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Examination of Sporting Successes of European Football Clubs with Positive and Negative Transfer Balance Sheet

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Abstract
This study aims to examine the relationship between football clubs' transfer expenditures and their sporting success. As football has become an integral part of the global economy, the transfer strategies of clubs play a significant role in both economic and sporting success. Various analyses have been conducted in the literature regarding the relationship between football clubs' positive and negative transfer balances, their league performance, and success in European competitions. The study compares the success of clubs with negative and positive transfer balances between 2019 and 2023, revealing that transfer expenditures do not always directly correlate with sporting success. The results show that while some clubs with high transfer expenditures perform poorly, others with lower spending are able to achieve success. Clubs following positive transfer policies tend to achieve more efficient results, highlighting the importance of long-term strategic investments. Additionally, the research emphasizes that managing transfer expenditures in a balanced and strategic manner is critical for financial sustainability and sporting success. These findings suggest that football clubs should reassess their transfer strategies and adopt a more cost-effective approach.

Keywords
Football, football economics, transfer, transfer policy

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Introduction

Football has evolved into more than just a sport; it has become a global economic and commercial powerhouse. In Europe, football clubs invest significant amounts of money to acquire star players in order to maintain their success. However, the amount spent in the transfer market does not always correlate directly with on-field success (UEFA, 2023; Deloitte, 2024). In recent years, some clubs have achieved significant success despite low transfer spending, while others with large investments have failed to reach the desired performance (FIFA, 2022). This situation highlights the need for a deeper examination of clubs' transfer policies and financial management strategies.

Football clubs' transfer strategies generally revolve around two main approaches: a positive transfer balance and a negative transfer balance. Clubs with a positive transfer balance stand out for generating more income from player sales than what they spend on acquisitions. Clubs such as Ajax, Benfica, and Porto are particularly known for developing young talent and selling players at high values (Transfermarkt, 2024). In contrast, clubs like Paris Saint-Germain (PSG), Manchester City, and Chelsea aim for short-term sporting success through significant transfer spending. However, the negative transfer balances of these clubs have raised concerns regarding financial sustainability (FIFA, 2023; UEFA, 2023).

Various studies in the literature have examined the relationship between football clubs' transfer expenditures and sporting success. Poli, Besson, and Ravenel (2024) contributed to reducing uncertainties in the transfer market by developing a data-driven model to predict player market values. Elaad (2019) analyzed the impact of regulatory constraints on performance by studying the promotion processes of reserve teams. These studies demonstrate that football economics is not solely dependent on player performance but also on managerial and strategic decisions (Andreff, 2021).

The financial aspect of football also directly impacts stock markets. Edvardsen and Furulund (2020) emphasized that UEFA Champions League and domestic league performances cause sharp fluctuations in clubs' stock prices. It has been shown that the financial performance of Europe's major clubs influences stock market movements (Dimic et al., 2018; Forbes, 2023). Moreover, Hackinger (2019) found that players acquired with high transfer fees tend to receive more playing time, regardless of costs, as coaches favor

them. This underscores the importance of rational decision-making by club management (Simon, 2013).

These studies elucidate the economic dynamics of the transfer market and its impact on sporting success. However, there are limited comprehensive comparative studies in the literature that explore the differences in sporting success between clubs with positive and negative transfer balances (Leeds et al., 2022). Transfer expenditures remain one of the most critical factors in enhancing a club's competitive strength. In the 2022-2023 season, Premier League clubs spent a total of 2.8 billion euros on transfers, while Bundesliga and La Liga clubs were observed to manage their spending more balanced and income-focused (UEFA, 2023; Deloitte, 2023). This discrepancy highlights the need to examine the effects of financial strategies on success. However, as direct transfer expenditures do not guarantee on-field success, how these expenditures are managed and which players are invested in becomes crucial (Statista, 2023).

This study aims to analyze how financial sustainability and sporting success can be balanced by comparing the success of clubs with high transfer expenditures and those building teams with lower costs.

Football Transfers

DFL (Deutsche Fußball Liga) defines a football transfer as follows: “Transfer” refers to the transfer of a player from one club to another (DFL, 2024). To facilitate these transfers, federations and clubs under FIFA (Federation Internationale de Football Association) have established rules to ensure fairness and regulation between the relevant federations and affiliated clubs (FIFA, 2020).

FIFA distinguishes between international and domestic transfers in its Regulations on the Status and Transfer of Players:

- **International Transfer:** The transfer of a player’s registration from one association/company abroad to another association/company (FIFA, 2020).
- **Domestic Transfer:** The transfer of a player’s registration within the same association/company from one club to another.

The first documented football transfer occurred in 1893 when Scottish player Willie Groves transferred from West Bromwich Albion FC to Aston Villa for 100 GBP (Jackson, 2009). Since then, thousands of players have changed clubs annually, and transfer fees have skyrocketed, reaching several million euros. The previous record was set in 2017 at 222 million euros, which remains unbeaten (UEFA, 2023). In professional sports, these transfers hold both economic and sporting significance for clubs. When a player is sold, the club can generate revenue, which can be reinvested in other players or the club's infrastructure (Szymanski, 2023). Additionally, if a club has debt or needs to improve its financial situation, this revenue can be used for restructuring or improving financial stability (Forbes, 2023).

Transfers are particularly important for publicly traded clubs like Borussia Dortmund or Manchester United. Unlike fans, potential investors not only evaluate the sporting factors and their implications for the club's success but also consider economic parameters (Hackinger, 2019). On the other hand, when a player is purchased, if they perform as expected and the club can build on that success, the player becomes a valuable investment (Dimic et al., 2018). The Bosman Rule, implemented in 1995, significantly changed the football transfer market. This rule allowed players to become free agents at the end of their contracts and transfer to another club without a transfer fee (Lembo, 2011). The Bosman Rule has had a deep impact on clubs' transfer strategies, increasing the value of players nearing the end of their contracts and emphasizing the importance of long-term contracts (UEFA, 2023).

In 2019, FIFA recorded a total of 18,047 football transfers. In 2020, despite the COVID-19 pandemic, 17,077 transfers were made from 180 different countries. However, due to special contractual arrangements like loan agreements or returns to clubs, only 14,432 players actually changed clubs (FIFA, 2020). Of the 17,077 transfers in 2020, 187 of the 211 FIFA member federations were involved, setting a new record with 4,178 clubs, marking a 0.4% increase from the previous year (UEFA, 2023).

Method

This study, which investigates the impact of football teams' transfer balances on their sporting success, adopts a qualitative research approach. Qualitative research offers the opportunity to deeply and holistically examine phenomena, events, people, institutions, and documents (Yıldırım & Şimşek, 2011). One of the qualitative research methods, document analysis, allows for the analysis of information and content related to the problem addressed in the research within written and visual media elements (Ary et al, 2010). In this study, document analysis was preferred to examine the sporting successes of teams with negative and positive transfer balances between 2019 and 2023.

Data Collection

In this study, teams with negative and positive transfer balances between 2019 and 2023 were obtained from the CIES Football Observatory report. The relevant data regarding the teams' accumulated points in Europe was retrieved from UEFA, and their league standings were obtained from the respective federations' websites. Both summer and winter transfer periods were included, and the economic and sporting impacts of transfers were examined.

Data Analysis

Based on the transfer balances obtained from the CIES Football Observatory report, the top 5 teams for both negative and positive balances were ranked. Then, the 5-year averages of their points and league rankings were calculated and presented in tables. Descriptive analysis was used to comparatively examine the data, and the findings were presented in tabular form.

Findings

In this section of the study, the teams with negative and positive transfer balances between 2019 and 2023 are ranked, and the average points accumulated by these teams in European competitions, as well as their average end-of-season rankings in their respective domestic leagues, are presented in tabular form.

In Table 1, the top five teams with negative and positive transfer balances between 2019 and 2023 are presented, along with the average points accumulated by these teams in European leagues during the specified period, and their average end-of-season rankings in their respective domestic leagues. Accordingly, Manchester United, Chelsea FC, Paris Saint-Germain, Arsenal FC, and Tottenham Hotspur FC have the highest negative transfer balances, while SL Benfica, AFC Ajax, RB Salzburg, LOSC Lille, and Sporting Lisbon have the highest positive transfer balances.

Table 1. Comparison of clubs' transfer balances with average points accumulated in europe

Teams with Negative Transfer Balance			**APAE**	**ARDL**	**Teams with Positive Transfer Balance**		**APAE**		**ARDL**
1.	Manchester United (England)	-1309 M€	8,4 points	4,4th place	**1.**	Sl Benfica (Portugal)	816 M €	9 points	1,6th place
2.	Chelsea FC (England)	-1209 M€	12 points	5,1st place	**2.**	Afc Ajax (Netherlands)	473 M €	10,6 points	1,3rd place
3.	Paris St Germain (France)	-991 M€	12,4 points	1st place	**3.**	Rb Salzburg (Austria)	401 M €	9,3 points	1st place
4.	Arsenal FC (England)	-795 M€	13,5 points	4th place	**4.**	Losc Lille (France)	391 M €	4 points	6,5th place
5.	Tottenham Hotspur FC (England)	-711 M€	10,7 points	6,1 st place	**5.**	Sporting Lizbon (Portugal)	345 M €	7,8 points	2,8th place
Average		-1.003 M€	11,4	4,12	**Average**		485,2 M €	8,14	2,64

*APAE: Average Points Accumulated in Europe *ARDL: Average Points Accumulated in Europe
*AVAE: Average Points Accumulated in Europe

Clubs with Negative Transfer Balances: When examining the average points collected in Europe by clubs with negative transfer balances, it is observed that the team accumulating the most points is Paris St Germain (avg. 12.4), while the team collecting the fewest points is Manchester United (avg. 8.4). In terms of their average end-of-season rankings within their respective domestic leagues, Paris St Germain ranks the highest, whereas Tottenham Hotspur FC ranks the lowest.

Clubs with Positive Transfer Balances: For clubs with positive transfer balances, the highest average points in Europe are collected by AFC Ajax (avg. 10.6), while LOSC Lille gathers the least (avg. 4). Regarding their domestic league performances, RB Salzburg holds the highest average ranking, and LOSC Lille ranks the lowest.

Comparative Analysis of Success: A comparison of the 'success' of clubs with negative and positive transfer balances indicates that clubs with negative balances accumulate more points on average in European competitions. However, clubs with positive transfer balances tend to achieve higher average domestic league rankings. Additionally, it is noteworthy that four of the top five clubs with the highest negative debt balances are English clubs.

Discussion

The process of globalization and professionalization has transformed sports activities from mere games into economically driven sectors (Peçenek, 2020). One of the most significant components of this economic domain is player transfers (Hackinger, 2019). The involvement of football clubs in the transfer market to enhance their financial power and maintain brand value has become one of the core dynamics of modern football (Leeds et al., 2022). Transfer expenditures in football arise from various reasons, primarily rooted in the belief that a team's success is closely tied to the strength of its squad, unlike individual sports (Anderson, 2021). In order to boost competitiveness, clubs heavily rely on the transfer market, investing substantial budgets in players and salaries. Football clubs transfer players from around the world each year to achieve their sporting goals, satisfy fans, and attract investors (Poli et al., 2024).

In this study, examining the sporting success of the top five teams with positive and negative transfer balances reveals that the team leading in negative balance accumulates the fewest points in European competitions and holds lower rankings in their domestic leagues by season's end. Conversely, the top-performing team with a positive balance collects significant points in European competitions and achieves an average league finish of 1.6, indicating championships. A minimal point difference is observed between Manchester United (8.4) with a negative transfer balance and Benfica (9) with a positive balance in European competitions. This suggests that Benfica, a club with lower expenditures, can maintain its competitive edge in Europe. This finding underscores the potential of cost-effective transfer policies as a key to success.

Brandon (2024) found that each €1 million spent on transfers contributes 0.010 points to league standings. However, while this contribution is statistically significant and positive, uncalculated expenditures may jeopardize club finances (Morrow, 2013). In particular, costly transfers that fail to deliver results can lead to negative transfer policies, straining club finances (Auvinen, 2021). Therefore, managing transfer spending in a strategic and balanced manner is of critical importance (Samur, 2018).

On the other hand, clubs with positive transfer balances also perform well in terms of sporting success. The increasing number of clubs adopting positive transfer policies highlights the potential for achieving success more efficiently with limited resources (Romanovic, 2024). This indicates that clubs should prioritize infrastructure investments and the development of young talents to secure long-term success.

In conclusion, this research reveals that transfer expenditures do not always directly reflect league performance, and achieving sporting success requires a more balanced transfer policy. Despite significant spending, clubs with negative transfer balances often rank lower in their domestic leagues, necessitating a reassessment of transfer strategies. As emphasized in the literature, a shift toward transfer policies that enable success with lower expenditures may play a critical role in shaping the future of football clubs (Bahatia, 2020).

Author contributions

All authors contributed equally to the manuscript's conceptualization, editing, and finalization and are worthy of their inclusion as authors. The aspects of the study handled by each author are given below: A.E.: conception, design, supervision, fundings, data collection, literature review, writing; T.Ç.: conception, design, fundings and extracted the results. All authors participated in drafting the manuscript and endorsed the final version.

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Ethnical statement

This article does not contain any studies with human participants performed by any of the authors.

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