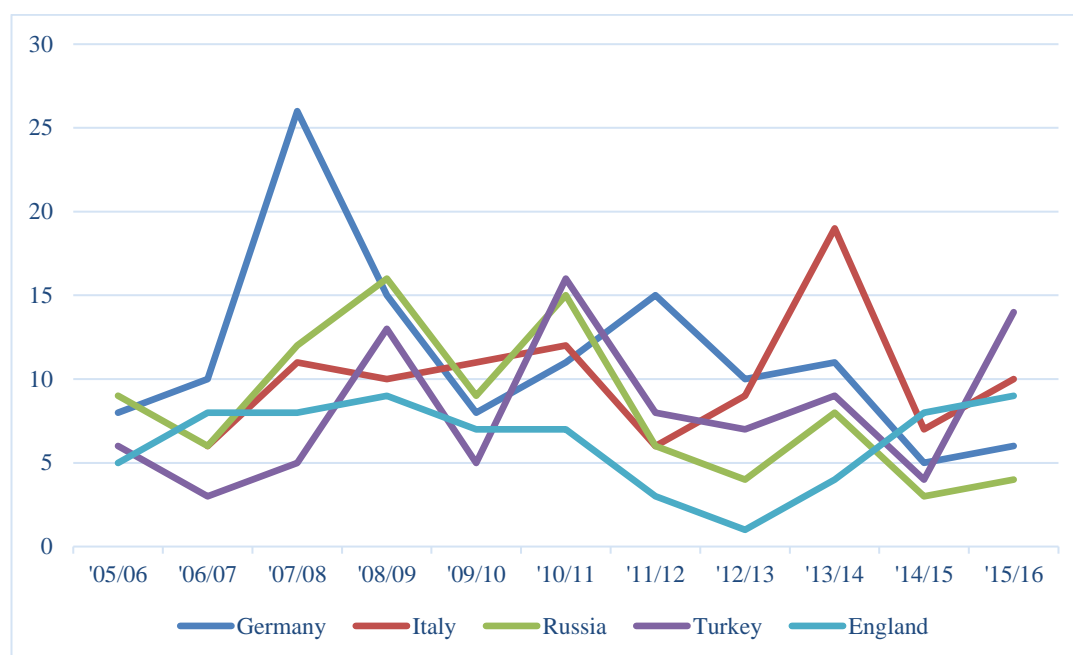


Source: edited by the author based on transfermarkt.de

Among destinations outside the region regarding *average transfer fee*, outstanding are the English, Italian and German championships, but the Russian, Turkish and French championships are also considerable. Compared to other great championships, in the Spanish league, footballers are bought for lower prices from the CEE region, similar results were found among the Belgian, Portuguese, Ukrainian, Dutch and Chinese transfers.

Distribution of the *number of transfers* in time concerning the five biggest destination countries is shown in figure 27, which shows that out of the TOP5 championships the French and the Spanish ones are not among the first five destination countries of the CEE region's export market. Instead, Russia (92 players) and Turkey (90 players) appear among buyers of the region, in the 10-year time period examined, the Spanish league signed 29 players, the French one 35. Number of transactions can be considered significant in the following championships as well: Belgium (53 players), China (35 players) Portugal (29 players) and Holland (25 players). It should be emphasized that direct transfer of these players from the region was considered, and it is possible that later they will further transfer to one of the TOP5 leagues.

Figure 27: Transfer numbers of the most frequented destination countries from the CEE region between 2005-2015

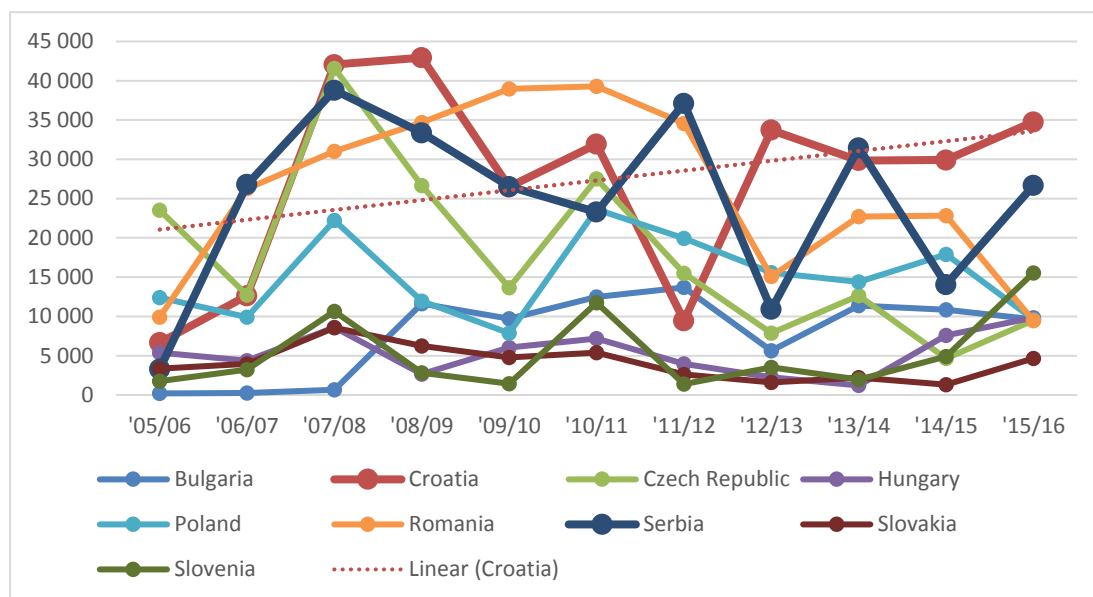


Source: edited by the author based on transfermarkt.de

Regarding *average* transfer fees per person England is the leader (nearly 2.5 million Euros), followed by some smaller championships, where few players signed from the region, but great amounts were paid for them (Qatar – 1 player, 2.4 million Euros; Scotland – 9 players, 1.7 million Euros). 101 players went to Italy, their average value was 1.52 million Euros, French, Spanish and Portuguese clubs paid an average price of 1.2-1.5 million Euros. The latter ones can mean an important stepping stone for young players from the CEE region. Players went to the Russian and Ukrainian championships in great numbers with an average price of 1 million Euros, however, it is interesting that the average price of the 125 players who signed to Germany was barely above 1.1 million Euros, so out of the TOP5 championships, this paid the least for CEE players on average. Players signed to the Turkish, Belgian and Chinese championships in great numbers for an average price of 800-900 thousand Euros.

Figure 28 shows the annual *distribution of transfer incomes* in the CEE region (current prices, in Euro), and it can be seen that transfers of outstanding value cause serious fluctuation in the figure. Trend-like growth can be seen in case of the Croatian (highlighted in bold red), Bulgarian and Slovenian championships, nearly steady are the Serbian, Polish and Hungarian leagues, and there is a trend-like drop in case of the Romanian, Czech and to some extent the Slovakian leagues.

Figure 28: Distribution of CEE countries' football championships' annual transfer revenue between 2005 and 2015 (data in EUR thousands)



Source: edited by the author based on transfermarkt.de

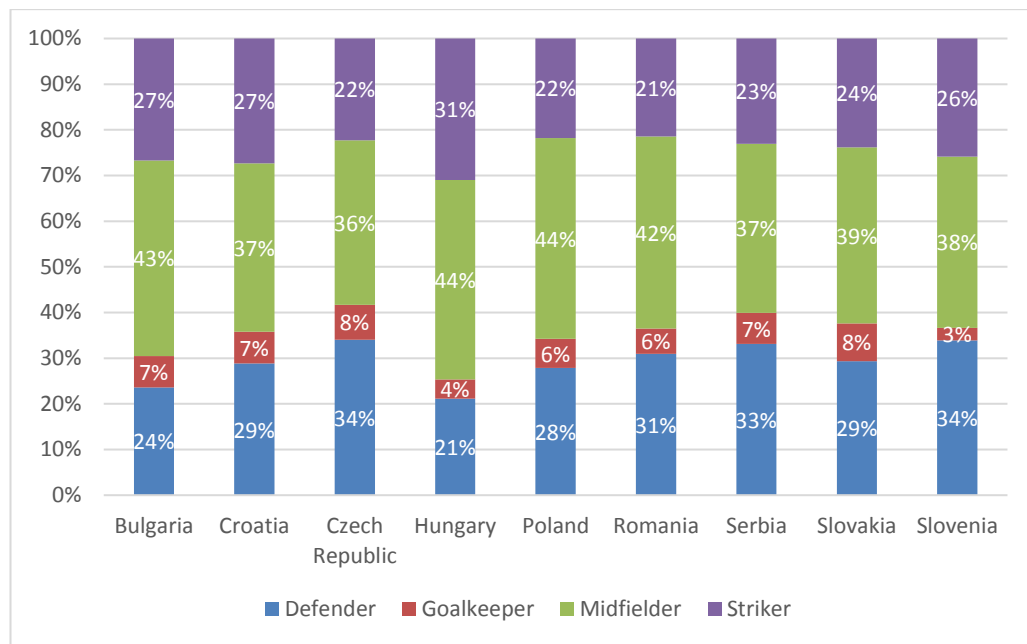
Since 2007 *value of transfers* started to grow considerably, although from 2011 turnover is somewhat smaller. Within the region, outstanding are the sales by the Croatian and the Serbian leagues (in bold blue color), all throughout the 10-year period they realized a steadily high turnover.

Studying the *position (post)* of the players it can be established (appendix number 8) that all in all the Romanian championship sells the most players for every position (there is no bottom limit of value set for transactions in the figure, so it contains all transactions).

Regarding *the distribution of positions within countries* (figure 29) proportion of strikers is highest in Hungary (31%, while regional average is 25%). Proportions of midfielders exceed the regional average (40%) significantly in Hungary (44%), in Poland (44%) and in Bulgaria (43%). Defenders are sold in higher proportions than average (29%) in the Czech Republic (34%), in Slovenia (34%) and in Serbia (33%), while this proportion is lowest in Hungary (21%). Average proportion of goalkeepers (6%) is exceeded by the Czech and the Slovakian leagues (8% each), while the Slovenian (3%) and Hungarian (4%) proportions are lower. Therefore, all in all it seems that Hungary sells more midfielders and strikers compared to the regional average than goalkeepers or defenders.



Figure 29: Distribution of sold players by position of players and by championships



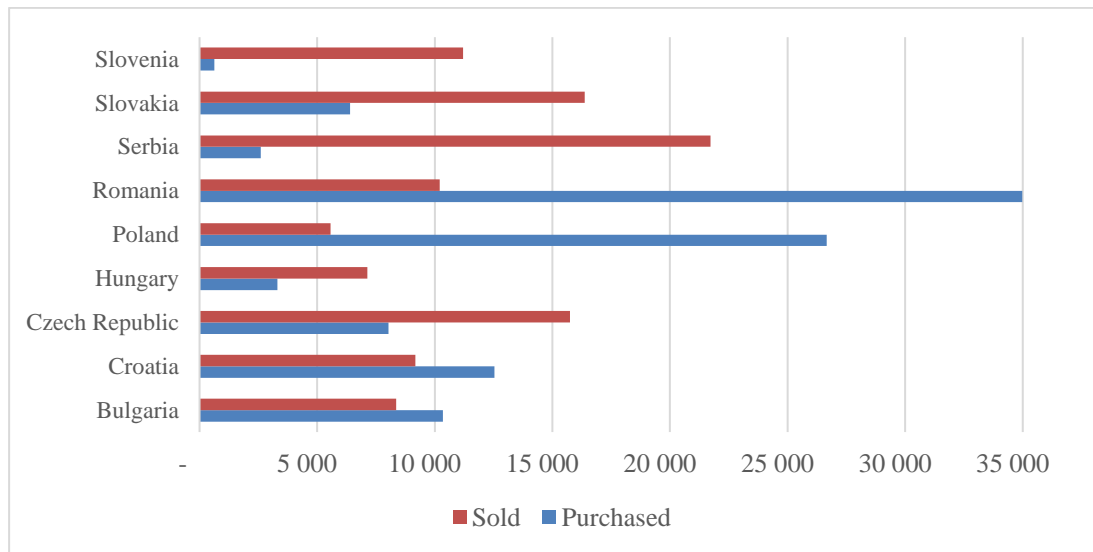
Source: edited by the author based on transfermarkt.de

In the following I studied *player transfers within the CEE region*, and my aim with it was to find out if there are decisive supplier and recipient countries within the region, that is, which countries “gather” the region’s talents and which “supply” other championships in the region with players.

Limiting transfers to the lines of data within the region (appendix number 9), it can be seen that among *recipient countries* Romania and Poland are outstanding (according to percentage of sales amounts). Among *supplier countries* also Romania is outstanding, followed by the Czech Republic, Croatia, Serbia and Poland (appendix number 10). *Buying and selling positions of individual championships* within the region are shown in appendix number 11.

Within the region Slovenia, Slovakia, Serbia, Hungary and the Czech Republic are obviously supplier countries, Bulgaria and Croatia are slight recipients, while Romania and Poland are obviously recipients.

Figure 30: Volume and direction of transfers inside the CEE region by leagues (data in EUR thousands)



Source: edited by the author based on transfermarkt.de

If we also study *turnover* in case of *player transfers within the region* (figure 30), it can be stated that Romania and Poland can be considered significant buyers not only compared to their own sales but also regarding the regional total and value. Regarding transfer value, Serbia, Slovakia and the Czech Republic are the greatest suppliers within the region, while Croatia falls behind compared to the total of sales data, as Croatian clubs sell their best outside the region. Hungary is the smallest supplier, and among buyers it is also in the last third. Closely examining the transfers within the CEE region, the following can be established:

- To Slovenia, Hungary and Serbia no foreign players came from other CEE countries, out of these three countries Serbian clubs could reach international success building on local players.
- Between the *Bulgarian and Romanian* championships trade goes back and forth, probably due to geographical proximity, and cultural similarities.
- Between the *Czech and Slovakian* championships trade goes back and forth, probably due to geographical proximity, and cultural similarities.
- *The Croatian and Serbian championships give many players to the region, too, not only to Western championships.*
- *Poland and Romania can be considered recipients in the CEE region.*

## 5.7. Conclusions of the Central-Eastern-European Analysis

In the following I summarized the main statements of the research conducted in the chapter according to the hypotheses connected to the research questions. Based on these I decide whether the hypotheses can be confirmed and answer my research questions.

Responses given to the hypotheses:

*Hypothesis H1a: Hungarian football, regarding its sport results, can be considered competitive compared to regional opponents.*

Table 20: Findings of the research on sport professional competitiveness of Hungarian football

<i>Study criteria</i>	<i>Main statements</i>
	Sport professional and financial competitiveness of the CEE region can be considered weak in European football.
<i>Championships</i>	The Hungarian championship appears among the weakest in the region in the field of international success, among the championships that are “falling behind.”
<i>National Teams</i>	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.
<i>Clubs</i>	There is a big difference between clubs and championships even within the region, still, there are clubs in the region that can be considered competitive in international competitions and on the field of player sales, however, this cannot be said about Hungarian clubs.
<i>Studies</i>	Clubs of championships in the region supply Europe’s first division championships with talented players in great numbers, however, the number of national team level players is very low in all 9 championships. Proportion of playtime of players from clubs’ own youth trainings is improving in Hungary, but it is not clear whether this is due to the players’ skills, or the great amount of state support clubs can get if they have them play.

Source: edited by the author

*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.*

Table 21: Findings of research about training and selling players

<i>Study criteria</i>	<i>Main statements</i>
<i>Macro-economic</i>	The CEE region has a transfer income of a similar scale to the German or Russian championships, however, it has an absolute status of supplier.
<i>Championships</i>	<p>The international trend that sport success is concentrated can be noticed in this region, too, and it also means the concentration of financial success.</p> <p>The average value of players appearing in Hungarian championships is the third lowest in the region.</p> <p>In the 8-year period examined, number of foreign legionaries was second highest in the Hungarian championship. For countries of similar size and economic power, increasing the number and value of player sales can mean a long-term solution for development, as demand for the local championship can be increased only to a limited extent, and efficient use of state support is not ensured either.</p>
<i>Clubs</i>	<p>On the list of clubs with highest average player value only two Hungarian clubs are among the best 25.</p> <p>For players in the championships of the region, a Polish or Romanian team can mean the stepping stone towards a stronger Western-European championship.</p>
<i>Players</i>	<p>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.</p> <p>Regarding the average value of the 50 most valuable players in the region the Hungarian players' average value is the lowest.</p> <p>Footballers from the region sign with stronger championships in an increasing number that can be considered significant internationally. Also, they start their local and international careers at an increasingly earlier age.</p>
<i>Transfer</i>	<p>Greatest buyers outside the region are the English, Italian and German championships, however, number of Hungarian players is one of the lowest from the region in the TOP5 championships.</p> <p>Transfer incomes of Hungarian clubs in the past 10 years have continuously been among the weakest results in the region.</p> <p>Limiting transfers to the lines of data within the region, it can be seen that among recipient countries Romania and Poland are outstanding (according to percentage of sales amounts). Among supplier countries also Romania is outstanding, followed by the Czech Republic, Croatia, Serbia and Poland.</p> <p>If we observe the value of player sales compared to the size and economic power of the country, it can be seen that greatest export is conducted by Romania, Serbia and Croatia, among them due to smaller size Croatia and Serbia are the most efficient exporters. The relatively big Poland and Czech Republic achieved mediocre results, while the other four countries produced modest results in export, especially the medium-sized Hungarian and Bulgarian championships.</p>
<i>Studies</i>	<p>Average income of Hungarian clubs correspond to the regional average, but the UEFA did not check if these incomes are from the market.</p> <p>Number of on-site spectators in the Hungarian championship is not among the region's best, in the year studied by the UEFA, it showed the greatest drop.</p> <p>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.</p> <p>For the clubs of the CEE region development of their human resources in the narrow sense (professional players) is essential, because they cannot afford signing expensive players and it is difficult for them to realize income from any other markets.</p>

Source: edited by the author

*Based on these finding, 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*. So set side by side with clubs from championships with a similar background, Hungarian clubs' value creating processes do not reach the level seemingly possible based on surroundings. Significance of players in professional football is increasing, they are the key to long-term success, so the following chapter is about them and their development and career management.

## 6. A Study of the Development and Career Support of Hungarian Players

In chapter 2.1 I showed that for football companies, that operate in an industry based on human resources, development of their inner value creating processes concentrating on players and special human resources is very important. In this chapter I examine the development of Hungarian professional players and youth training of players who are preparing for a professional career. I also study the professional and civilian career opportunities of players. Relevance of the research question is proven by the relatively poor Hungarian results – presented in chapter 5 – on the international transfer market (Hungarian clubs are incapable of raising competitive players) and in international professional football championships (clubs and national teams). Examining the training and career support of players can help reveal the reasons behind these weak results. My aim was to find out about young Hungarian professional footballers' prospects and to gain experience regarding their career management, as well as about whether clubs and academies organize their value creating processes effectively. In my dissertation it is not sport professional reasons that I would like to discover, but I would like to explore operations in the background, so I examine individual development and career opportunities with a management and human resource management focus.

The research is based on an earlier secondary research, through which I explore the main findings of studies regarding the development of Hungarian players, and on a preliminary interview, which helped me identify five topics in which Hungarian clubs perform weakly. This will be followed by the description of my own questionnaire survey, which strongly depends on the experience I gained during preliminary research. I confirmed the findings of the research with other, qualitative methods, firstly by means of an expert workshop, secondly, by doing a secondary analysis of an audit report published by the MLSZ after conducting and evaluating the questionnaire research. The different parts of research followed each other in time as well, the exploratory work lasted from mid-2014 to the autumn of 2015, the questionnaire research and its analysis went on from the end of 2015 to May 2016, then the workshop and analysis of the MLSZ report was carried out in June 2016. During the phases of research I analysed the material while all the time keeping the

main issues in mind. Through the triangulation I could confirm and complement the findings of my large-sampled research.

## 6.1. Findings of Earlier Surveys, Preparation of the Research

To prepare my qualitative research I examined the available Hungarian and international studies regarding my topic, then complemented what I read in them with an expert interview.

Sources used were the following:

1. HLSZ (2014): Hivatásos Labdarúgók Szervezete (Organization of Professional Footballers) – Research report about Hungarian circumstances influencing becoming a footballer by the organization of professional footballers based on the evaluation of a questionnaire survey done among Hungarian footballers;
2. MLSZ (2014): Magyar Labdarúgó Szövetség (Federation of Hungarian Football) – overall report of the academic audit made by Double Pass;
3. FIFPro (2012): Black Book Eastern Europe (based on the Eastern-European survey of the international organization of professional players);
4. ECA (2012): European Club Association - Report on youth academies in Europe (a survey about youth training academies from the European organization of clubs);
5. Interview with Hunor Dudás (2014), former executive of the football club Diósgyőr.

When examining players' career opportunities, besides future opportunities, dangers threatening them must be taken into consideration, too. The importance of this is emphasized by the "Black Book" (FIFPro, 2012) made by the international organization of young players in 2012, which gave accounts of very serious problems regarding the circumstances of Central-Eastern-European professional footballers (among others, delayed salaries, lack of contracts, poor state of infrastructural and personal conditions, match-fixing). Getting to know these in detail is essential to improve the system of professional football.

The *Organization of Professional Footballers* (HLSZ), as the Hungarian representative of the international interest protection organization of professional players (FIFPRO) aims to protect the interests of Hungarian professional footballers. The organization is in active contact with Hungarian professional players, who helped them in many anonymous surveys. Their last survey was published in 2014 (HLSZ, 2014), in which they examined circumstances influencing becoming a footballer, and onto whose findings I also base some of my own research.

The study regarding the academic audit by the *Federation of Hungarian Football* (MLSZ, 2014) also assisted me. It discussed player development on many points, as well as career support outside football. MLSZ commissioned the Belgian company Double Pass to evaluate academies and youth training centres, to elaborate the policy and interpretation framework concerning their development, which is especially important because this is the company that elaborated the performance review and organization framework of German football's youth training, which has achieved outstanding professional results in the past decade.

For business operation of academies a good basis of comparison can be provided by the research made by ECA (2012), which cites several examples of academies. The ECA (2012) in its study writes about the academy of the Croatian Dinamo Zagreb from the region in detail, and in a short summary about the Czech Teplice. Besides specific case studies, commissioned by the ECA, the Belgian company Double Pass (also working in Hungary) conducted a questionnaire survey regarding youth training within the framework of this same research, which was filled out by 96 representatives of professional football companies, and of which the findings I, too, process during the analysis of the Hungarian situation. Besides examining the published studies, I interviewed the former executive of a Hungarian first division club. *Hunor Dudás* was the executive of Diósgyőr between 2010 and 2013.

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 studied 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.).

Occurrences of relevant information in the resources used for my questionnaire are shown in table 22.

Table 22: Issues and resources used

<i>Resource – preliminary research</i>	<i>HLSZ 2014</i>	<i>FIFPro 2012</i>	<i>MLSZ 2014</i>	<i>Interview Hungarian 2014</i>	<i>ECA 2012 international survey</i>
<i>Methodology</i>	<i>Anonym questionnaires, 409 players</i>	<i>Anonym questionnaires, 384 players</i>	<i>On-site survey, 15 clubs/academies.</i>	<i>Deep interview, with the former executive of a club</i>	<i>Questionnaire, 96 academy leaders</i>
<i>Education</i>			√		√
<i>Development</i>	√		√	√	√
<i>Career</i>	√	√	√		
<i>Self-care</i>		√			
<i>Strategic functioning</i>			√		

Source: edited by the author

### 6.1.1. Education

Based on the findings of the studies it can be highlighted that internationally competitive clubs expect their players to have the greatest possible amount of experience gained at international matches, as well as a good preparation socially, culturally and mentally. The majority of Hungarian academies already have an education program, their quality is not known, there is no designated person in charge of educational and social issues, and there is no further training and appraisal of staff, or it is only informal. Main findings in this issue are shown in appendix number 12/A.

### 6.1.2. Development

Regarding the development of young footballers on an international level, development programs for personality and social skills are common, and a psychologist is often employed. In Hungary according to reports the biggest problems are the low number of individual trainings and courses, lack of experience from international matches, lack of psychologist employment, and low support for

professional attitude. By this latter I mean lack of communication and social media usage courses, foreign language learning, lifestyle trainings, and counselling (main findings in appendix number 12/B).

### 6.1.3. Career

Regarding career support of players according to the main findings, Hungarian academies do not employ enough appropriate experts (personal coach, masseur, doctor, nutritionist, etc.) and do not prepare players for difficulties to be expected either (for example match-fixing, legal dangers regarding contracts). In case of other companies, in mostly human resource reliant industries, as well as of Western-European football academies “talent-pool,” that is, talent management is essential, while it is greatly lagging behind in case of Hungarian academies. Regular, formal feedback would be very important for young footballers (appendix number 12/C).

### 6.1.4. Self-care

In connection with self-care, Hungarian research contains no information, however, according to international studies players of Central-Eastern-European championships are exposed to increased danger of illegal requests (appendix number 12/D). Moreover, in order to keep them as role models and to show desirable career paths it would be an important task for football society to prepare them for their civilian life.

### 6.1.5. Strategy

Stemming from the nature of the questionnaire (filled in by players) there was no possibility to examine the fifth issue, in connection with this I present the findings of the interview and the workshop. At the same time, it is an important part of my dissertation, as this provides the connection between several other factors. Besides issues emphasised and researched in the questionnaire, therefore, statements concerning strategic planning, company performance review, and human resource management are also relevant from the point of view of my dissertation. Out of these I must emphasise one statement that illustrates the current situation the best.

“Results of the audit draw attention to the fact that relationships between academies and the clubs that belong to them are unsorted, they are not systematically functioning organizations. Consequently, *strategic goals of clubs and academies (which are mostly non-existent in written form, or just partly accessible) are often different.* The problem that was also mentioned in the audit is a consequence of this: *decision-making mechanisms need updating.* The system almost completely lacks

bodies that make decisions taking the interests of both the leadership and the academy into consideration” (MLSZ 2014, 12).

## 6.2. Findings of the Questionnaire Research

After the international review and studies I examined the players market of Hungarian professional football. I analysed phenomena described in international literature and experienced on the international players market in the Hungarian environment, and as a method I chose a questionnaire survey. I constructed my questionnaire based on earlier studies, results and an expert interview.<sup>17</sup> All 200 questionnaires that were sent back could be used in the analysis, even though in some cases there were responses left blank (this is why I indicate the number of items by individual pieces of data).

Based on the research I present my findings regarding the current situation of players (*education*, age, language skills, etc.), future plans (Hungarian championship, international *career*, national team), *development*, and *self-care*. The questionnaire is presented in appendix number 13 and the list of addressed clubs and responses sent back is shown in appendix number 14.

### 6.2.1. Basic data

With the help of the HLSZ questionnaires I reached professional footballers and young players preparing for a professional career. They made sure questionnaires were sent to clubs of first and second division, academies (academies can be considered the ante-rooms of professional clubs) as well as clubs that were excluded due to licence problems but who nonetheless provide quality youth training. All together 42 organizations were included and responses came back from 16, 200 filled-in questionnaires in total.

Average age was 19.11, so respondents were mostly young players, so regarding education I examined the responses of footballers under 20 separately as well. There were 144 twenty-year-old or younger respondents (72%), with an average age of 17.2. As for post, the total sample contained 36 strikers (18%), 73 defenders (36.5%), 20 goalkeepers (10%) and 66 midfielders (33%), five people (2.5%) did not answer this question.

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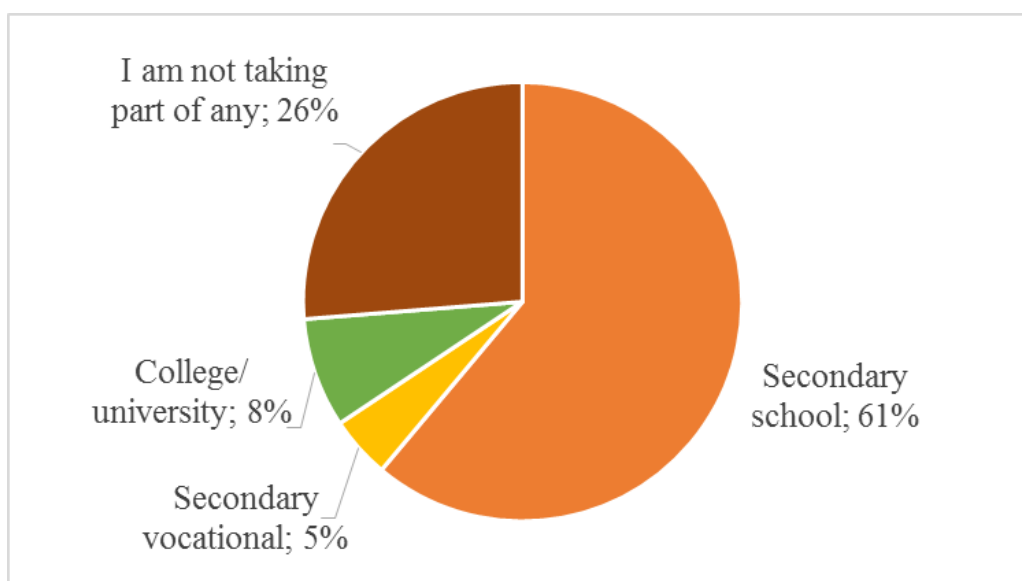
<sup>17</sup> For ideas, aspects, and recommendations regarding the questionnaire, I would like to thank Krisztina András, Ágnes Szabó, Alexandra Köves, Veronika Patkós, and Gábor Horváth.

To the question “In which club or academy did you spend/have you spent most years between you were 15 and 20 years old?” most respondents answered Kecskemét (23 players), followed by Szolnok (19 players), then Zalaegerszeg (18 players), Grosics Academy (18 players) and MTK (14 players). This does not allow for a deduction as to which youth trainings are the most important, because responses are strongly distorted by the fact that only certain clubs filled out the questionnaire. Among clubs that did not send back responses mostly Puskás Academy (7 players), Honvéd (7 players), Debrecen (6 players) and Ferencváros (4 players) were mentioned by respondents.

### 6.2.2. Education

The first set of questions focused on the education of players (figure 31). Most of them are currently studying in secondary grammar schools, which of course can be deduced from their age, but some indicated college/university studies (8%) or vocational training (5%). 26% of respondents were not studying at the time of completing the questionnaire.

Figure 31: Distribution of players according to their current studies



N=195, Source: edited by the author

When analysing *current qualification*, respondents' age must be taken into consideration, as there are many young respondents, who cannot be further ahead in their studies due to their age – according to the information above, they are in secondary school. Among players under 18 years old only 4 people studied a vocation, and there were only 3 who did not study at all, but 96% studied in a secondary school,

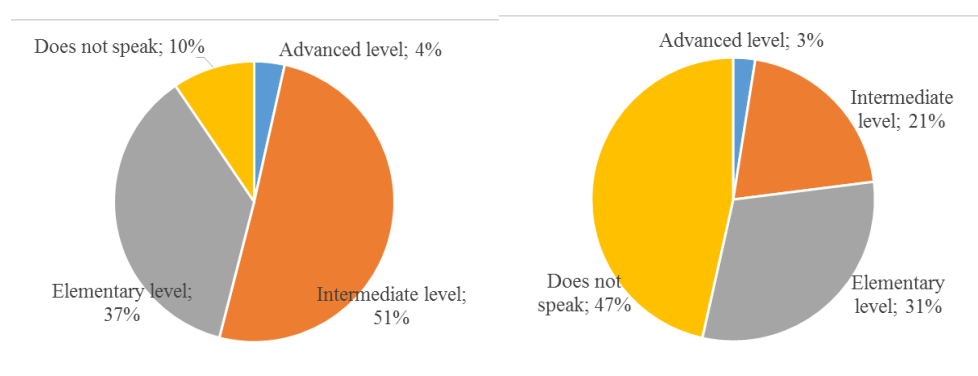
that is, they took part in education according to their age. Examining results of players under 20 (N=144) it can be seen that 7 of them (5%) were studying at college or university, 117 were in secondary school and 7 (5%) were learning a vocation, 1 person did not respond and only 12 did not study at all (8.5%). Young players have serious *plans about education*: 90 of them (62.5%) would like to go to college or university, 32 (22%) would like a high school certificate, 13 (9%) would like a vocational certificate among those under 21 years old (only 8 people (5.5%) had no educational goal and 2 people gave no answer).

Regarding *qualifications* 33% of respondents had high schools certificates (22.7 is their average age) and 3% has a college or university degree (29.75 years).

All in all 4.5% was taking part in vocational training (18.67 was their average age), 60,5% were currently in secondary school (16.81 years), 8% were at college or university (21.4 years), 26% were not studying (24 year), and in 2 cases there was no response.

As for *language skills* it can be said that most of them (90%) speaks English at least on an elementary level, and about half of them indicated German language knowledge of different levels. 55% of respondents speak English on at least intermediate level, and 24% speaks German on at least intermediate level (Figure 32). Among players under 21 only 8.5% speaks absolutely no English.

Figure 32: Distribution of players based on their English (left) and German (right) language skills



N=200, Source: edited by the author

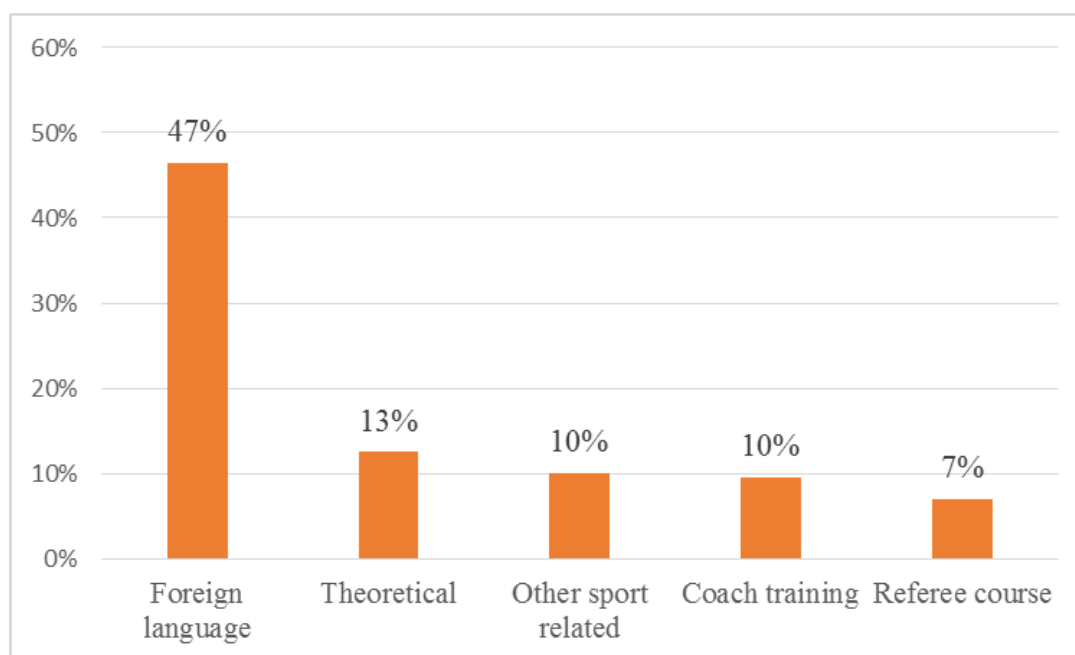
Besides English and German, 18% of players indicated other languages. Mostly languages of neighbouring countries were mentioned (13 – Romanian, Serbian,

Slovakian, Ukrainian – most of them are probably Hungarian people from these countries), and some indicated Italian (10), French (7), and Spanish (4) language.<sup>18</sup>

### 6.2.3. Development and Financing

In this topic I wanted to find out what kind of courses or trainings Hungarian players would recommend for players between 16 and 20 years old in order to improve their football career chances.

Figure 33: Mention of courses considered important by players (% , N=200)



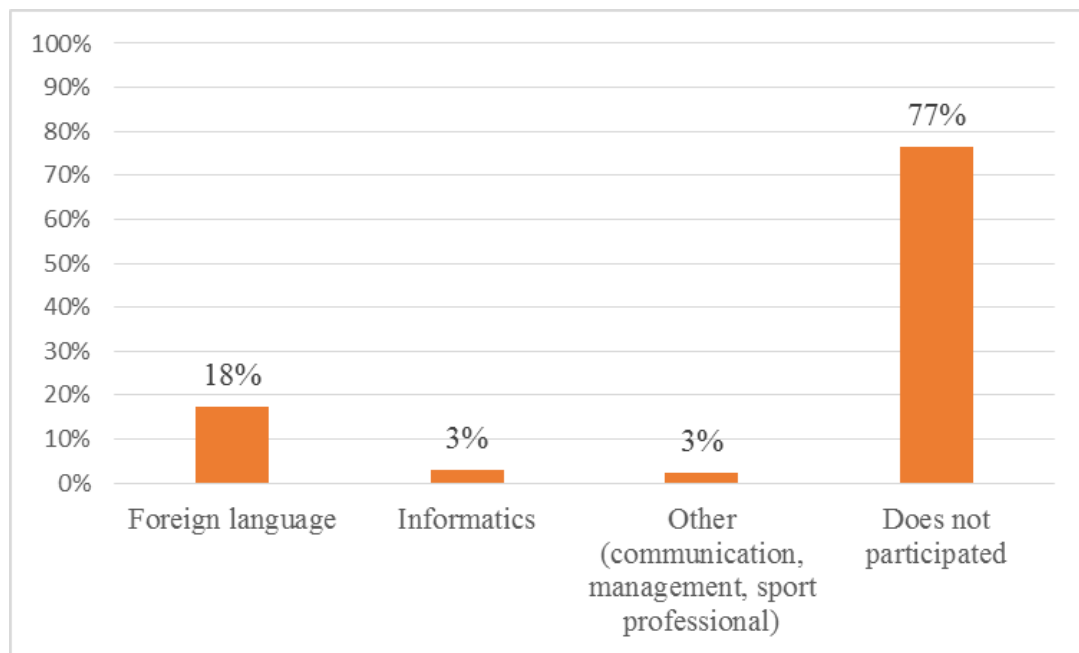
Source: edited by the author

Players mentioned both sport professional and other courses (figure 33). Among sport professional courses they mentioned special football techniques training or futsal training. Among other, theoretical courses there were mentions unrelated to sport, such as psychology, financials, lifestyle, communication, etc.

So players listed similar *trainings and courses* to those mentioned in the studies I used in the preliminary research, there was a considerable overlap. After this I examined what kind of courses and trainings they actually took part in.

<sup>18</sup> Based on players agents' practical experience shared during the workshop, it is worth handling data given by the players about their level and usage of language skills with reservations.

Figure 34: Player participation in courses considered important (% , N=200)



Source: edited by the author

In connection with professional progress 142 of them (71%) mentioned 171 useful courses, but only 46 of them (23%) took part in all together 47 courses (figure 34). Regarding finances, 85% indicated that either they financed it for themselves, or their family did. *Out of 200 players, only 7 players took part in courses important for their career financed by one of the most important stakeholders in Hungarian football (MLSZ for 2 people, their club for 4 people, his players agent for 1 person).* Based on these, it can be stated that the most important actors in Hungarian football do not have the necessary knowledge about players development and they do not conduct their inside operations effectively. Moreover, they have no action plan for the career support of Hungarian or foreign players either.

#### 6.2.4. Statements Connected to Football Career

More than half of the players (105 people out of the 189 who answered the question) said that it is better for a Hungarian player's career if he signs abroad as soon as possible than if he spends a few years in the Hungarian championship. Some specific comments in connection with the question:

*"No matter if he signs abroad or to Hungary, the important thing is to get enough chances to play on the highest possible level."*

*“It is better abroad, because talented Hungarian players who manage to get there, can gain more experience, and experience more training than here in Hungary.”*

*“After the U19, young players have no chance, because the adult team does not take them yet, and there is no more youth championship. Because of this, many players stop playing.”*

73 of the players (36.5%) indicated a TOP5 championship (English, German, Italian, French, or Spanish) as their *final sport professional goal*, and Dutch, Polish, and Austrian first division and German second division also received many votes. All in all, more than half of the players would go abroad (40% indicated Hungarian first division, 9% Hungarian lower division as final goal), which is interesting, as they thought young Hungarian players have little chance to go abroad.

Table 23: Number of young Hungarian players who get into the indicated championships out of 100 according to respondents

<i>Foreign championship</i>	<i>Average (players)</i>
<i>English, German, French, Spanish, Italian first division</i>	4.78
<i>English, German, French, Spanish, Italian second division</i>	8.4
<i>Portuguese, Dutch, Belgian, Swiss, Russian first division</i>	9.1
<i>Polish, Czech, Austrian, Slovakian, Romanian first division</i>	14.2

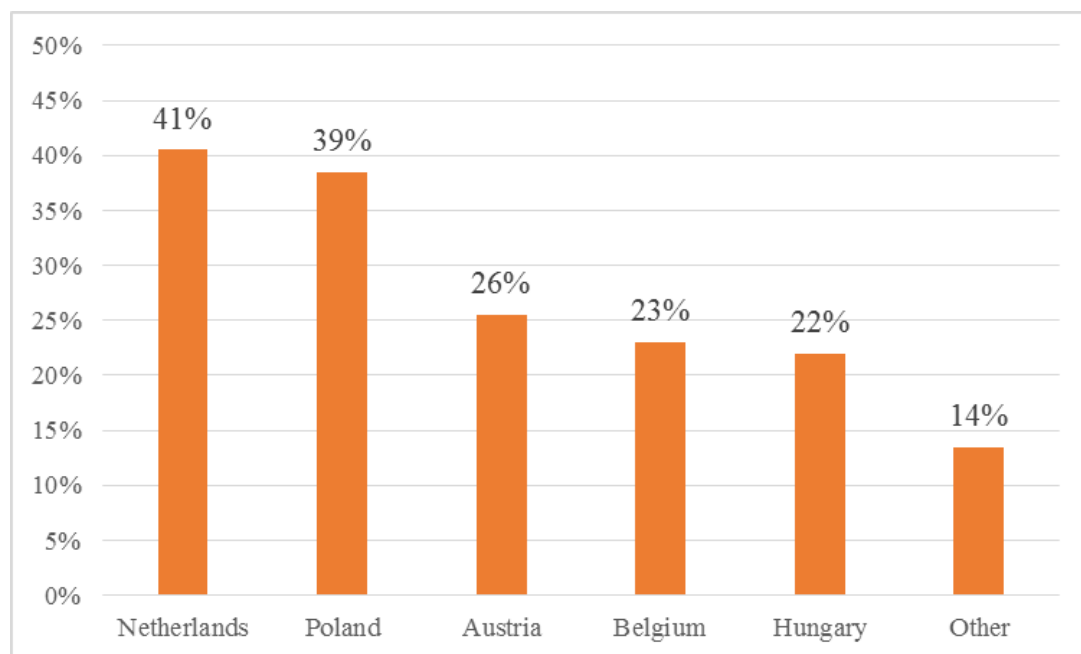
Source: edited by the author

Players saw the greatest chance to get into one of the neighbouring countries' first division championship, followed by getting into the Portuguese, Dutch, Belgian, Swiss or Russian league (table 23). They think only 5 in 100 has the chance to get into one of the TOP5 championships, so besides their own chances, they also overestimate average Hungarian career opportunities (results about the number and value of Hungarian players in detail were given in chapter 5). Therefore, their self-image is distorted, development of young Hungarian players should be organized in a way that they can reach the strongest championships in many steps, using the championships in between as stepping stones. This can be interpreted as a special supply chain, in which from the weaker Hungarian championship, step by step, they can get into stronger and stronger championships. Currently in Hungary, clubs and academies cannot provide players with training and development that would help them reach a level which would enable them to get into TOP5 championships directly.



Respondents considered the Dutch and Polish first division as appropriate *stepping stones* to get into a TOP5 championship, and many of them indicated the Austrian, Belgian and Hungarian first divisions as such (figure 35).

Figure 35: Championships mentioned as stepping stones (% , N=200)



Source: edited by the author

From these results it can be seen that experience of earlier years shape expectations, for example the success of Balázs Dzsudzsák and Krisztián Németh in Holland, or the success of Nemanja Nikolics, Richárd Guzmics, or Tamás Kádár in Poland as foreign legionaries (unfortunately, many of them could not move further on, but mostly this was due to their age or their own decision). International scouts pay more attention to these championships than to the Hungarian one, and they expect higher quality play, so indeed it can be worth for a Hungarian club to get in contact with clubs of the Dutch, Belgian, Polish or Austrian championships if on the long run they would like to produce income through player sales.

The following significant correlations were found between age and variables connected to career:

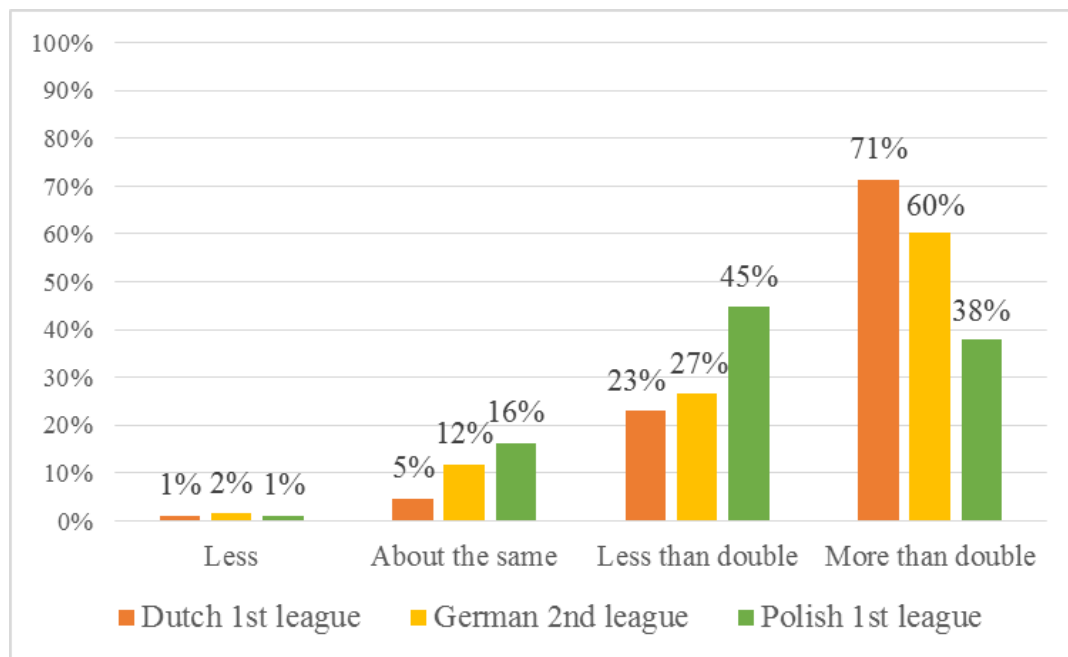
1. The older a respondent was, the better he considered the possibility of signing with Belgian, Dutch, Swiss or Polish first division ( $r = 0.2$ ;  $p < 0.01$ ).

2. The older a respondent was, the less he considered it a good opportunity for a player to have spent his early years in Hungarian first division ( $r = -0.2$ ;  $p < 0.01$ ).
3. The older a respondent was, the less chance he gave for a Hungarian player to get into a TOP5 championship ( $r = -0.2$ ;  $p < 0.05$ ).

Therefore, all in all experienced players suggest foreign championships for young players instead of the Hungarian one, and they are significantly more realistic about foreign career opportunities of young players.

In case of a *career abroad* players are justified to expect higher salaries in exchange for higher performance (see chapter 2.2.2 on this). Figure 36 shows salary expectations that can be considered a possible next step towards German second division, Dutch first division, and Polish first division.

Figure 36: Expectations in connection with salary



Source: edited by the author

The majority of players expects a higher *salary* in case of all three championships. Only 1-2% of the players expects a lower salary in these championships than in the Hungarian championship, 5% expects the same amount in the Dutch first division, 12% expects the same amount in German second division and 16% in the Polish first division. All in all, 94% would expect a higher salary in the Dutch first division, 87% in the German second division and 83% in the Polish first division. A significant

difference in payment (more than double of the Hungarian) is expected mostly in the Dutch first division (71%) but even in the German second division 60% of players would hope for such a big increase. In connection with Polish first division, expectations are more careful, 38% of players indicated that they expect more than double of the Hungarian salary, while 45% expect less than double. It is important for players to understand that in case of signing abroad it is more difficult to get into the team, but it is increasingly easier to draw the attention of coaches, player agents and scouts who are watching the international players market. This way in the first few years it is not necessarily the higher salary expectation that should be attractive. Higher than appropriate amounts of non-business incomes appearing in the Hungarian championships can limit Hungarian footballers in launching their foreign careers, thanks to higher possible salary in the low quality Hungarian league.

It is important who a footballer can count on regarding career *support* out of the several actors and stakeholders of professional football. Respondents could indicate more than one answers in the questionnaire, and eventually almost all players (95%) indicated their family and friends, so the opinions of those who are close to them are important. From the professional line teammates and coaches received the most mentions, the former got 44%, about the latter 35% thought they could discuss their career opportunities with. Players agents got 39, clubs (and their staff, excepting the coach) 27 mentions (19.5% and 13.5%). Based on this it seems that players do not receive sufficient support regarding their career from their employer or the players agent who helps with international contracts.<sup>19</sup>

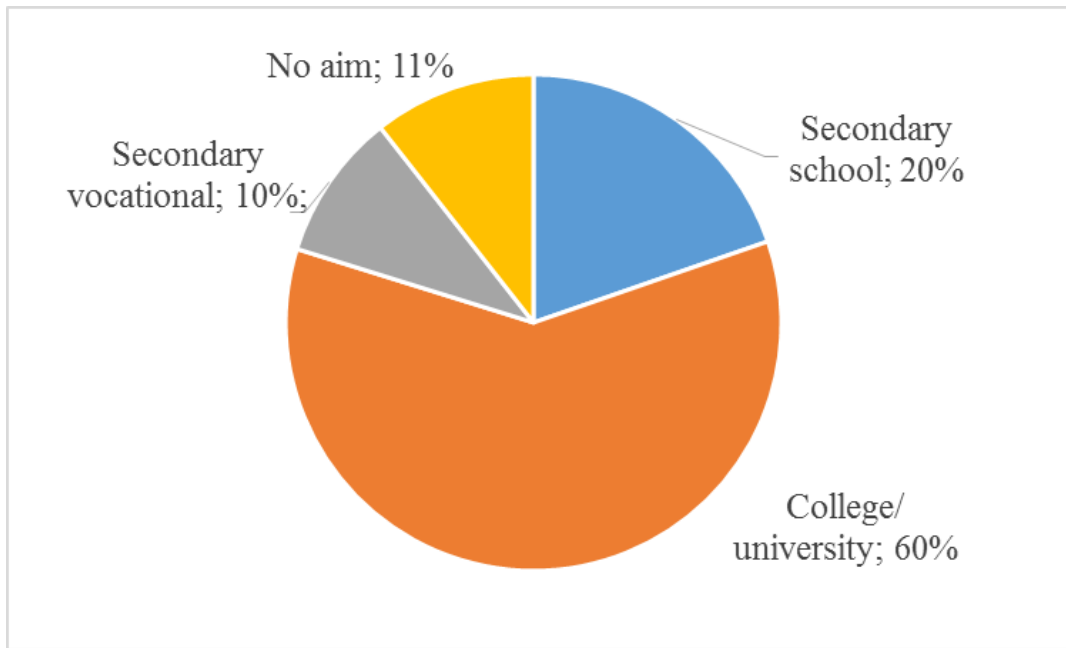
#### 6.2.5. Self-care

Regarding *future education* plans there is a positive picture (Figure 37), as most players would like to study at college or university, which signifies a serious way of thinking. Of course later it is possible that many of them do not get into college or university but the fact itself that they consider it as a goal can be viewed as responsible. In the following we will see that many of them still imagine a future in football, and it would be difficult to pursue academic studies besides, but in later civilian life, or in case of an unsuccessful football career it can be realized.

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<sup>19</sup> It has to be noted that while every footballer has contact with the federation and their own clubs, some of them (especially the young ones) have no players agents, so that is why they did not indicate them. The questionnaire did not ask about who has a contract with a players agent.

Figure 37: Distribution of planned qualifications among players



N=198, Source: edited by the author

The questionnaire asked about help regarding a civilian career after the football career of players. In this issue, family and friends got by far the most mentions (93%), followed by teammates (35%) and coaches (20.5%). Clubs were chosen only by 14% of players and players agents by 9.5% of players. Preparing a young footballer for his civilian career is a great responsibility, as it is not sure he would be a footballer for long, and also this is when he can lay the base for opportunities after his football career, for example with a carefully chosen university program or with language learning. Clubs employing the players and agents supporting contracts got equally low amounts of mentions as in connection with the question about professional career.

The following significant correlations were found between age and *expectations connected to civilian career*:

1. The older a respondent was, the more specific idea he had about finding his place in business life after his football career ( $r = 0.28$ ;  $p < 0.001$ ).
2. A negative correlation was found regarding finding a sport professional job after football playing career and age ( $r = -0.14$ ;  $p < 0.05$ ).

Therefore, all in all older players gave a bigger chance to a career away from football, and they saw less chance of finding a sport professional job than younger players. This can be important for younger footballers as besides seeing their career opportunities in a much more optimistic way than realistic, they would build their civilian career on

football also. At the same time it is a step forward that young footballers study at university or plan an academic education in an increasing number.

89% of respondents answered that they would take part in saving up in a *career fund*, which means they save up a certain proportion of their salary in a savings account, which they can access after their football player career, thus helping choosing their later profession. On average, players would save 19% of their salaries in the career fund, which can be considered a rather high proportion, in my opinion in practice it would be lower. Between the proportions of savings and age we found a negative significant correlation, that is, younger players would devote more of their salary for savings ( $r = -0.18$ ,  $p < 0.05$ ).

During the survey 97.5% of respondents answered, and among them 39% experienced *separate training* as a form of punishment themselves, 23% heard it from a teammate, and 37% have not heard about the phenomenon. In a study by the FIFPro (2014) a quarter of players in Hungary had to do separate training, and the proportion found in the current survey which can be considered high is an expressly negative indicator, considering that most respondents are young players at the beginning of their careers.

172 people (86%) would find the so-called *minimum-contract* – recommended by the HLSZ – useful (basic labour right guarantees and standard contracts), 16 people would not consider it useful (8%), and 12 people gave no answer (6%).

### 6.3. Findings of the Workshop and the 2016 Survey by MLSZ

After the questionnaire survey, in order to evaluate the findings the expert workshop described in chapter 3.3 was conducted, to which I invited a representative of each organization or field affected in the issues discussed in my dissertation (MLSZ, club, players agent, former professional footballer).<sup>20</sup> During the workshop I presented the main findings of the Central-Eastern-European studies described in chapter 5 and the findings of the questionnaire survey in detail. These provided the starting point of our discussion, in which they could express their own personal experiences in connection with the findings and could react on each other's opinions. An audio recording was made of the whole workshop, and based on that a full transcript was made. When structuring the transcript and evaluating it according to the researched issues I came to

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<sup>20</sup> In organizing and moderating the workshop I received help from Krisztina András and Tünde Máté, who worked with me on the workshop actively, for which I would like to thank them here.

the most important conclusions. Names and titles of participants as well as the agenda of the workshop is shown in appendix number 15. The independent audit company commissioned by the MLSZ published its latest report in June 2016, which I evaluated together with earlier results.

The second result of the academic audit of MLSZ appeared in 2016. In the study after describing the working process and methodology, comprehensive results are presented based on audits of 15 academies. The Double Pass model (MLSZ 2016, 6) examined youth training workshops from five aspects: corporate leadership, organizational units, football-development, resources and productivity. Under corporate leadership, evaluation of strategy and HR management appear, among organizational units sport scientific, social and educational items, and in football development attention is focused on individual development and selecting talents. The model does not only examine academies like a black box dealing with football and training methodology, but also studies them as business corporations that produce results that can be interpreted according to sport professional and business functions, and is measurable in its usage of resources. In the model most emphasised are productivity (20%), team-building (19%) and the quality of staff (14%) (MLSZ 2016, 7). According to the overall results academies show weakest results in the field of individual development and productivity (MLSZ 2016, 12-13). As the MLSZ promised to support academies in the future only on condition they participate in the audit and produce results, the audit was suitable to reveal differences between what the academies handed in on paper, and what could be experienced in practice (for example through conducting personal interviews, reading through detailed documents and records, etc.).

In the following I collected and highlighted relevant statements connected to my research topic according to the earlier themes.

### 6.3.1. General Opinions

At the *workshop* it was generally agreed that as a consequence of the MLSZ audit a serious *improvement* occurred, as they can follow 500 academy players' development annually. Regarding stamina and physique, young players are beginning to be very similar to international level. It is a good base, but the appropriate technique is still missing. However, regarding *regulations* it was said that the MLSZ is creating a

regional system in youth training, which will result in a difficulty for young players to change clubs. The goals the MLSZ communicates are good, but they should refine their methods (players market regulations).

According to the *academic audit* best results were found in case of *facilities*, nevertheless, rooms and accommodations suitable for players who are studying are missing in some places, and there is a need for quality workplaces and (coach) changing rooms. “Improvement in handling individual files and establishing video libraries are arising as further tasks in case of most academies” (MLSZ 2016, 110).

### 6.3.2. Education

According to the participants of the *workshop* regarding education, lack of qualification in case of coaches and other professionals, and weak HR management are the most common problems. Educational progress of young players mostly depends on the influence of their families.

The *MLSZ report* (2016, 101) states that “individual (performance) evaluation and personal development are areas in need of serious improvement for academies. There are no specifically measurable performance indicators and no individual career paths are elaborated.” Education and staff related content from the workshop and main statements of the MLSZ audit report are shown in appendix number 16/A.

### 6.3.3. Development

According to the statements of the *workshop*, players have distorted self-evaluation, they are not realistic when judging their possibilities and actions that would help them develop. It would be important on the level of clubs to organize player support, clubs’ and academies’ mental and psychological support is very poor.

In the *MLSZ report* statements regarding shortage in methods and tools for individual development and mental-psychological preparation appeared distinctly. “Specialists such as fitness trainers, psychologists, mental trainers, or social and education experts now have a greater role in the development of talents than two years ago. In players’ performance reviews their role/contribution is still not as significant as it would be justified.” (MLSZ 2016, 84) Moreover, social, educational, lifestyle and other preparation trainings need improvement, too. “Development of social and

lifestyle programs are still in the early stage” (MLSZ 2016, 58). Main statements are presented in appendix number 16/B.

#### 6.3.4. Career

According to the main findings of the *workshop* several approved elements of player development and preparation for professional career are missing, or are in the early stage in case of Hungarian academies. Some examples are nutritionists, mental preparation, personal talent management, and preparation for professional environment. Based on the experiences of different stakeholders, some contradiction arose regarding the role of scouts, however, according to the MLSZ survey, this field is in great need of improvement, too.

Based on the findings of the *MLSZ audit* a concept for choosing talents exists, but different academies are on different levels regarding this question. The greatest problem is the lack of concentration on individual development according to the report, too. “Constructing personal plans for detailed career strategies and effective integration into professional environment are still non-existent/not applied concepts” (MLSZ 2016, 85). Findings about development and career support of players can be found in appendix number 16/C.

#### 6.3.5. Self-care

According to participants of the *workshop* (table 24) besides family, which at the moment has a decisive role, it would be important if clubs and players agents could help footballers consciously prepare for their civilian career.

Table 24: Follow-up statements on self-care

<i>Self-care</i>	<i>Statements</i>
<i>Béla Maróti</i>	It would be <i>important for agents to pay attention to the civilian career</i> of players, too.
<i>Mátyás Esterházy</i>	The agent market has been watered down, while it would be important to have <i>experts</i> . Their agent career is about supporting players’ civilian career also. <i>Families’</i> supporting role is important, too. Players agents have their own network of scouts, this is another service towards clubs.

Source: edited by the author



### 6.3.6. Strategy

Concerning strategy, Hungarian academies are far behind their international competitors and companies in other industries.

According to the findings of the *workshop* there is no significant connection between adult clubs and their youth trainings, there is no serious quality control or performance review, and responsibilities are not clearly delegated either.

According to the statements of the *MLSZ report*, operation of academies is too dependent on state funding, and in case of academies' leaders, improving and reinforcing management competences would be important (MLSZ 2016, 35). The report says that "following strategic performance indicators is not typical, but performance aims of different key fields need to be reviewed and it is recommended to make regular reports on their current state" (MLSZ 2016, 25). In conclusion, the MLSZ report stated that a comprehensive and regular performance review is missing from Hungarian academies' operation. Key statements are in appendix number 16/D.

### 6.3.7. Strategy Choices and Business Operations of Hungarian Academies Compared to International Experience

Negative indicators were found in clubs' football development model and youth training strategy also. Out of 15 clubs, 14 did not reach 50% results in case of the latter. Quality- and performance management, as well as planning and feedback are almost completely missing (MLSZ 2016, 22). "Academies expressed their future prospects and mission statement in general, but they failed to identify their main stakeholders and value range (identifying main investors and their expectations)" (MLSZ 2016, 25). According to the report "more attention should be paid to planning the integration of young players into their first team." The study says that in case of most academies, strategic plans are connected to the TAO support funds.

In the international study (MLSZ, 2016) they demonstrated that two main areas need to be kept in consideration in connection with strategies. One of them is the strong connection between club and academy and the other one is determining the efficiency of academies. The former helps young players' integration into the adult team, the latter, instead of the rank achieved in youth championships, focuses on the number of players handed over to the team of the older age group.

According to a survey by ECA in case of 80% of foreign clubs joint decisions are made by the first team and the coaches of the academy about handing over and developing players (ECA 2012, 14). 75% of them has clear strategic goals, 50% of them form objectives. Half of the academies that took part in the survey emphasised that youth training creates corporate value and according to 60% the youth is a source of income, rather than cost (ECA 2012, 14). Budget of academies studied make up an average of 6% of the total budget of their clubs (ECA 2012, 17). The study describing the results of German youth training focuses especially on the importance of individual development in case of academies (Bundesliga 2011, 34).

Regarding productivity the MLSZ study states that “proportion of players from clubs’ own youth training” shows an average of 1/3. However, there is only one Hungarian club that sold a player from its “own youth training” to the highest (international) level. “An average club delegates 6 players from its own youth training into Hungarian national (adult or youth) teams” (MLSZ 2016, 127). According to the final conclusion of the study, it would be necessary to “establish principles on a corporate leadership level: separation of operative and decision-making; actual fields of responsibility and decision-making rights for the Sport Director / Professional Body in football professional issues.” Furthermore, “the actual decision-making power and profile of the Academy Leader,” as well as “efficient recruitment / scouting department” should be developed. According to one of their most important statements, bigger emphasis should be laid on the individual approach in training and in career management. “In order to develop players to the highest possible level, it would be justified to determine, apply and evaluate personalized development plans and programs” (MLSZ 2016, 155).

## 6.4. Player Development and Career Management – Conclusions

In this chapter I conducted primary and secondary research in connection with Hungarian professional players’ career opportunities and development in three very distinctive phases. In table 25 I summarized the main findings of the chapter according to the three phases of the research. Based on this I can ascertain the acceptability of the hypotheses and answer my research questions.

Table 25: Main findings of the three phases of the research

<i>Research phase</i>	<i>Preliminary</i>	<i>Questionnaire</i>	<i>Complementary</i>
<i>Education</i>	Qualification and appraisal of staff is incidental; there is no staff member responsible for educational and social issues.	Majority of academy members are studying and planning to continue; language learning in progress.	Poorly prepared and qualified experts; unqualified coaches; no actual HR strategy.
<i>Development</i>	Individual training minimal; low number of psychologists; incomplete language, IT, communication, lifestyle and personality development.	Only 22% doing foreign language, IT, or communication training; out of 200 only 7 gets financing from club, MLSZ, or agent.	Distorted self-evaluation; weak psychological-mental support; club support less than expected, but improving tendency; little personal development; conscious lifestyle and preparation missing.
<i>Career</i>	No nutritionists or prevention; few doctors, masseurs, personal trainers; talent management rare.	Distorted self-evaluation, they overestimate their own career opportunities and Hungarian players' opportunities in general; excessive expectations about foreign salaries; they receive less support from club, agent or federation than justified.	There are scouts but not enough; talent management improved, but it is not common; there is no detailed personal career support; career support team (video-analyser, mental trainer, personal trainer etc.) is not typical.
<i>Self-care</i>	Legal circumstances of work not regulated.	Plans for future studies; club, federation, agent gives no support regarding civilian career; they are in favour of a career fund and a minimum-contract.	Agents and clubs play a meagre role; little organized contact with experts; family's importance instead of club, federation or agent.
<i>Strategy</i>	Strategic goals of clubs and academies belonging to them are often different.	n/a	There is development but no progress yet; weak connection between the club and academy; little club financing for academies, mostly TAO-resources; no quality control or performance review; improving management competences would be justified.

Source: edited by the author

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 development. 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) in the way described in chapter 3. According to my findings, I gave the following answers to my research questions and hypotheses.

*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.

As a conclusion *career support and preparation for professional career of young players in Hungary does not appear with due emphasis in the strategy and operations of clubs and academies yet*.

## 7. Conclusions

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 development 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. The objective of the sport company is dual (sport and financial objectives are present at the same time), its strategy is determined primarily by the nature of its operations and the objectives of proprietors. Constructing and realizing football clubs' strategy is strongly connected to the quality of players and the way players (as main "production" resources) are purchased (buying or youth training). Clubs either train their players to be sold, or to use them in their own teams, but in both cases they must strive to organize their value creating processes as effectively as possible.

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 is helping the currently well-functioning clubs, they need to internalize the knowledge necessary for the developing and career management of players. I presented the conceptual framework I used, related Hungarian and international literature, then based on these I chose my research questions and hypotheses. My dissertation explored an important aspect of professional sport in the field of business, and it is the operation of the professional players market and player development.

While processing the literature I laid great emphasis on the systematic review of international empirical works dealing with the effects of buying players, and on collecting and summarizing the main findings of researchers dealing with sport business in the Central-Eastern-European region. I examined players' contribution to professional football clubs' value creation, as well as the operations of the international players market and its latest trends. I consider these the most important theoretical contributions of my dissertation to the existing literature.

Throughout my surveys I applied both primary and secondary sources of data, then I worked with several types of analysis (both qualitative and quantitative). I built databases with a large number of samples to analyse Central-Eastern-European professional football with a focus on the sport professional, business and player market aspects. Using the method of triangulation, I conducted studies with the same research questions but different kinds of research complementing each other. Among my methods, most important was the anonym questionnaire filled in by 200 respondents. This was complemented by the examination of audit report constructed by a foreign company commissioned by the MLSZ (MLSZ 2016), and the expert workshop I organized for the occasion, within which I evaluated the results with the relevant Hungarian stakeholders of the field.

According to my main findings, the circle of the most successful clubs in *international football* can be considered constant. They take part in international competitions regularly and their income increases annually, but at the same time their expenditure is also growing because of player purchases and payroll costs, therefore, their business result is negative. The UEFA is trying to regulate the spending of clubs (Financial Fair Play), but for the time being it does not seem to produce any results, the concentration of sport success and financial performance of clubs continues. Clubs of weaker championships can base their operations either on increasing their local consumer base or on increasing their income realized on the players market, through which a few clubs could stabilize their distinguished rank in every championship and thus obtain the opportunity to appear internationally again.

At the end of each chapter dealing with findings (4, 5 and 6) I summarized the results of each part of research, so in this chapter I only present the final conclusions. 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.

*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. A more conscious construction of Hungarian players' career management is recommended, it would be important to provide personalised sport professional preparation and mental support for them, as well as foreign language, IT and communication courses.

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*.

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.

## 8. Appendix

### 1. Appendix: Summary of processed literature, research questions and hypotheses, and the methodology used (edited by the author)

Main research question: How can international competitiveness of professional Hungarian footballers be evaluated?				
<i>Background of terms and literature</i>	<i>Research questions</i>	<i>Hypotheses</i>	<i>Connected and analysed literature (chapter titles in brackets)</i>	<i>Methodology and evaluation (chapter titles in brackets)</i>
<i>Professional sport and its markets – a study of the players' market</i>	What trends can be identified on the international players' market?	n/a	Markets and strategies of professional sport (2.1.3) Factors influencing professional player sales (2.2.3) The operation of the players market (2.2.1)	Exploring the current trends of international professional football (3.1) – secondary research; Findings: chapter 4
<i>Management of value creating processes</i>	How can the returns of investments spent on player purchase and salaries be evaluated?	n/a	Effects of investments on players (2.2.2)	
<i>Management of value creating processes</i>	How can the sport results and transfer market incomes of the past 10 years' Hungarian football be evaluated compared to the results of Central-Eastern-European countries?	Hypothesis H1a Hypothesis H1b	Professional sport business operations in Central-Eastern-Europe (2.4)	Sport professional, business and transfer market analysis of Central-Eastern-European football – primary data collection and quantitative analysis, secondary analysis (3.2) Findings: chapter 5
<i>Management of value creating processes</i>	How can Hungarian players' career support and preparation for professional career be evaluated?	Hypotheses H2a Hypotheses H2b	Value creation in professional sport (2.1.1, 2.1.2)	Questionnaire survey among professional players; Secondary research based on the MLSZ audit report (chapter 3.3) Findings: chapter 6 Organizing a workshop for stakeholders
<i>Human resource management, career management</i>	How can young professional Hungarian players' level of preparation be evaluated with regard to their professional and civilian life?	Hypotheses H2c Hypotheses H2d	HRM and career management in professional sport (2.1.4) Players market and international business economics (2.3)	Questionnaire survey among professional players; Secondary research based in the MLSZ audit report (chapter 3.3) Findings: chapter 6 Organizing a workshop for stakeholders

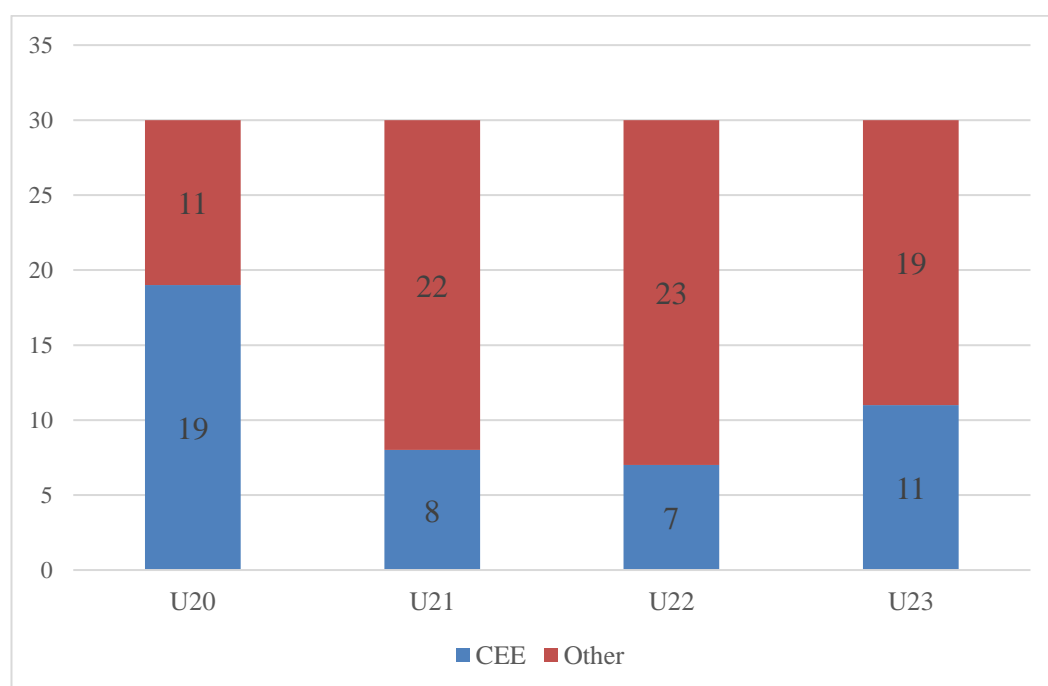
2. Appendix: International sport results of clubs in the CEE region between season 2003/2004 and 2012/2013

<i>League</i>	<i>Number of clubs nominated for international cups</i>	<i>Clubs in Group Stages</i>	<i>Proportion of clubs in Group St.</i>	<i>Clubs in best 16</i>	<i>Proportion of clubs in best 16</i>
<i>Romania</i>	47	25	53%	4	9%
<i>Czech Republ.</i>	41	19	46%	2	5%
<i>Croatia</i>	35	10	29%	0	0%
<i>Serbia</i>	38	10	26%	1	3%
<i>Bulgaria</i>	39	9	23%	1	3%
<i>Poland</i>	38	8	21%	0	0%
<i>Hungary</i>	34	5	15%	0	0%
<i>Slovakia</i>	34	4	11%	0	0%
<i>Slovenia</i>	35	2	6%	0	0%
<i>Total/average</i>	341	92	27%	8	2%

Source: edited by the author based on UEFA (2013, 13)

3. Appendix: Number of Central-Eastern-European young players in the most talented players among 19 improving European leagues

While studying the research that examined the playtime of young players, I concentrated on the group that contained the CEE championships, that is, the 9 championships from the region and 10 from another region (the Austrian, Belarusian, Cyprian, Danish, Finnish, Israeli, Norwegian, Scottish, Swedish and Swiss championships were involved in the study).



Source: CIES 2015a, 6-9

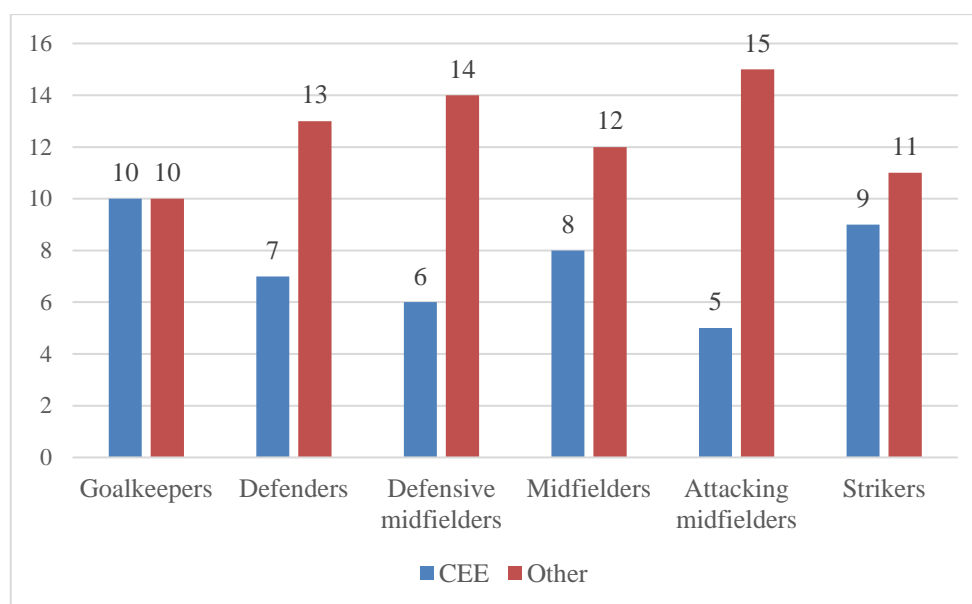
Focusing on CEE results it can be stated that among U20 players out of the 30 outstanding players 19 were from this region, that is, the region dominates in this age group. Especially goalkeepers, midfielders and strikers receive significant playtime in their clubs. Among countries, outstanding are Croatia (3 players), Serbia (4 players), Poland (5 players) and Romania (3 players) (CIES, 2015a, 6).

Among U21 players we found only 8 out of 30 from this region, 2 of them Serbian, 2 Croatian, 2 Polish and 2 Romanian. There is only one goalkeeper and 2 strikers among the 5 best players each (CIES 2015a, 7). In case of players under 22, the number of players from the region decreased further among the 30 outstanding players, we only found 7 on the list, 2 of them Croatian, and 2 from the Romanian championship (CIES 2015a, 8).

Some growth can be experienced among U23 players, 11 are CEE-players out of the 30, and 5 of them are from the Czech championship. During the 4 years, there was only one Hungarian player on this list of 30, Levente Jova, goalkeeper of Ferencváros (CIES 2015a, 9).

It is an interesting trend, that players of dominant championships among the U20 (Croatian, Serbian, Polish) got into the lists in a much lower number in other age groups. A reason for this can be that young talents sign with other championships already at the age of 20, but it can also mean that clubs cannot rely on talents consistently. It is remarkable that in the Czech Republic it is the U23 that is outstanding, so there they do not rely on the youngest generation but still a young generation receives the opportunity to perform.

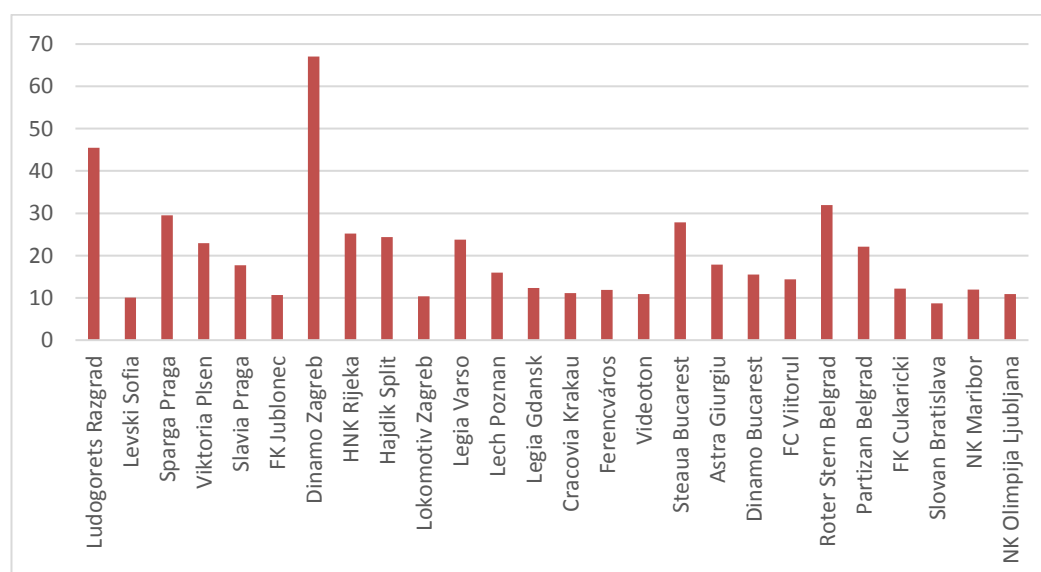
4. Appendix: Number of CEE youth players by position among the best European talents



Source: CIES 2015a, 6-9

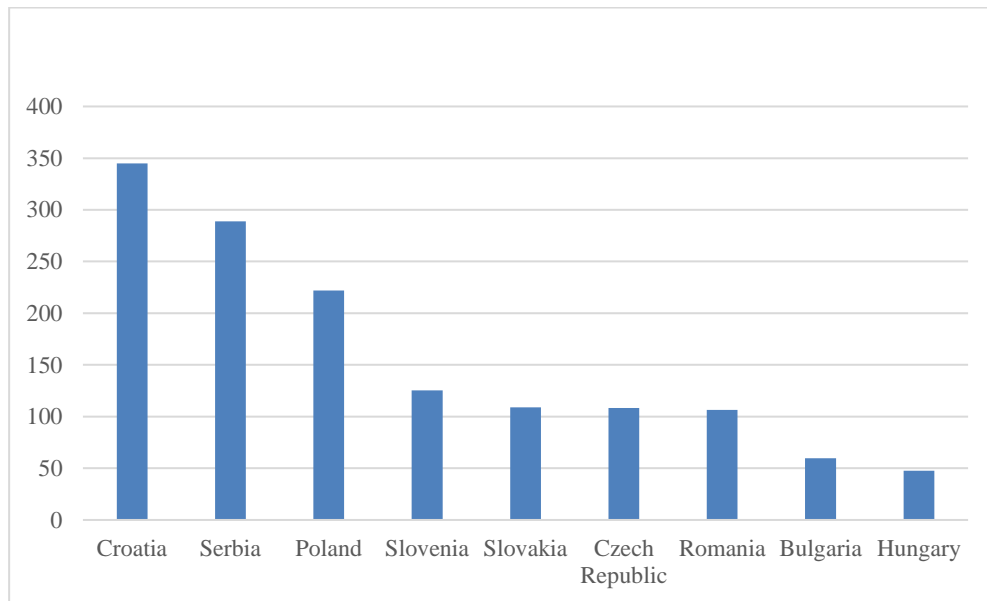
If we consider the distribution of positions according to age groups (Figure 16) it can be seen that goalkeepers got onto the lists in equal numbers in CEE and in other championships. Proportion of strikers and midfielders are almost equal (9-11 and 8-12), and young defenders from the CEE region appear in significantly lower numbers (7 as opposed to 13), as well as defending (6 as opposed to 14) and attacking midfielders (5 as opposed to 15) (CIES 2015a, 6-9). So it seems that CEE championships employ their talented young players in higher amounts of playtime mostly in the positions of goalkeeper and attacker.

5. Appendix: Value of squads in CEE clubs with at least EUR 10 million squad value (data in EUR million)



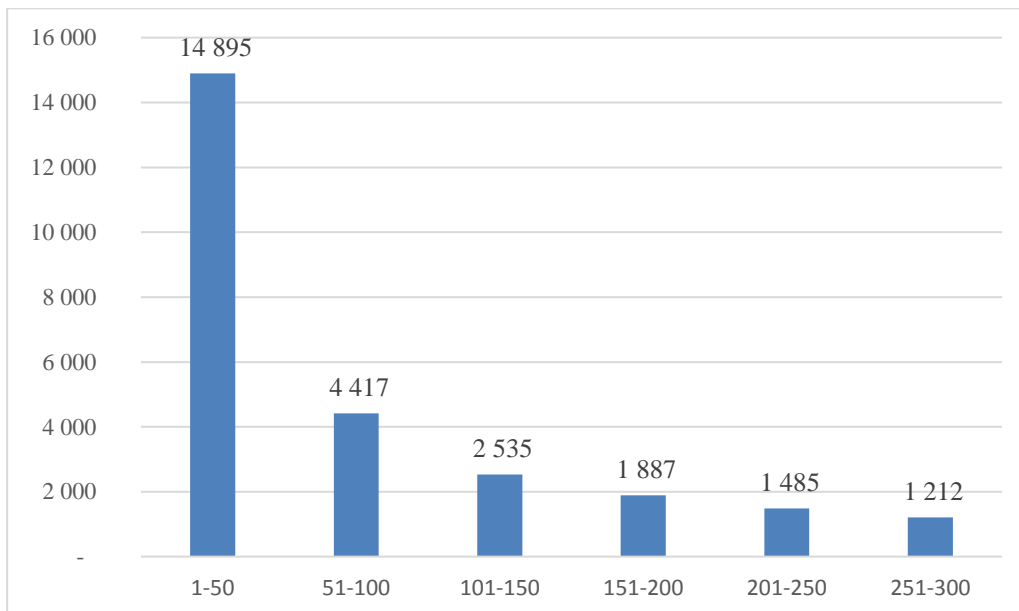
Source: edited by the author based on transfermarkt.de

6. Appendix: Total value of the most valuable players by countries in the CEE region (data in EUR million)



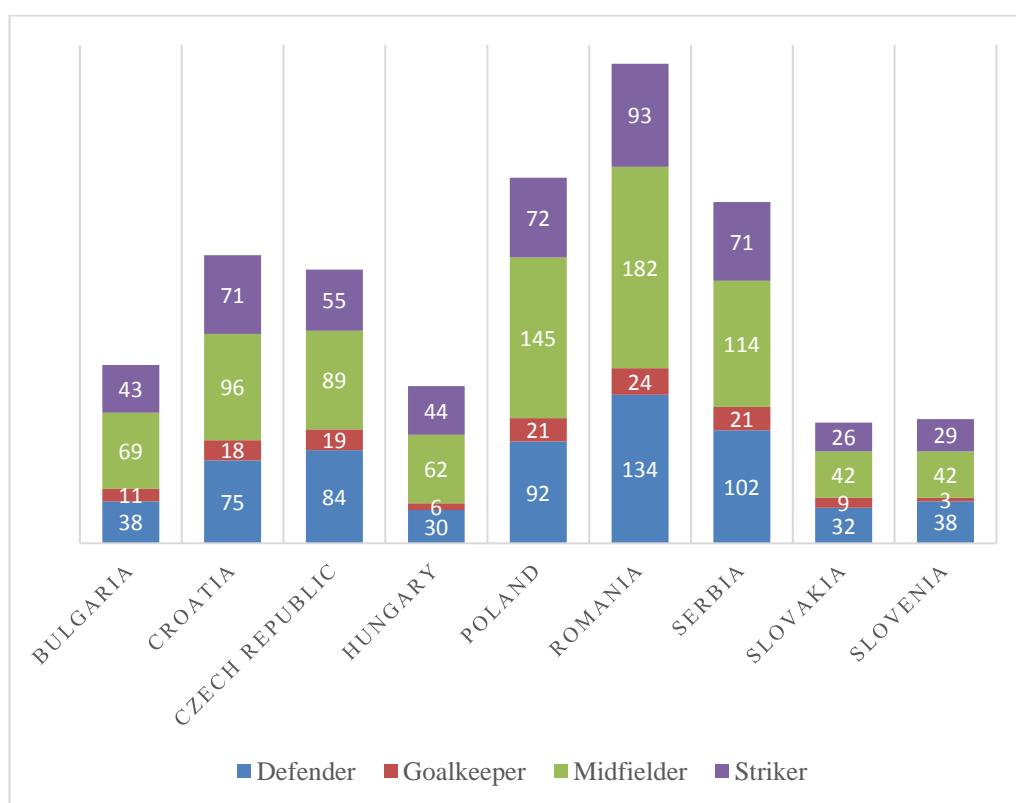
Source: edited by the author based on transfermarkt.de

7. Appendix: Average value of groups of by 50 headcounts (data in EUR thousands)



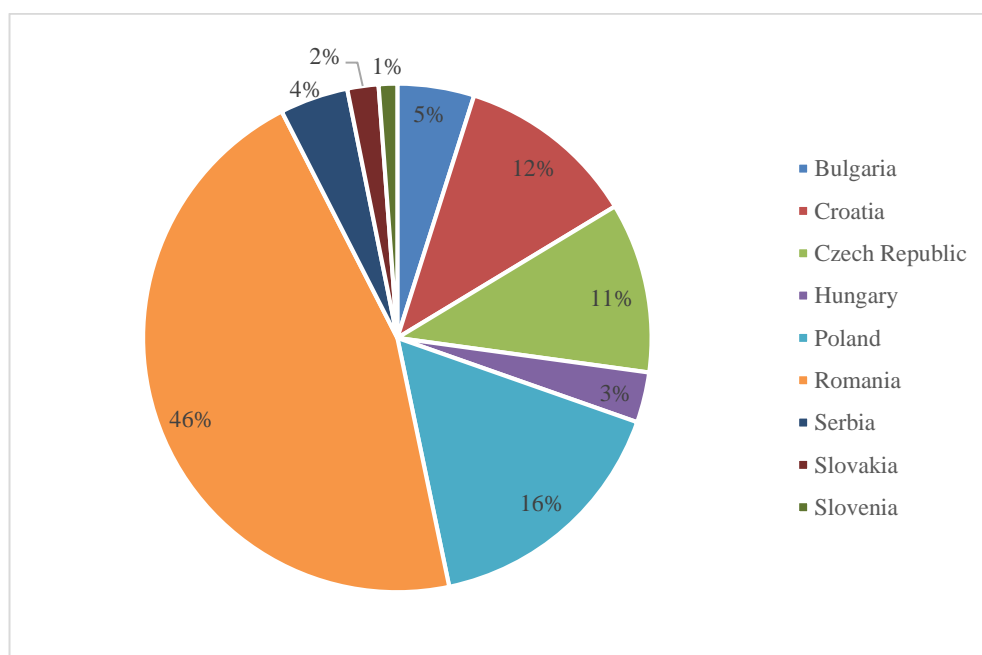
Source: edited by the author based on transfermarkt.de

8. Appendix: Number of sold players from the CEE region by positions



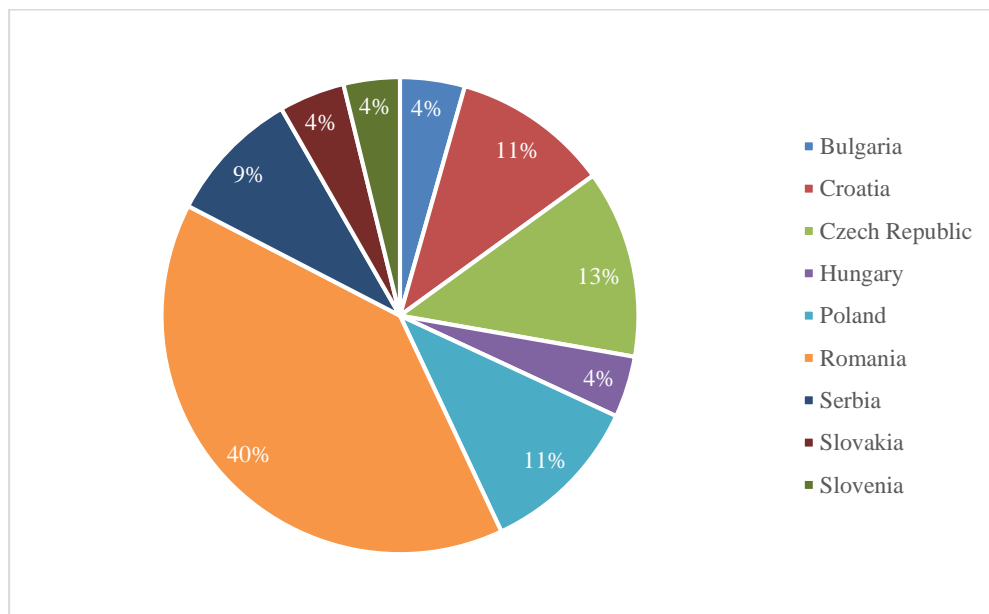
Source: edited by the author based on transfermarkt.de

9. Appendix: Distribution of purchase value of "recipient" championships within the regional market



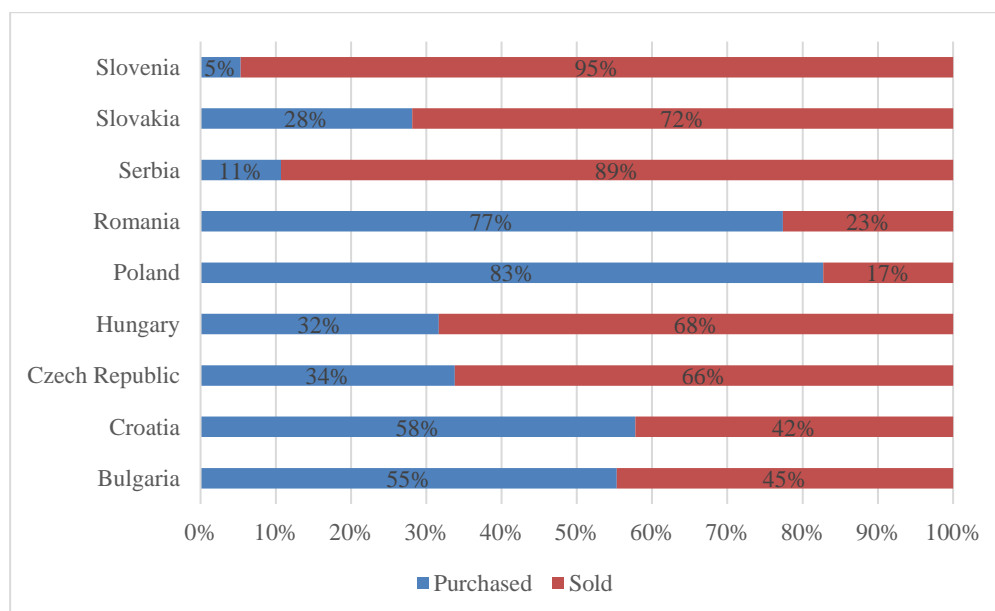
Source: edited by the author based on transfermarkt.de

10. Appendix: Distribution of purchase value of "selling" championships within the regional market



Source: edited by the author based on transfermarkt.de

11. Appendix: Distribution of player turnover according to championships



Source: edited by the author based on transfermarkt.de



## 12. Appendix: preliminary data collection according to issues

### 12/A Appendix: Enhancing education, the role of academy staff

Source/ Issue	MLSZ 2014 (domestic)	ECA 2012 (international)
Education, qualification of staff	“ <b>Evaluation</b> of academy staff is primarily <b>informal</b> , few organizations use an elaborated system of criteria for this purpose.”(p 12)	Before signing abroad, talents must be prepared <b>socially, educationally, psychologically and personally.</b> (p 15)
	“Most academies have an <b>education program.</b> ” (p 11)	The <b>number of international matches</b> is continuously increasing in case of the studied foreign academies. (p 16)
	“Academies usually organize internal or external trainings but they have no formal strategy for this.” (p 12)	
	“Not every academy has staff members who are <b>responsible exclusively for social and educational issues.</b> ” (p 11)	

Source: edited by the author

### 12/B Appendix: statements regarding development

Development	Statements
HLSZ 2014	“ <b>Individual training</b> must be a part of youth training: some clubs agree, but the proportion of those who put emphasise on it has not grown significantly in the past few decades.” (p 33)
	“Proportion of players who <b>do not get into international tournaments at all</b> even after U16 is high.” (p 38)
	“ <b>Individual training according to position</b> is not a new element in youth training, however, the frequency of its application is not satisfactory.” (p 34)
	“Only a <b>tenth</b> of athletes claimed to have had the opportunity to visit a <b>psychologist</b> during their youth training.” (p 32)
MLSZ 2014	“ <b>More personalized development</b> must be provided for the talents of older age groups; formal strategy regarding personal coaching programs and career is not typical.” (p 10)
	“Most clubs have a scout system but scout activity is rarely organized, it is based primarily on different kinds of cooperation.” (p 11)
	“Mostly there is no formal recruitment strategy, academies rely on informal contacts.” (p 12)
	“In many cases <b>lack of two-way communication</b> can be experienced.” (p 10) “Players receive little information about <b>social media</b> and about how to handle agents.” (p 12)
Preliminary interview	“Only half of the academies cooperate with a <b>psychologist</b> , psychological workshops and examinations are available at only a few academies.” (p 11)
	Children here show no <b>ambition (language learning etc.)</b> . Managers and clubs/academies should pay attention to this.
	When signing, <b>personality has an increasing importance</b> (it is checked on social media and other sources), it is important because of team unity. <b>Lifestyle-management, professional attitude forming</b> is important.
ECA 2012 international	The majority of <b>foreign clubs</b> work with a <b>psychologist</b> , 60% provide <b>social support</b> for players. (p 15)

Source: edited by the author

12/C Appendix: preliminary statements regarding career support

<i>Career</i>	<i>Statements</i>
<i>HLSZ 2014</i>	<p>"It is typical that the majority of Hungarian footballers <b>got no nutritional advice</b> during the whole of their youth training. This may explain if there is a large number of footballers among Hungarian players, who have a worse physical state because of incorrect diets or are more prone to injuries." (p 32)</p> <p><b>Number of personal trainers, masseurs and doctors is low.</b> (pp 28-30)</p> <p>"Based on data it <b>does not seem like years spent at football academies increase players' chances</b> to find employment with a team of a higher division." (p 22)</p>
<i>FIFpro 2012</i>	<p>Out of the average 22 players playing on-pitch 2 experienced <b>pressure</b> from the club regarding their contract. (p 61)</p> <p>1.9% of respondents said that they have already been addressed regarding match-fixing and 3.6% said they had knowledge of teammates who took part in match-fixing. (p 64)</p>
<i>MLSZ 2014</i>	<p>"The <b>concept of the talent pool</b> (treating potential professionals, players who can get to an outstanding level as a separate group) <b>is rarely applied</b> by academies." (p 10)</p> <p>"Only a few academies employ <b>special coaches</b> who work exclusively with the talents (talent pool)." (p 11)</p> <p>"Outstanding talents do not usually get more detailed or more regular <b>feedback</b>." (p 11)</p> <p>"Elaboration of a <b>preventive</b> program and employing an <b>independent counsellor</b> is not wide-spread." (p 11)</p> <p>"Only half of the academies make <b>comprehensive individual appraisal</b> (mainly about older age groups) about their players." (p 11)</p> <p>"Only half of the academies hold <b>individual performance review</b> discussions with their players – these are mostly informal meetings." (p 11)</p> <p>Players of the first team and lent players do not <b>regularly receive formal feedback</b>, contact is mostly occasional." (p 11)</p> <p>"Support staff is not involved in constructing the performance review of players." (p 12)</p>

Source: edited by the author

12/D Appendix: Self-care of players

<i>Issue</i>	<i>FIFpro 2012 (Eastern-Europe)</i>
	29% of footballers have no contract. (p 60)
<i>Self-care</i>	<p>Among players with a contract, the amount of "<b>premium</b>" in addition to basic salary is only included in it in case of 12.3% of players, in case of 87.7% it has <b>absolutely no written record</b>. (p 60)</p> <p>22.1% of respondents <b>do not receive their salary in time</b> on a regular basis. (p 60)</p>

Source: edited by the author

### 13. Appendix: Questionnaire

#### Questionnaire about the career opportunities of professional Hungarian footballers

This research questionnaire is related to the research done by the **Organisation of Professional Footballers** and the **Corvinus University of Budapest**, completing it takes **only 5 minutes**. The aim of the research is to find out about the career opportunities of professional Hungarian footballers and **courses** supporting their career. Through the findings of the research we would like to learn how to **help** Hungarian footballers in their national or international careers and after finishing their sport careers. Please, if not otherwise indicated, **underline your answers**.

**Name** (not mandatory): .....

**Current club** (not mandatory): .....

**Age**: .....year

**Position**:

goalkeeper

defender

midfielder

striker

**In which club or academy did you spend/have you spent most years between you were 15 and 20 years old?**

Name of club/academy: .....

**What is your highest finished level of education?**

primary school

secondary school certificate

secondary vocational

higher education

**At the moment what kind of education are you taking part in?**

secondary school

college/university

vocational training

I am not taking part in any

**What is the highest level of education that you would like to achieve in your life?**

secondary school certificate

university degree

vocational certificate

I wouldn't like to do any further education

**What foreign languages do you speak and on what level? Please circle.**

English	German	Other:.....	Other:.....
elementary	elementary	elementary	elementary
intermediate	intermediate	intermediate	intermediate
advanced	advanced	advanced	advanced

**In the last two years have you taken part in any of the following kinds of trainings or courses?**

foreign language

computing

communication

other:.....

no

**If yes, who financed your course? You can indicate more than one answer.**

my club

myself

player-agent

federation

other:.....

**In your opinion what courses or trainings would be useful for a Hungarian footballer aged 16-20? Please list them here:.....**

**In your opinion who should finance these courses? You can indicate more than one answer.**

club

player

player-agent

federation

other:.....

**What are your primary plans after your football career?**

sport professional      business      other:.....      I don't know yet

**What is your highest sport professional aim that you would like to achieve in your life as a player?**

National championship division 2 or 3      National championship division 1  
international/foreign championship:.....

**In your opinion which championships can mean a good stepping stone for a Hungarian player, if he later wants to play in the English/German/Spanish/Italian/French championship?**

.....

**How much do you think you could earn in the championships below compared to the Hungarian championship salary? Mark with one X per line.**

	less	about the same	less than double	more than double
Dutch 1st division				
German 2nd division				
Polish 1st division				

**To whom can you talk frankly about your football career plans and what you need to do to achieve your aims? You can indicate more than one answer.**

coach      club leaders      other club staff      teammate      friend  
HLSZ      player-agent      family      other:.....

**To whom can you talk frankly about your plans after your football career and what you need to do to achieve your aims? You can indicate more than one answer.**

coach      club leaders      other club staff      teammatefriend  
HLSZ      player-agent      family      other:.....

**You must have heard about the savings fund that players can have in Western countries, in which they can save money from their salary during their active career so that later they can start a second career. This fund has specifically been designed for professional athletes and at the end of their sport career they can access the fund and take it out in one amount with favourable tax conditions. Would you take part in a similar savings program (career fund)?**      Yes      No

**If yes, what percentage of your salary would you set aside for such a savings account?**

I would set aside ..... % of my salary for this purpose.

**Has it ever happened in your current or previous team that you or one of your team mates was separately coached without medical or rehabilitation purpose?**

Yes, it happened to me      Not to me, but it happened to a team-mate of mine  
It never happened

**Would you find it useful if Hungary, too, introduced a standard contract for players that contained all requirements protecting the interests of players and minimum requirements prescribed by the UEFA?**

Yes      No

**In your opinion, out of 100 young Hungarian players (aged 16-20) who play in professional clubs and their junior training academies, how many can get into the following championships?**

German, English, Italian, Spanish, French 1st division	.....people
German, English, Italian, Spanish, French 2nd division	..... people
Portuguese, Dutch, Belgian, Swiss, Russian 1st division	..... people
Polisch, Czech, Austrian, Slovakian, Romanian 1st division	..... people

**Which of the following do you think would help Hungarian football more?**

- keep the talents in the Hungarian championship, increase national championship 1st division salaries
- let talented, young people go to foreign championships as soon as possible

**If you have any other comments in connection with these issues, please write it down, we welcome all opinions. Thank you for your help.**

.....  
.....  
.....

Appendix 14: The questionnaire was sent to the following clubs and academies (name of the clubs are highlighted in bold from where questionnaires were returned)

**Division 1:** Újpest, Videoton, Paks, Szombathely, Debrecen, Honvéd, Diósgyőr, Vasas, Puskás Akadémia FC, Békéscsaba, **MTK**.

**Division 2:** Ajka, Szeged, Mezőkövesd, Várda, Csákvár, Dunaújváros, **Szolnok**, Balmazújváros, **Sopron**, **Siófok**, Szigetszentmiklós, Gyirmót, **Zalaegerszeg**, **Budaörs**, Vác, Soroksár.

**Division 3-4:** ETO FC Győr, Pécsi Mecsek FC, Pápai ELC, **Kecskeméti LC**, Nyíregyháza Spartacus FC.

**Academies:** Sándor Károly Football Academy, Illés Academy, Debreceni Football Academy, Hungarian Football Academy, Vasas Kubala Academy, Puskás Ferenc Football Academy, **Grosics Academy Football Club**, Fehér Miklós Football Academy, Bozsik József Football Academy, **Kecskeméti Football Academy**.

## 15. Appendix: Details of the expert workshop

### Workshop on the career opportunities of professional Hungarian footballers

<b>Venue</b>	Corvinus University of Budapest, building C, room 425. 1093 Budapest, Közraktár utca 4-6.
<b>Time</b>	June 24 2016 Friday 8:30 – 11:30

<b>Aim of the workshop</b>	<b>Evaluate the findings of current research: overview of the Central-Eastern-European players market; HLSZ-SGK career research.</b>
	Opinions and debate about the career opportunities of Hungarian footballers: concentrating primarily on the football career of players, also mentioning civilian career.

### Participants:

- Mátyás Esterházy – players agent, STARS & FRIENDS Hungary
- László Markovits – chairman, Vasas SC
- Béla Maróti – player, representing the Organisation of Professional Footballers
- Tamás Szabó – leader of the Foot Pass committee, Federation of Hungarian Football; director, Centre for Sport Science and Diagnostics
- Krisztina András – associate professor, Corvinus University of Budapest; leader of Sport Economics Research Centre
- Tünde Máté – PhD candidate, Széchenyi István University of Győr
- Zsolt Havran – PhD candidate, Corvinus University of Budapest

16. Appendix: main statements of the MLSZ report and the workshop according to issues

16/A Appendix: Complementary statements regarding education and staff

<i>Education</i>	<i>Statements</i>
<i>Tamás Szabó</i>	Even in coach training number of subjects on <b>psychology and pedagogy has dropped.</b>
<i>László Markovits</i>	Trainers often cannot complete complex pedagogical tasks. The majority of sport success today in Hungary is thanks to a few well-operating workshops and geniuses (players and coaches), not to a well-built background or system. <b>Results are incidental</b> , it would be much more important to involve and educate young players.  In case of team sports, the job of the coach is even more difficult, development, education and team-building is <b>complex</b> .
<i>Béla Maróti</i>	<b>Families have a great influence</b> , if players study, it is because their families persuaded them.
<i>Mátyás Esterházy</i>	<b>Unqualified coaches</b> , especially those who train children.  <b>Sport organizations typically do not have a comprehensive HR strategy</b> ; mostly it is related to the fact that there is no designated person responsible for it (HR manager). "Coach contracts are usually made for one year, especially because of TAO, which does not support the idea of planning for the long run." (p 35)
<i>MLSZ - 2016</i>	"In documents academy leadership seems to consist of several people representing different sections. In practice, however, it is not evident, in reality academies are directed by one or two people." (p 101)  "Individual profiles and performance objectives were only rarely determined for every staff member of academies. Individual (employee) appraisal and personal development were identified as fields that are in great need of improvement. Neither specific, measurable performance indicators, nor personal career paths are expressed or elaborated. Because of this, written performance reviews or individual employee appraisal interviews are not usually organized." (p 101)

Source: edited by the author

Appendix 16/B: Complementary statements regarding development

<i>Development</i>	<i>Statements</i>
<i>Tamás Szabó</i>	The pedagogical-psychological role should receive greater emphasis in youth training. Young Hungarian players are <b>not realistic</b> , they have a <b>distorted self-evaluation</b> . This can be improved gradually with illustrations and <b>communication</b> , as well as understanding on the part of the coach (there should be more personal sessions).
<i>Béla Maróti</i>	<b>Psychological support</b> is very poor. <b>Player support is needed on the level of clubs</b> . Players want to stay in their comfort zone, without learning, for a stable salary. If there is manager background, who provides language training, encourages the player to do financial self-care, it is useful but regarding education, parental pressure continues to be decisive.
<i>Mátyás Esterházy</i>	<b>Mentality</b> needs to be reinforced, emphasis should be on <b>psychological preparation</b> .

"**Individual development** needs further elaboration. **Personal career paths** also need to be developed and replacement plans need to be made. Most academies have no formal introduction program or exit process." (p 35)

"Operative planning on the level of organizational units is rudimentary. Performance indicators of key importance and development goals are usually expressed, however, these only focus on general direction of development. **Conscious strategic activity** does **not occur** in annual action plans on the level of organizational units. Most academies have an idea about what functions individual departments fulfil, but these are rarely written down in the appropriate documents. **Development of social and lifestyle programs are at the moment in an early stage.**" (p 58)

In case of many academies two-way communication, using questions and answers is unknown. Deeper understanding of didactic problems is an important task of the future. Encouraging players **to make independent decisions** during matches (e.g. encouraging to play one-on-one) is another point in need of improvement. Being focused on results affects this process negatively, too. **Number and duration of personal coaching sessions do not reach the appropriate amount in case of every age group.** (p 72)

"**Specialists such as personal trainers, psychologists, mental trainers or social and educational experts** have a greater role in the development of talents than two years ago. In player performance review **they still do not get enough role / possibility to contribute as would be justified.**" (p 84)

"Regarding coaching plans, **personalized approach** occurs only in case of half of the academies." (p 139)

"**Personal educational goals** receive no emphasis on match-preparation documents or tactical discussions, experts rarely deal with these."

"During observed matches there was mostly a positive learning environment. However, coaches should pay more attention to **individual tasks and being development-centred** (instead of being result-centred)." (p 146)

Source: edited by the author

#### Appendix 16/C: Complementary statements regarding career

Career	Statements
Tamás Szabó	There are <b>scouts</b> at every academy.
László Markovits	It is important to know how to create a professional background for talented young athletes (not only in football), what kind of <b>diet, preparation, and other support</b> they need at different ages. Diligence, physique and <b>mental state</b> are emphasised.
Béla Maróti	<b>Scouting</b> in Hungary is not well-developed, although it would be important. In the Serbian and the Croatian league players' aim is to leave their home country and sign abroad. There is great progress in the younger age groups, they are judged better on the international players market as well. The age group of 2000 is the first like that, there is a great step forward in quality. He does not think that national first division is a prerequisite of signing abroad, there are examples, and when it was a problem, it was not directly caused by moving.
Mátyás Esterházy	It should be decided <b>what the final goal of youth training is</b> : appearance in first division or a career abroad. At home, players get too high salaries, abroad it could be lower (in Polish, Dutch or Czech clubs).



„The **concept of the deadpool (group of most talented players)** is known and applied by most academies, which is a significant step forward compared to the situation described in the audit two years ago. More tests are done with the chosen players and they take part in **personal coaching** (sometimes even with the first team), although it depends on which academy it is.” (p 70)

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“Academies have **no elaborate strategy** for the development of backward players, most of them focus too much on results. Coaches expressed mostly tactical aims/issues, technical, physical and **mental learning goals are missing** from the plans. Periodical coaching plans contain only topics, there are no age-specific learning goals regarding different aspects. Productivity in many cases overwrites professional program.” (p 71)  
**“Detailed career-planning and effective integration into professional environment are non-existent or not applied concepts yet, and neither is the elaboration of specific personal plans.”** (p 85)

Identifying talents: **too few scouts**, there are no specified requirements, few recruitment strategies are identified, “scouting is often an unconsciously operating field, it is disorganised.” (p 92)

"In most cases, coordination of the group of outstanding talents (**talent pool**) is done by the team coach, and not by an expert qualified for this task." (p 101)

"Membership and functions of the sport professional staff varies greatly. **Video-analysing** experts are still rare, however, most youth trainings have a **psychologist/mental-trainer**.” (p 101)

Source: edited by the author

#### Appendix 16/D: Complementary statements regarding strategy

<i>Strategy</i>	<i>Statements</i>
	There is great <b>improvement</b> in Hungarian football but there has been <b>no breakthrough</b> yet. Young footballers are often unable to get even into the adult teams of their own clubs, let alone signing abroad.
<i>Tamás Szabó</i>	<b>A stronger connection is needed between professional clubs and their youth training, financing</b> from clubs is barely present here. In Western-Europe, clubs finance their academies with serious amounts of money (scouting, development, career planning, family support, education etc.). Hungarian academies have a similar scale of expenditure to western academies, they receive serious resources from state funds.
<i>László Markovits</i>	Many sports are overviewed, many sources provide now for Hungarian professional sport, <b>the system of terms is increasingly more available</b> for success and quality sport.
<i>Béla Maróti</i>	It would also be important to have <b>quality control and monitoring</b> in youth training. English academies create long and detailed studies and reports, everything is documented and communicated, as the proprietor, the investor demands <b>return and performance</b> .

“In the majority of clubs these people in key positions (most often the proprietors) have an excessive role in operative leadership. It is important to determine the collective and individual tasks and fields of responsibility of management. Academy directors **do not have enough influence to efficiently manage strategic questions.**” (p 35)

“Leading coaches of the first team have **little contact** with their colleagues working at the academy, it would be better to involve them in trainings and meetings of the academy, it would be important if the academy staff had a more complete overview of the first team’s professional work. It is worth clarifying expectations involved in the job of the academy director. **Further improvement and reinforcement of management competences** is justified in order for the position to be properly fulfilled.” (p 35)

“**Following strategic performance indicators is not typical**, performance objectives of different key areas need to be evaluated, and regular reports are recommended about the current state. Clubs do not ensure specific, guaranteed financial resources for academies (investments from above), main sources of income are still the **central support of TAO and MLSZ** for youth training centres.” (p 25)

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Source: edited by the author

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