



11th International Strategic Management Conference 2015

Intellectual capital efficiency: the case of football clubs

Nermin Nergis Yasar, Mine Isik, Fethi Calisir*

Istanbul Technical University, 34367, Macka, Istanbul, Turkey

Abstract

The constant increase in the importance and popularity of sports has created an industry of a scale of billion dollars. Lately, sports clubs have extended their views by opening sports schools, facilities, stadiums, merchandise stores and even restaurants in addition to their core activities in the area. This expansion makes for the need of a professional management for sports clubs, as they can immediately be considered commercial whereas, the structure of the value added factors is rather different than that of traditional enterprises. Given that, the principal elements of the sports are the human power as executives, players, and technical committee and traditional accounting methods are very inefficient to evaluate these valuable factors. Accordingly, the intellectual capital is far more important than financial capital in the case of the sports industry. The Value Added Intellectual Coefficient (VAICTM) method that quantifies and monitors the value creation efficiency in the company by using accounting-based figures is recognized as a potent instrument to assess the intellectual capital efficiency. This work points to explore the intellectual capital performance calculated by the VAICTM method for the sports clubs along the Istanbul Stock Exchange Market in Turkey namely; Fenerbahce, Galatasaray, Besiktas, and Trabzonspor. Additionally, the impact of VAICTM on firms' leverage ratio, size, market value, profitability, and efficiency is investigated. To determine the effect of independent variables for the explanation of each performance indicator, six different multiple regression models are generated for twelve different hypotheses. Accordingly, it is found that, there are statistically significant relations between the size of the enterprise, market value and ROA; efficiency, VAICTM, and firm leverage. Finally the ordering with respect to the intellectual capital efficiency of the sports clubs is gathered. By this study it is aimed to create a map that shows the effects of the sports clubs' qualifications on the intellectual capital efficiency, on the purpose of generating suggestions that ensure development on the clubs' performance.

© 2015 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Peer-review under responsibility of the International Strategic Management Conference

Keywords: Intellectual Capital; Sports; VAIC; Multiple Regression.

* Corresponding author. Tel.: +90-212-293-1300; fax: +90-212-240-7260
E-mail address: calisirfet@itu.edu.tr

1. Introduction

Today's world has created a conversion from being an industrial society to being an information society. This condition has increased the significance of information for enterprises. While everything is indexed to production and output growth is targeted at established companies, the goal of modern companies is including more information within services and products (Yildiz, 2010). In other words, new richness and a source of value for the enterprises are the information assets, namely intellectual capitals that are ignored by conventional enterprises (Demirkol, 2007).

In the sports industry, tangible assets have negligible importance over a club's market value. Yet, the actual value a club has is its popularity and commitment of its fans. Team harmony, success of players and coaches directly affect the commitment of the fans and real market value of the firm. The main point that the sports industry differs from other industries is that in sports industry the major share of firm value consists of human capital and customer capital. In this case, measurement of the true success of football clubs can only be made possible by measuring intellectual capital.

In this study, performance analysis of football clubs that are listed in IMKB will be taken out with intellectual capital. The primary elements of football industry are the people filling positions such as managers, footballers, technical staff etc.; and established accounting methods are insufficient in measuring this hidden value (Shareef and Davey, 2005). Football clubs realized that intellectual capital is a real asset for the success of the clubs. High intellectual capital rates are one of the main factors displaying the profit and success of football clubs. In Turkey, football clubs have foundation status. In 2002 by making initial public offerings, football clubs Galatasaray and Besiktas received Sportive Inc. titles. After that Fenerbahce and Trabzonspor have made public offerings in 2004 and 2005 respectively. Clubs intended to increase their incomes by this way.

In section two, a brief literature review on intellectual capital and VAIC™ method is given. Section three presents the methodology and then the results are explained in a detailed manner.

2. Literature Review

There is no generally accepted definition of intellectual capital yet. Sullivan (1999) defines intellectual capital as the information, which is convertible to profit. Demirkol (2007) says that intellectual capital consists of the information about how to design an enterprise for it to carry out its duties and what to protect in order to carry on its activities. In an article published in Fortune magazine, Stewart (1991) claims that patents, processes, management abilities, technology, customer and provider information and experience in particular depends on knowledge and all of this knowledge comes together and creates intellectual capital. Klein (1998) says in a book he wrote that intellectual capital depends on the experience, expertise, knowledge of the firms and intellectual capitals are intangible assets. He also says that they are more efficient in shaping the place among the contest more than tangible and financial assets and they require to be done on a systematic basis for taking advantage of them.

In some other definition, intellectual capital is put forward as the economic value of intangible assets that a company owns such as human resources, organizational and societal resources (Choudhury, 2010).

Intellectual capital should be divided into its components in order to be made out and evaluated. Components of intellectual capital in enterprises stem from the sharing of the experience, knowledge, and organizational culture workers have. There are different classifications of the components of intellectual capital in the literature. Consensus upon the components cannot be reached yet. However, definitions are not highly discrepant from each other and they are sort of complementary (Once, 1999).

Brooking (1996), says that intellectual capital comprises four components. These are assets related to the market, human centered assets, assets belonging to intellectual property and infrastructural assets. Still, Stewart (1991) divides intellectual property into three parts, namely human capital, structural capital and customer capital. Similarly, Edvinsson and Malone (1997) also asserted that intellectual capital consists of three core components: human capital, structural capital and customer capital.

Download English Version:

<https://daneshyari.com/en/article/1108412>

Download Persian Version:

<https://daneshyari.com/article/1108412>

[Daneshyari.com](https://daneshyari.com)