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Murat TURĞUT¹

Onur Mutlu YAŞAR¹

¹Kastamonu University
School of Physical Education and
Sport

Sorumlu Yazar: M. Turğut
e-mail: mturgut@kastamonu.edu.tr

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ORIGINAL RESEARCH
ORİJİNAL ARAŞTIRMA

The Effect of Foreign Player Transfers on the Stock Values of Sports Clubs Companies Istanbul Stock Exchange

Abstract

Sports has recently emerged from a concept of physical activity and competition and has become an important economic market. It is important for sports clubs to survive economically and improve their economies. The stock market is defined as a trading area where stocks, bonds or other securities are traded. There are many transfer activities in every transfer season in the football environment. Transfer of a football player as a result of a professional contract with a club is called a transfer. The purpose of this research, 2019 summer transfer season in four football clubs in Turkey in stock market in Istanbul (Fenerbahçe Inc., Galatasaray Inc., Beşiktaş Inc., Trabzonspor Inc.) to shares of foreign player transfers is to investigate the effect. In these transfer season, the relationship between the stock values 1 day before the transfer date of the player and 1 day after the transfer was analyzed on the basis of each player. As a result, Turkey in 2019 summer transfer season in the stock market showing positive activity of football clubs realized the transfer of foreign players (66%) and was determined to make a low impact. It can be said that the reason for this situation is that transfers will positively affect the sportive success of the teams.

Keywords: Exchange, football, stock, clubs, foreign transfer

Yabancı Oyuncu Transferlerinin Borsa İstanbul'da İşlem Gören Spor Kulüpleri Şirketlerinin Hisse Senetleri Değerlerine Etkisi

Özet

Spor son zamanlarda fiziksel bir aktivite ve rekabet konseptinden çıkmış ve önemli bir ekonomik pazar haline gelmiştir. Spor kulüplerinin ekonomik olarak ayakta kalabilmeleri ve ekonomilerini geliştirebilmeleri önemlidir. Borsa, hisse senetlerinin, tahvillerin veya diğer menkul kıymetlerin alınıp satıldığı bir ticaret alanı olarak tanımlanmaktadır. Futbol ortamında her transfer sezonunda birçok transfer faaliyeti gerçekleşmektedir. Bir futbolcunun bir kulüp ile yapılan profesyonel bir sözleşme sonucunda kulüp değiştirmesine transfer denir. Bu araştırmanın amacı, 2019 yaz transfer sezonunda Türkiye'de Borsa İstanbul'da işlem gören dört futbol kulübünde (Fenerbahçe A.Ş., Galatasaray A.Ş., Beşiktaş A.Ş., Trabzonspor A.Ş.) yabancı oyuncu transferlerinin hisse senetlerine etkisini araştırmaktır. Bu transfer işlemlerinde, oyuncunun transfer tarihinden 1 gün önce ve transferden 1 gün sonra hisse senetleri değerleri arasındaki ilişki her bir oyuncu bazında analiz edilmiştir. Sonuç olarak, Türkiye'de 2019 yaz transfer sezonunda borsa faaliyeti gösteren futbol kulüplerinin gerçekleştirdiği yabancı oyuncuların transferlerinin olumlu (%66) ve düşük bir etki yaptığı belirlenmiştir. Bu durumun nedeninin, transferlerin takımların sportif başarısını olumlu yönde etkileyeceği söylenilebilir.

Anahtar Kelimeler: Değişim, futbol, hisse senedi, kulüp, yabancı transfer

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INTRODUCTION

Sport has recently emerged from a physical activity and competition concept and has become a major economic market. It is important for sports clubs to survive economically and to develop their economies. Sports clubs are involved in many activities such as sponsorship, transfer, ticket sales and product sales in order to strengthen economically. In addition to these activities, sports clubs are also involved in Stock Exchange activities. In particular, many clubs in European leagues (Juventus, Roma, Manchester United, Celtic, Arsenal, etc.) are traded on the stock market.

Although there are many researches about the stock market value of football clubs in the related literature, it is generally about the sporting achievements and asset levels of the teams (Berument and Ceylan, 2012; Floros, 2014). In addition, there are studies about the transfer period and stock market values of football clubs (Malinowski, 2013; Whitehead, 2014; De Bakker, 2016; Leeuw, 2012).

A stock exchange is a trading area where stocks, bonds or other securities are bought and sold. Stocks traded on the stock exchange can be purchased and sold at a price determined by the financial success of the company and the aggregate demand of the joint stock company (Pentheny, 2009).

Sportive activities are carried out by organized sports clubs in Turkey as association status and very important economic activity in Turkey like in other countries. Companies belonging to sports clubs in the world and Turkey use a lower cost and a long-term supply compared to alternative financing methods to a public offering of their shares to adapt to the free market economy rules (Devecioglu, 2004).

In addition, after the clubs are offered to the public stock market and their shares are traded on the Exchange, they are able to provide financing by making use of the opportunities such as using credit by issuing collateral and issuing debt securities (Dorukkaya and Kiratli, 1998).

There are many changes in each transfer season within the football environment. The transfer of a football player as a result of a professional contract with a club is called a transfer. Sports economics literature has been in the interest of academicians with the subjects such as competitive equilibrium problems and the connection between them both inside and outside the field. In football, in the 2019 summer transfer season, the clubs in the top 5 leagues in Europe totaled US \$ 4.38 billion (Fifa.com, 2019). The transfer cost of Turkish Football Super League in the 2019 summer transfer season was around 170 million dollars (transfermarkt.com.tr, 2020). Changes in this large market are thought to have the potential to affect the financial structure of clubs positively or negatively. It is seen that especially Turkish football clubs have high interest and expectation for foreign player transfers. In this context, it is assumed that foreign transfer activities will also affect the stocks of the clubs.

Purpose of the Research

The purpose of this research was to investigate the effects of foreigner football players on stock values of the 4 Turkish football clubs (Fenerbahce Inc., Galatasaray Inc., Besiktas Inc., Trabzonspor Inc.) during the summer transfer 2019.

METHOD

Research Group

2019-2020 season in research (17 June to 2 September 2019) using the summer transfer period, Turkey (Istanbul Stock Exchange), which operates in the stock market Besiktas Inc., Galatasaray Inc., Fenerbahce Inc. and Trabzonspor Inc. clubs, the number of foreign players transfer their study aimed to determine the effect of stock market shares. The research done by quantitative method is a descriptive research aiming to reveal the present situation.

Data Collection Methods

The 4 clubs involved in the research made 24 foreign player transfers during this transfer period (17 June to 2 September 2019). In these transfer processes, the relationship between the stock values of the player's transfer date 1 day before and 1 day after the transfer was analyzed on the basis of each player.

Data Collection

The foreign transfer dates of the clubs were taken from the official sites of the related clubs. In addition to this club in this transfer date closing stock values were obtained from official Turkey Istanbul Stock Exchange (BIST) data. The stock values data in the closest official working days of the relevant date for the transfer of Turkey's stock market closed, so that holidays are evaluated. Equity values in the research are expressed in Turkish Lira.

Data Analysis

The difference between the closing values of shares was determined as a percentage and presented in tables. The relevant percentage differences were used to evaluate the positive or negative effect of transfers.

RESULTS

Research in the stock market to make transactions in Turkey 4 football club during the summer transfer 2019 to 2020 they made, the effects of foreign players in club transfers were investigated.

Table 1. The Effect of Besiktas Gymnastics Club Foreign Player Transfers on Stock Values (2019-2020, Summer Term)

BJK	One Day Before Transfer Stock Values	One Day After Transfer Stock Values	Effect	Percent (%)
Georges-Kevin N'Koudou	1,44	1,70	+	18,06
Victor Ruiz	1,39	1,41	+	1,44
Pedro Rebocho	1,47	1,47	None	-
Abdoulay Diaby	1,55	1,59	+	2,58
Michael Douglas	1,49	1,51	+	1,34
Mohamed Elneny	1,57	1,55	-	-1,27
Tyler Boyd	1,47	1,43	-	-2,72

Besiktas Gymnastics Club (BJK) is one of the major clubs that operate in the stock market in Turkey. BJK Inc. has been traded on the stock exchange since 2002. At the same time because it is one of the sports club with the most fans in Turkey, it is in high demand by investors in the stock market.

The value of BJK Inc. in BIST has 636 million TL as of the date of the investigation. In the summer season of 2019-2020, BJK Inc. made a total of 7 foreign players transfers. It has been determined that there is a positive effect of 5 transfers between stock exchange values one day before and one day after the realization of these transfers (borsaistanbul.com, 2020).

Table 2. The Effect of Galatasaray Club Foreign Player Transfers on Stock Values (2019-2020, Summer Term)

GS	One Day Before Transfer Stock Values	One Day After Transfer Stock Values	Effect	Percent (%)
Mario Lemina	1,55	1,58	+	1,94
Florin Andone	1,55	1,58	+	1,94
Ryan Babel	1,42	1,49	+	4,93
Radamel Falcao	1,54	1,55	+	0,65
Steven Nzonzi	1,51	1,49	-	-1,32
Jean Michaël Seri	1,46	1,47	+	0,68

Galatasaray Sports Club (GS) is one of the major clubs that operate in the stock market in Turkey. GS Inc. has been traded on the stock exchange since 2002. At the same time, because it is the sports club with the most fans in Turkey it is in high demand in the stock market. GS Inc. stock market value in Istanbul as of the date of the research is 1 billion 209 million TL. In the summer season of GS Inc. 2019-2020, a total

of 6 foreign players were transferred. It was determined that there was a positive effect of 5 transfers and a negative effect of 1 transfer between stock exchange values one day before and one day after these transfers (borsaistanbul.com, 2020).

Table 3. The Effect of Fenerbahce Club Foreign Player Transfers on Stock Values (2019-2020, Summer Term)

FB	One Day Before Transfer Stock Values	One Day After Transfer Stock Values	Effect	Percent (%)
Luiz Gustavo	9,15	9,18	+	0,33
Vedat Muriqi	7,61	7,36	-	-3,29
Adil Rami	8,50	9,22	+	8,47
Garry Rodrigues	7,41	7,67	+	3,51
Max Kruse	7,59	7,38	-	-2,77
Zanka (Mathias Jattah-Njie Jørgensen)	7,44	7,44	None	-

Fenerbahce Sports Club (FB) is one of the major clubs that operate in the stock market in Turkey. FB Inc. It has been traded on the stock exchange since 2004. At the same time, because it is the sports club with the most fans in Turkey it is in high demand in the stock market. FB Inc.'s value in BIST is 1 Billion 594 million TL as of the date of the research. In the summer season of 2019-2020, a total of 6 foreign players transfers made by Fenerbahce. It has been determined that there is a positive effect in 3 transfers between stock exchange values one day before and one day after the realization of these transfers. In addition, the stock value of FB has not changed in the transfer of one foreign player (borsaistanbul.com, 2020).

Table 4. The Effect of Trabzonspor Club Foreign Player Transfers on Stock Values (2019-2020, Summer Term)

TS	One Day Before Transfer Stock Values	One Day After Transfer Stock Values	Effect	Percent (%)
Gastón Campi	0,96	0,99	+	3,13
Alexander Sorloth	1,10	1,10	None	-
Ivanildo Fernandes	1,10	1,10	None	-
Daniel Sturridge	1,08	1,09	+	0,93
John Mikel Obi	1,04	1,06	+	1,92

Trabzon Sports Club (TS) on the stock exchange is another important club in Turkey. TS Inc. has been traded on the stock exchange since 2005. TS Inc. in the stock market because TS Inc. one of the most supportive and investor sports in Turkey. TS Inc. value in BIST is TL 600 million as of the date of the survey. TS Inc. in the summer season of 2019-2020, a total of 5 foreign transfer players made by TS Inc. It was determined that the stock exchange values of the shares one day before and one day after these transfers had positive effects in 3 transfers and no change in 2 transfers (borsaistanbul.com, 2020).

DISCUSSION and CONCLUSION

When the research is based on the results for the effects of foreign transfers of shares traded 4 sports clubs in Turkey examined the overall positive impact of foreign transfers, it was found to be effective at low levels of this limited exceptions. The clubs made a total of 24 foreign transfers during this period. Among these transfers, 16 transfers had positive effects, 5 transfers had negative effects, and 3 transfers had no effect. Among these transfer processes, Adil Rami transfer in FB Inc. and N'Koudou transfer in BJK Inc. were the most positive transfers' effects on stock values.

In the research conducted by Bakker (2016), the effect of transfer activities on the share values of football clubs was examined. According to the results of the research, it was found that the stock values of football clubs generally increased within the first 2 days after the transfers. In this context, it is seen that there is a similarity between Bakker's research results and this research results.

In addition, according to the results of the research conducted by Hanke and Kirchler (2013), sponsorship agreements have a positive effect on the stocks values of sports clubs. In other words, it was stated that the positive activities realized within the sports clubs had a positive effect on the stocks values of the clubs.

The research of Fotaki (2007) examined the value of football clubs in the scope of human resources management. According to the results of the research, it is stated that the separation or arrival of the coaches, the sale, purchase or return of the players have a significant positive effect on the stock values. In this context, it is seen that there is a similarity between the results of the research done by Fotaki (2007) and the results of this research. In a study conducted by Doque and Ferreria (2005), the effect of the sporting performance of football clubs on the values of stocks was examined and a positive effect was determined. In this context, it can be stated that there is a partial similarity between the results of the researches made by Doque and Ferreria (2005) and the results of the researches.

According to the results of Samagaio et al. (2009), an important relationship has been determined between the sportive structure and the financial structure of football clubs. In other words, it is stated that the market values of football clubs which are in good sportive positions are high. In the research conducted by Whitehead (2014), the relationship between transfer activities and market values of European football clubs was examined. According to the results of these research, transfer activities of football clubs had a positive effect on market values.

Athanasios and Jong (2013) investigated the effect of transfer activities of football clubs on club stock values. According to the results of the research, it was determined that the football players sold by the football clubs at a certain price had a positive effect on the stock values in the medium term, and that the football players transferred by the football clubs by paying a certain price had a negative effect on the stocks of the football clubs in the medium term. In this context, it is seen that there are differences between the results of the research conducted by Athanasios and Jong (2013). In this study, it is thought that this difference arises from the investigation of the short-term effect of transfer activities performed by football clubs, and in the study conducted by Athanasios and Jong (2013), it is thought that the transfer activities carried out by football clubs are examined from medium and long-term effects.

Contreras (2015) investigated the effects of football player transfers on stock prices for public football clubs in Europe. According to the results of the research, it was found that half of the transfers made had a significant positive effect on the shares of football clubs. In this context, it can be stated that there is a partial similarity between the research results of by Contreras (2015) and the results of this research.

As a result, research in shares of foreign players in football clubs transfers showing stock market activity in Turkey was determined to make a positive impact on low value. The reason for this situation is thought to be due to the idea that the transfers will positively affect the sporting success of the teams. This expectation is thought to be realistic as the sporting achievements of football clubs provide income-generating activities such as participating in European cups, broadcasting revenue, and form sales. The reason of low effect of this situation is thought to be fact that the shares of the football clubs are affected by the economic situation.

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