

AN INVESTIGATION ON SPORTIVE AND FINANCIAL PERFORMANCE EFFICIENCY OF GALATASARAY FOOTBALL CLUB

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Aim of abstract/paper - research question

In this paper we aim to understand sources of inefficiencies for leading Turkish football clubs based on an analysis of Galatasaray Football Club. In this sense, major attempt has been done to evaluate the effects of management policies on financial and sportive performance using quantitative data. Galatasaray attracts our attention at most due to being the most successful Turkish club in the international arena. Another aim of this paper is to show need for a long-term management strategy to achieve financial and sportive performance sustainability.

Theoretical background or literature review

In the literature, several applications of Data Envelopment Analysis (DEA) could be found for leading football leagues on the world, such as Premier League (Barros, C.P., 2006), Bundesliga (Haas, D., 2001), French League One (Jardin, M., 2009). In all these studies major aim is to compare performance efficiencies of competing clubs within the league. Certain aspects of DEA is well suited for such an investigation. In contrast to research on leagues, this paper aims to compare Galatasaray's performance with itself over the years. Definition of a DEA model for a performance efficiency study of a specific football club is unique in this research. Modelling special characteristics of leading Turkish football clubs for DEA analysis is also reported for the first time in the related sports publications.

Methodology, research design and data analysis

It is well known that Turkish football economy has grown up strongly during last 20 years (Akşar, T., 2010). But in sports media it is also reported that sportive performance is lacking back in comparison to financial figures. Even further increase of financial gains through even higher broadcasting revenues might be misused unless basic strategy for club's management is missing. Sportive performance in European championships is also another important source of revenue for leading clubs.

Special attention has been devoted to investigate effects of transfer policies regarding players and trainers on performance efficiency of Galatasaray football club from 1986 to 2005 using DEA. Study of club's performance had to be done with proxy data for financial parameters, such as total gain and total expenditures for each season. Sportive performance was taken into account in different models for national league and European championships respectively. Therefore beside total number of points in

the league, total numbers of games in European championships is also used as an output factor in the related DEA models.

Results, discussion and implications/conclusions

Similar to previous works on other leagues, best team considering sportive performance is not necessarily the most profitable club. Low average efficiency scores combined with insufficient financial ratios show that Galatasaray is far away being efficient over many years. The first source of inefficiency in Galatasaray is linked to sportive failures in usage of transfers and over-expenditures for them. Frequent change of trainers prevents establishment of a stable team. Furthermore GS club couldn't hold its financial and sportive performance stable over a reasonable period. Results of analysis exhibit a deterioration of conditions in which club's football team operates, following a game season with good performance. This contradiction is mainly driven by inconsistent sportive decisions -like frequent change of team and trainer- causing financial troubles.

An essential difference between Turkish league and several European championships has been found considering sustainability of club's overall performance. Achievement of good sportive performance in Turkish league is certainly not enough to get similar outcomes in several European championships unless a strategy for stable progress has been targeted by club's management. Traditional financial performance parameters were combined with results of DEA in order to define practical management principles. Analysis shows finally higher sportive performance could only be achieved if a certain decrease in financial ratio could be tolerated. This makes club more vulnerable to wrong management policies, because there is a strong interference between sportive and financial performance as seen clearly in case of Galatasaray.

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