

# Economic contribution and sport success through the sale of homegrown football players from the five European major leagues

## Contribución económica y éxito deportivo a través de la venta de futbolistas de cantera de las cinco principales ligas europeas

Adrián Descalzo-Hoyas<sup>1</sup> 

<sup>1</sup>Universidad Francisco de Vitoria. Madrid, España. e-mail: adrian10uah@gmail.com

**How to cite:** Descalzo-Hoyas, A. 2023. Economic contribution and sport success through the sale of homegrown football players from the five european major leagues. Revista Digital: Actividad Física y Deporte. 9(2):e2105. <http://doi.org/10.31910/rdafd.v9.n2.2023.2105>

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Official publication of the Universidad de Ciencias Aplicadas y Ambientales U.D.C.A, University, Accredited as a High-Quality Institution by the Colombian Ministry of Education.

**Received:** April 10, 2022 **Accepted:** May 7, 2023 **Edited by:** Néstor Ordoñez Saavedra

### ABSTRACT

**Introduction:** European team presumes to have a great development project to feed their first team and to create elite players. **Objective:** Building on a dataset of homegrown player transfers, national football league's revenues, and European football revenues from the 2015/2016 season to the 2020/2021 season inside the five major leagues (LaLiga, Premier League, Ligue 1, Bundesliga, and Serie A). **Materials and methods:** Were examined 74 football teams in to know how profitable their projects were. **Results and discussion:** Results show that does not exist only one way to take advantage of developing homegrown football players. **Conclusions:** These results vary according to each football club's objectives, which could be different with the passing of the years.

**Keywords:** Homegrown player; Football; Developing footballers; Revenue comparative.

### RESUMEN

**Introducción:** todos los equipos presumen de tener buenos proyectos de desarrollo para formar futbolistas de élite para su primer equipo. **Objetivo:** se ha realizado un análisis de datos de transferencias, premios económicos de ligas nacionales y de competiciones europeas, desde la temporada 2015/2016 hasta 2020/2021, de las 5 grandes ligas (LaLiga, Premier League, Ligue 1, Bundesliga y Serie A). **Materiales y métodos:** fueron examinados 74 equipos de fútbol para conocer el éxito de sus proyectos. **Resultados y discusión:** estos muestran que no existe una única manera de sacar provecho de la formación de jugadores. **Conclusiones:** los resultados varían en función del objetivo de cada club que, a la vez, pueden variar con el paso de los años.

**Palabras clave:** Jugador canterano; Fútbol; Desarrollo de jugadores; Comparativa de ingresos.

### INTRODUCTION

Nowadays the development of football players is shown like a fundamental pillar inside the clubs. The formation of young players looking to create great players for the future is a great investment ranging from new training places and footballers' residences to huge sums of money (or not) to search for great development.

The idea for this study comes to light when we think about the real efficiency in football players' development to become elite footballers, because, if we asked principals, they would reply that "we have the best football development program".

This study aims to compare those clubs that show a great development program and those that do not do that with national and international economic sporting rewards (UEFA Champions League, UEFA Europa League, and UEFA Super Cup) to reflect on which may be considered more successful or only successful for each club.

For the comprehension of this study, a process of analysis was carried out that covers teams of the five major European leagues: (LaLiga, Premier League, Ligue 1, Bundesliga, and Serie A.). Were selected only those teams that played almost five seasons between 2015/2016 and 2020/2021, conducting an analysis of the sale of homegrown football players by the team that developed that talent.

To define the term "homegrown football player", the reference was taken from UEFA (2016), which says that "a football player is considered "homegrown player" when he has played almost three years in the same club between 15 to 21 years old". In addition to this aspect, were taken into account those football players that were

playing in the same club before turning 15 years old, and that were sold by the development club.

Subsequently, an economic balance was made that compares the purchases and sales of football players, leaving off and, later, taking into account the economic sum that homegrown football players contributed to his original club to, like we said previously, see what sporting successes and financial awards have brought to each club. Liu *et al.* (2016) says that “*It is shown that 80% of the total transfer fee is spent by less than 20% of the clubs*”, but in this case, almost every team sells homegrown football players.

The hypothesis that is posed is that the perception of the homegrown players’ contributions to the teams does not correspond to the contribution that they actually make.

The objectives are to analyse the sales of homegrown football players from the five major league teams and to verify the impact that these have had at the economic level in the clubs.

The data used for the acquisition, sale section, and homegrown football players were obtained through *Transfermarkt.es*, whereas the rest of the information was attained from different digital media, from the UEFA website to the web portals of each country’s competition.

## MATERIALS AND METHODS

At the first time, the leagues selected to be analyze were LaLiga, Premier League, Ligue 1, Bundesliga, and Serie A. Inside every competition were also selected different teams that had played at least five seasons between the 2015/2016 season to the 2020/2021 season. After applying, this selection left a total of 74 teams (15 of LaLiga, 15 of Premier League, 14 of Ligue 1, 15 of Bundesliga, and 15 of Serie A).

In carrying out this analysis, the following aspects were considered:

- Direct signing for a first-team, even if the football player is within the age of the homegrown player, will not be counted as a new team homegrown player if these teams sold him later.
- No transfers or loans were recorded below 100,000 euros.
- A homegrown player must belong to a club and be sold by that same club.
- Players who were in the club before joining the youth team were also taken as homegrown players.
- The figures were rounded up above 0.5 and down below the same figure.
- Revenue per position was considered only when teams were playing in the first division of their country.

- The qualifying income of R.B. Leipzig was considered since his score entered the 18 teams that make up the Bundesliga.
- To calculate European revenues, neither the Market Pool nor the UEFA coefficient allocation have been considered.
- Solidarity contribution of 5% to the clubs that contribute to players education was no taken into account.
- All graphics were made in Power Bi.
- All amounts are expressed in millions of euros.

The analysis was carried out following a series of steps:

1. The profits from sales and loans of homegrown players by the main club and its immediately affiliated team were calculated.
2. Purchases and sales balance of each club was made without considering the amounts previously obtained by the sale of homegrown players.
3. Purchases and sales balance was made considering the quantities obtained from the sale of homegrown players.
4. Revenues per position were obtained from each of the local competitions.
5. Revenues from UEFA Champions League, UEFA Europa League, and UEFA Super cup were calculated.
6. A comparison was made of all selected teams to know the best results.

## RESULTS AND DISCUSSION

As we can see, only Burnley did not receive any revenue from homegrown sales and teams like Watford, Dijon, Bournemouth, Deportivo Alavés or Getafé received a very small amount of money. On the other hand, teams like Real Madrid, Olympique Lyonnais, Atlético de Madrid or AS Monaco were able to generate large revenues from the sale of homegrown players. The finished table after combining all teams is shown in figure 1.

Now, for the second part of this analysis, transfer balance without homegrown players revenues is shown at the top and transfer balance with homegrown revenues is shown at the bottom to see the difference that homegrown football players can bring to each team. In this part the difference is visible and the comparative between every up table and bottom table shows how every homegrown transfer fee can reduce a team’s transfer amount even to make it positive. Now here, as it was done in the last comparative, are shown two tables with a big comparison between all the teams in the five major leagues (Figure 2).

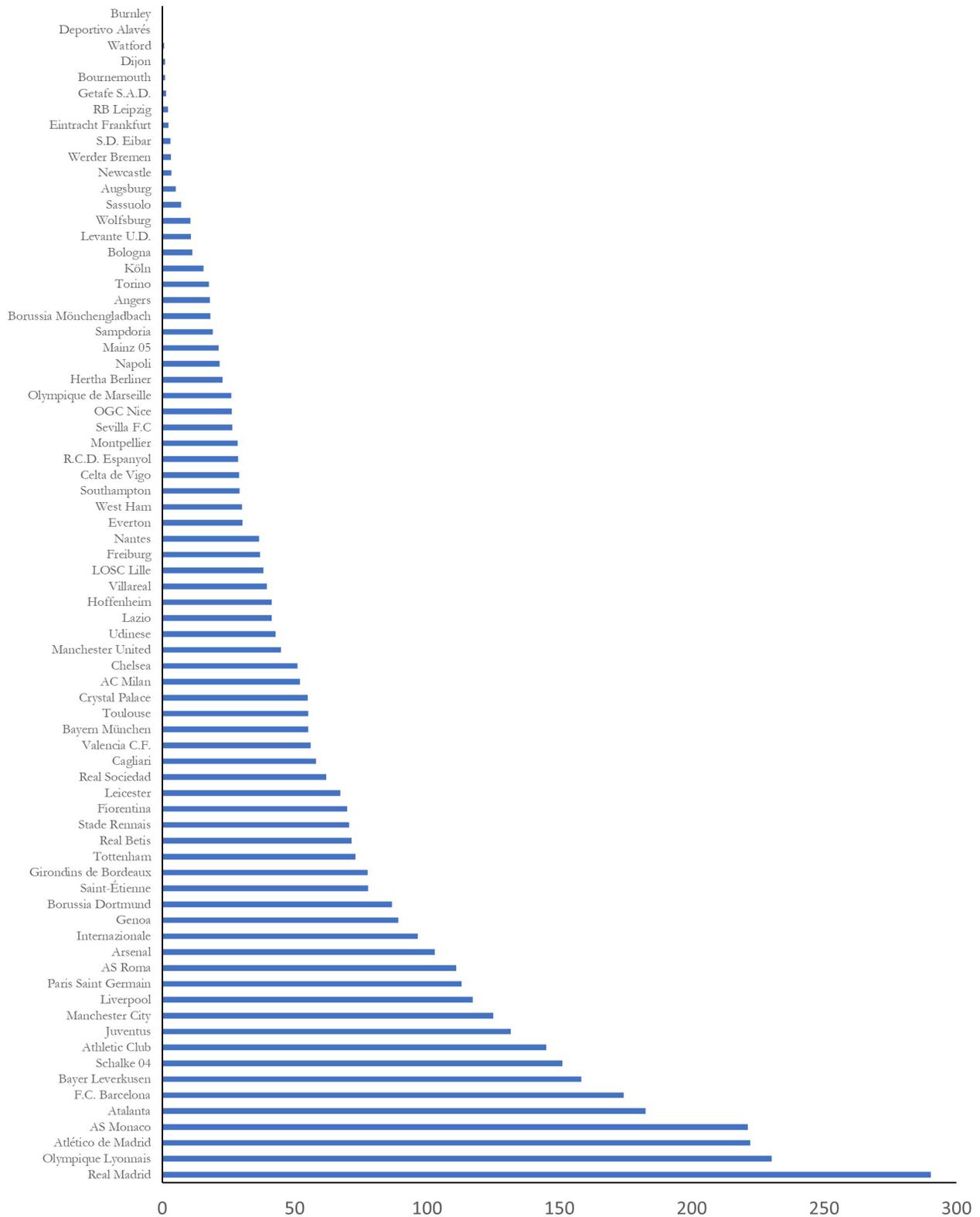


Figure 1. Illustration of homegrown players sales revenues ranking.

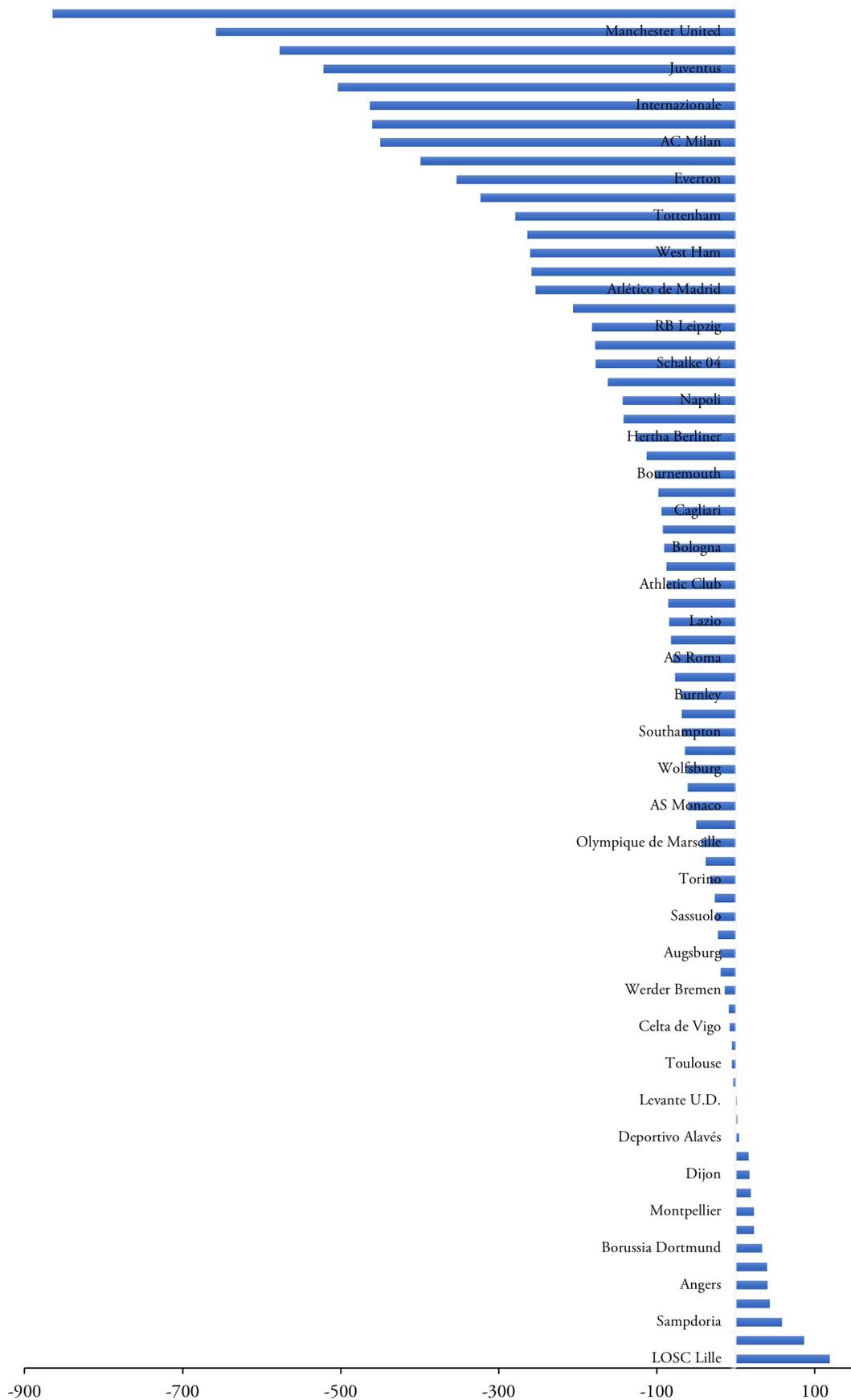


Figure 2. Illustration of ranking of transfer balance without homegrown sales revenue.

Finally, in this third part, it will be shown how these six years of purchases and sales have helped every team to reach their own objectives. To understand it, revenues have been collected from the national leagues, UEFA Champions League, UEFA Europa League, and UEFA Super Cup, with the objective of seeing the economic impact after participating and (in some cases) winning the competition. The differences here are big and clearly visible. On one hand, teams that played UEFA Champions League were able to generate more revenue than teams that played UEFA Europa League due to the higher budget given to the first competition when only to participate, every team receives 12.7 million euros, a kind of money that a Europa League team could only procure if it plays

semi-final round. On the other hand, each national competition gives different amounts of money based on their global national incomes. Inside Bundesliga, position revenues are given after calculating a five-year position ranking and given the same money (17.3 million euros) to the six best teams. The comparative table taking in all the teams and European revenues are shown in figure 3 and figure 4, respectively.

And finally, considered homegrown player sales, transfer purchases and sales with and without that homegrown player sales and national and international revenues, the final revenues ranking from the 2015/2016 season to the 2020/2021 are shown at figure 5.

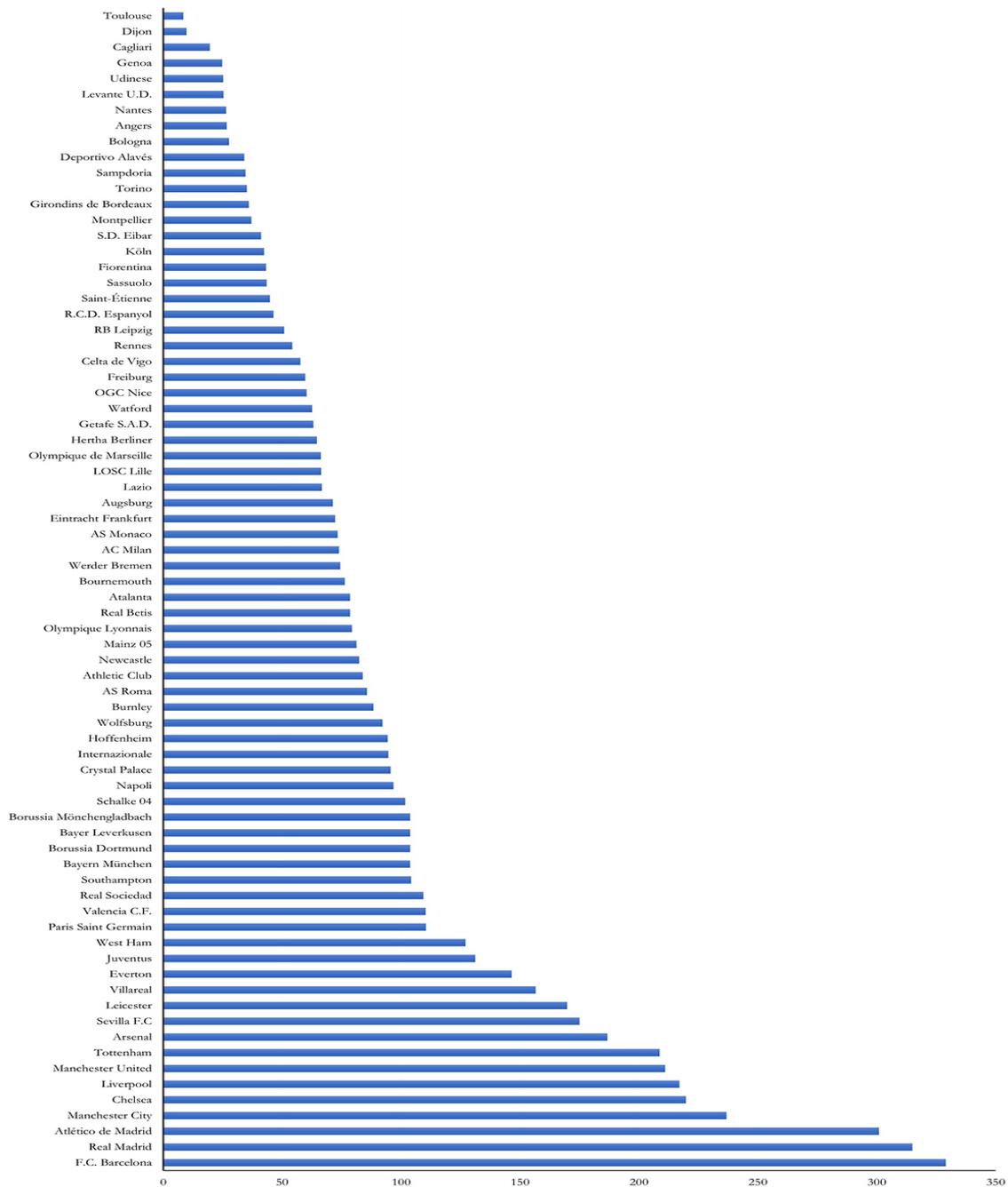


Figure 3. Illustration of position global revenues ranking.

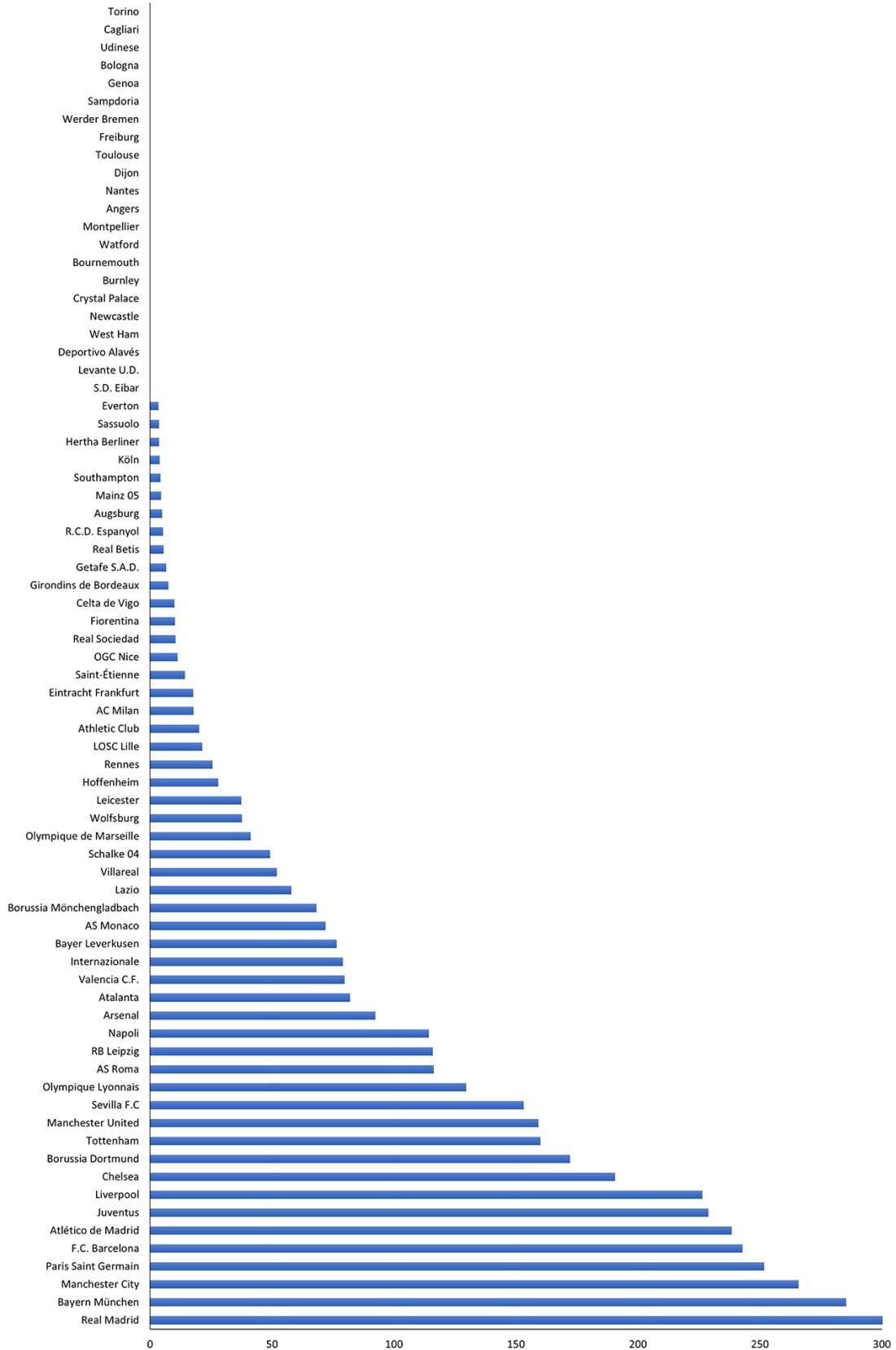


Figure 4. Illustration of European global revenues ranking.

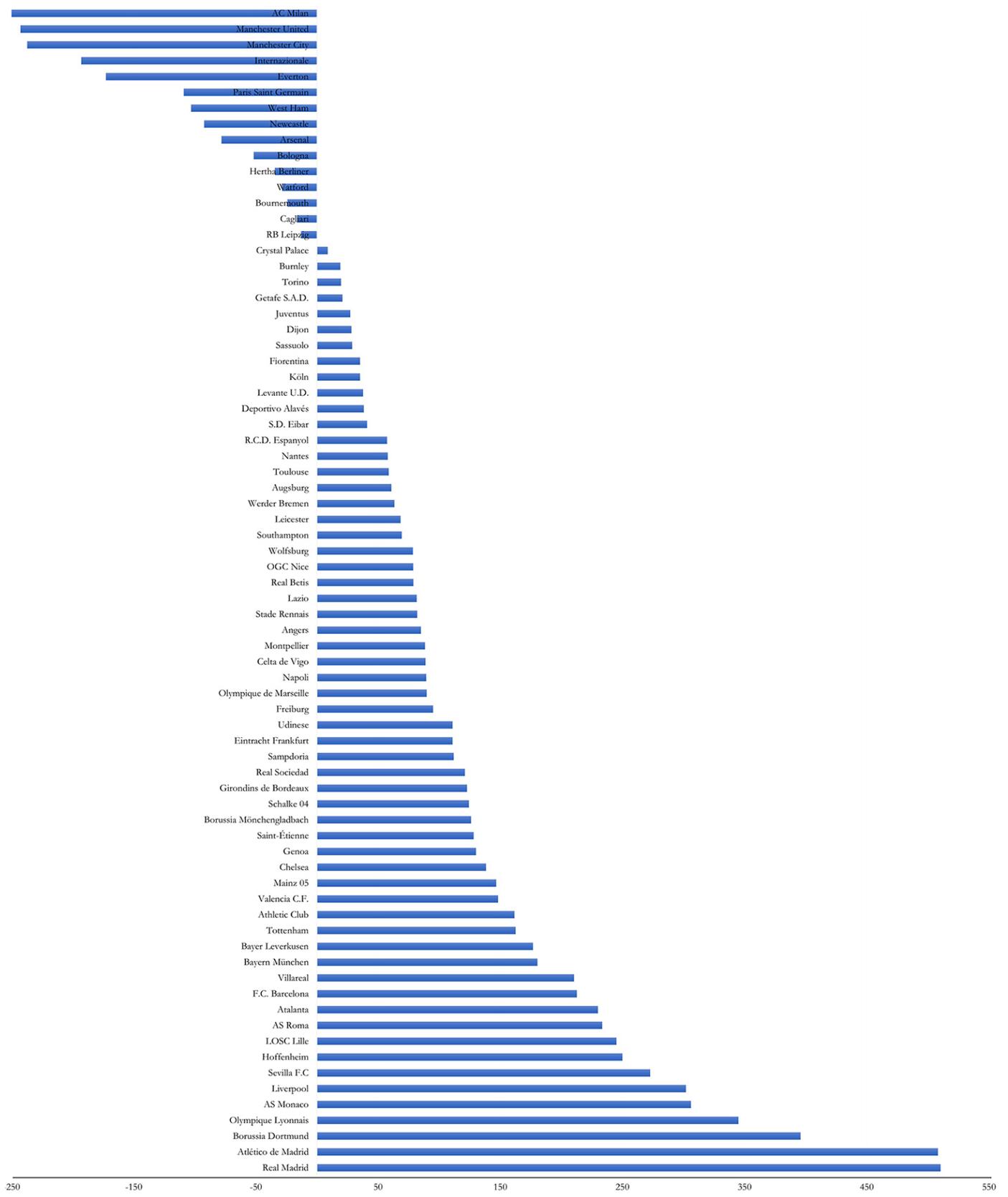


Figure 5. Illustration of Final balance ranking.

The objective of this study was to show the economics homegrown development revenue in 74 teams of the five big leagues of football (LaLiga, Premier League, Ligue 1, Bundesliga, and Serie A). To transform “our young football development is great” to data to support the benefits it brings to each club, seeking to place each of the teams shown in an equitable comparison between them.

As the results show, there are teams that are more capable to reach an economic benefit from homegrown football players than others. Fűrész & Rappai (2020) show that a transfer can affect the club in three different ways: 1) The difference between transfer revenue and expenditure has a direct impact on profit; 2) The continuous improvement of the team and sporting success can increase revenue from other sources, thereby increasing profits; and 3) Fans and investors’ expectations, because of announcements regarding transfers, may affect (increase) the price of the club’s shares; that is, they may result in a stock gain.

But about homegrown players, transfers could be applied a different approach, because rarely does a homegrown player end up being a big star in their own developer team, because normally big teams buy him when he is still very young.

The continuous search for young players is increasingly intense, due to the increase of price market and it turns more difficult for “normal and little” teams to buy “big players” but, on the other hand, it allows that the good acquisition of young talent could be a multi-million-euro sale in the future that will help the club grow. This aspect, commonly seen in “minor leagues”, is a survival way for a lot of teams (Depken & Globan, 2021; Fűrész, 2018; Metelski, 2021).

Digging a little deeper, it is visible that big European clubs have done big homegrown players sales, which is assumed to be obvious due to two determining factors: great talent acquisition from “minor” teams and homegrown sales only when transfer offer it is bigger than players’ value.

In this first subject, as Patnaik *et al.* (2019) says, teams like AS Roma, Borussia Dortmund or AS Monaco are benefited, because they sell their players to the “strongest” European team and sometimes more than one of them are interested in the same player, which causes an increase in the selling price. This aspect, as Müller *et al.* (2017) said in their study, forces the teams to try to find young players using databases and scouts to analyze football skills in each football player. The second subject explains that teams as Real Madrid or Atlético de Madrid are among the most profitable revenue for homegrown players’ sales because they do not need to sell players and only do it when transfer offers are big.

About homegrown football players, each team must consider every contract duration and if it is possible for the player to change location (Patnaik *et al.* 2019). These aspects are different for each team and players (Frick, 2007), because there are teams that need to search for talent really close to their sport city whereas other

teams with more economic capital can bring players from anywhere in the world.

Lombardi *et al.* (2020) says that when someone wants to do a transfer, it must be considered some aspects as: 1) The knowledge workers’ economic value; 2) The economic value of the recipient organization; 3) The economic value of the source organization; 4) The number of transfers made between the source and recipient organizations; 5) The structure of the network.

In the results shown, it is visible the transfer balance taking off all hometowns football players sells and also the same balance taking in all hometowns incomes, showing their big importance as in the Olympique Lyonnais case, changing his balance from negative -85 million of euros to 136 million of euros, as AS Monaco, changing his balance from negative -60 million of euros to 161 million of euros and as Atalanta, changing his balance from -113 million of euros to 69 million of euros. These cases (among other cases) reflect the importance of young players development and homegrown players sales could be for a football club.

Doubt arises when, beyond the economic benefit of the sale of such players, we think about sporting success sell football talent. So, they have also calculated the economic revenues per position in each national football league and international sporting revenues. This part is led by teams as Real Madrid, Bayern München, or Paris Saint Germain, due to, despite they sell their homegrown talent, they can also buy great football players due to their big sporting revenues and other incomes as television rights, etc (LaLiga, 2021). The interesting thing about this section could be to analyze the teams that base a large part of their budget on the sale of homegrown players and see their sporting revenues and their sporting success. But some teams, like Celta de Vigo, base their success on the use of homegrown football players in their first division team, even if their only purpose is to remain every year in LaLiga Santander. In these cases, calculate the value that a homegrown player can bring to his teams is impossible.

## CONCLUSION

The study demonstrates the importance of homegrown football player development when it comes to boosting the growth of clubs economically through a comparison between clubs in the five major leagues (LaLiga, Premier League, Ligue 1, Bundesliga, and Serie A) in an isolated manner and together with the economic benefits of national and international sporting successes.

*“Individual player performance and innate ability are prominent determinants of transfer fees”* (Van den Berg, 2011), especially when looking for talent to develop in unknown young players. This allows “minor clubs” to grow up, due to the main transfer industry motivation is the best investment since in their case the profit realized at each transaction gives them the opportunity to acquire players that are more valuable (Fűrész, 2018), taking players from different leagues indifferently (Lee *et al.* 2015) and cultivating players with high potential and selling them to wealthier leagues

is another viable way of generating profit for the clubs (Liu *et al.* 2016), generating a great income quantity, receiving offers from more clubs and attracting new talent by demonstrating that they develop a greater number of elite football players.

**Study limitations:** Find reliable transfer data and competitions revenues were difficult due to the opacity of the data by teams and organizers, so the quantities exposed may vary.

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