112 - FINANCIAL OVERVIEW OF RIO DE JANEIRO CLUBS BETWEEN 2006 AND 2011

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INTRODUCTION

The football clubs of Rio de Janeiro are among the most traditional of Brazil. Winners of 14 titles in the first division of the Brazilian Championship, this clubs historically been among the first placed in this tournament. However, since 2000, these clubs have gone through serious administrative problems that culminated in eight years without major achievements of the Brazilian tournament, the longest period of failures since the first title for a club in the state, Botafogo in 1968.

However, in the last five years the situation has begun to change. In 2006 the Flamengo became champion of the Brazil Cup, a fact echoed by Fluminense in 2007 and Vasco in 2011. Already in the Brazilian Championship, Flamengo lifted the trophy in 2009 and Fluminense in 2010.

Although the terms "industry" and "business" are being linked to the markets of sports (KASZNAR & GRAÇA FILHO, 2012; MATTAR, 2010; KUPER & SZYMANSKI, 2010; SORIANO, 2010; SEITZ & CAMPOS, 2008; SILVA, 2006; LEONCINI & SILVA, 2005), the success of football clubs differs from the other companies. Business organizations, in general, have success as profitability in its activities and sports entities need to achieve satisfactory sports performance (LEONCINI & SILVA, 2000). However, Peter Drucker and Isao Nakauchi (1999) emphasize that even in traditional companies financial results are not satisfactory the purposes of these organizations, but only items necessary for survival. However, Soriano (2010) states that success can not just be on the pitch, because one must take into account the financial results.

Using sports and economic factors, several authors have called virtuous cycle, this is generated by three factors: income, investments and sports performance. This cycle is defined as the justification for the sports performance of football clubs (GUZMÁN & MORROW, 2007; KERN & SÜSSMUTH, 2005; LEONCINI & SILVA, 2005; LEONCINI & SILVA, 2000; SZYMANSKI & KUYPERS, 1999).

Analyzing the performance improvement of sports clubs in Rio de Janeiro since 2006, taking into account the virtuous cycle presented in the literature, this study will seek to analyze the financial evolution of the four top teams in Rio de Janeiro between 2006 and 2011.

OBJECTIVES

The present study aimed at analyzing the economic and financial situation of the four major clubs in Rio de Janeiro between 2006 and 2011 seasons.

Specific objectives were to understand the search for their improvement on sports performance over the years in national tournaments in Brazil.

METHODS

This research is characterized as a descriptive, since they are intended to present the characteristics of a population and the relationship between variables (GIL 1999; MATTAR, 2001). Since this is a topic poorly researched scientifically, adopted an exploratory (YIN, 1994) and empirical-analytic procedures, performing technical collection, processing and analysis of data (MARTINS, 1992).

The survey data were taken from the Balance Sheets of the participating teams, according to Law No. 10672 of 15 May 2003 which obliges clubs have fiscal and administrative transparency and should expose such data. However, for the present study, we used only the Balance Sheets found on the official websites of the clubs.

The seasons used in the investigation were the years between 2006 and 2011. This choice was based on the first national title for a team from Rio de Janeiro after the 2000 season, won by Vasco. Further, the following years were selected because of other achievements and good performances of teams in Rio.

The variables used in this study were as follows: Revenues, Expenses and Net Income.

According to Gitman (1997), revenues are defined as the value of transactions for a period. The main sources of revenue for football clubs are commercial, matchday, broadcasting and transfers (CAMPOS & ROMAN, 20008; LEONCINI & SILVA, 2005).

Expenses on football are understood by key investments, such as salaries of athletes, maintaining stadiums, equipment, awards, and other resources devoted exclusively to football (LEONCINI & SILVA, 2005).

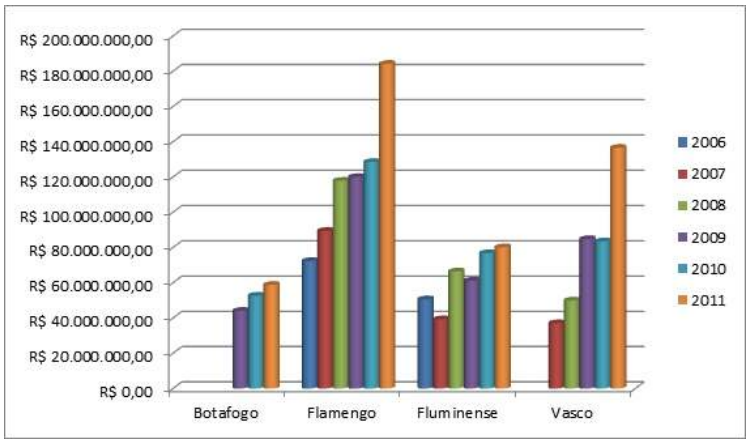
Net Income is the result of a company at the end of a fiscal year, depicting data on sales, income and expenses of a company for an accounting period (COSTA et al., 2011).

The choice of these variables was based on the need of the clubs have characteristics similar managerial organizations, totally professional (AIDAR & LEONCINI, 2002). Thus, the presentation of data on income, investments, and the ability to invest annual economic outcomes become extremely relevant to financial analysis and, why not about sports performance.

RESULTS

The Figure 1 shows the values of Revenues for the football clubs to Rio de Janeiro in seasons 2006, 2007, 2008, 2009, 2010 and 2011.

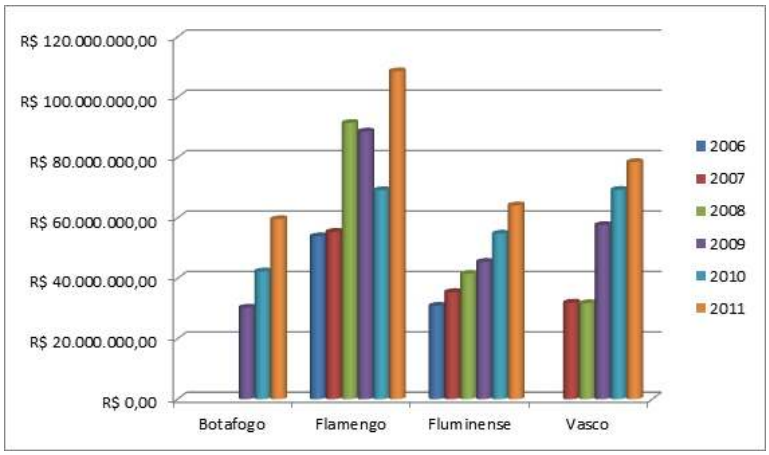
Figure 1 - Revenues of Botafogo, Flamengo, Fluminense and Vasco in seasons 2006, 2007, 2008, 2009, 2010 and 2011



(SOURCE: Author's own. Official data taken from the Balance Sheets of clubs)

The Figure 2 shows the values of Expenses of four major football clubs in Rio de Janeiro between 2006 and 2011.

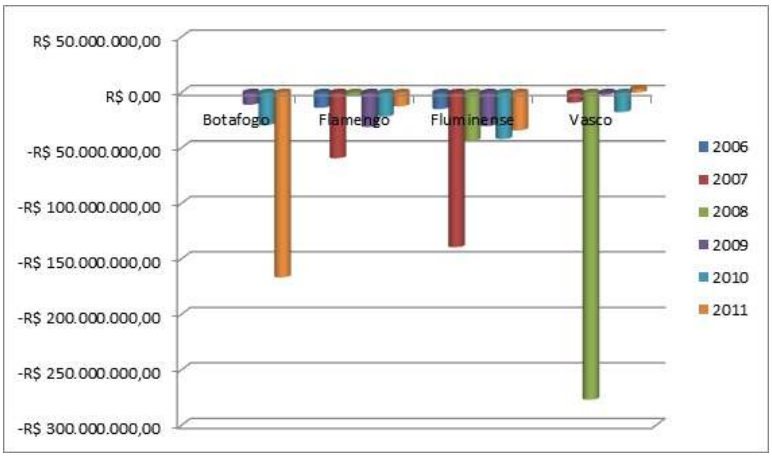
Figure 2 - Expenses of Botafogo, Flamengo, Fluminense and Vasco in seasons 2006, 2007, 2008, 2009, 2010 and 2011



(SOURCE: Author's own. Official data taken from the Balance Sheets of clubs)

The Figure 3 shows the Net Income of football clubs in Rio de Janeiro between 2006 and 2011.

Figure 3 - Net Income of Botafogo, Flamengo, Fluminense and Vasco in seasons 2006, 2007, 2008, 2009, 2010 and 2011



SOURCE: Author's own. Official data taken from the Balance Sheets of clubs)

DISCUSSION

Through the results, it is possible to realize the economic and financial situation of the four main clubs of Rio de Janeiro. This information is obtained, according to Costa et al. (2011), make it possible to understand the decisions made by firms. However, since football teams also need sports performance, analysis of internal and external factors of the clubs, and the relationship between these variables is of fundamental importance for business management because it enables proper interaction between components (FREZATTI, 1999).

In addition to financial factors, structural and administrative each individual club, this higher standard, adopted by all

clubs, besides the series of good results for their teams during these six seasons, can be justified by Stefan Szymanski and Tim Kuypers (1999), by emphasizing the need and importance of competition and cooperation between rivals in football. Thus, the performance of a club tournament, meant that others seek to adapt to a new competitive and financial reality, seeking increased tax revenue and investment for the purpose of greater sporting success.

This trend demonstrated by Szymanski and Kuypers (1999) can be observed in relation to revenue, since there was an increase of 264.9% between the years 2006 and 2011, considering only Flamengo and Fluminense. Analyzing the four clubs, the increase between 2008 and 2011 was 48.2%. Regarding investment in football, the scenario appeared similar. There was an increase of 103.6% between 2006 and 2011 and for the seasons 2008 and 2011, this growth was 40%. This positive change corroborates the report "Finance football clubs in Brazil in 2011," made by the consultancy BDO also shows that the increase in these two variables between the clubs in the First Division of Brazilian Championship.

By comparing the amounts of revenues and expenses in the results found with the report by BDO in 2012, you can see that the increase in Rio de Janeiro clubs was higher than the average of the 20 clubs in the First Division between 2007 and 2011. Thus, an increase of over done by teams of Rio de Janeiro can justify the improvement of sports performance in recent years.

In all analyzed seasons, the only team that showed positive results for the Net Income was Vasco in 2011. This demonstrates the serious deficit in the state that clubs are, condition also reported in the 2012 by the consultancy BDO and Gasparetto (2012), where the debt of the 20 clubs in the Brazilian Championship of 2011 reached R$ 3.86 million. For more, Gasparetto and Matta (2012) data show negative Working Capital Available in Brazilian teams in 2011, values justified by Gasparetto (2012) presenting the Liquidity Ratio of these clubs.

Due to the low number of national publications on the subject of economic and financial management of football clubs, we recommend further investigation by analyzing a larger number of seasons, other realities state, as well as the overall situation of Brazilian teams. Further, the use of new variables will assist in a better understanding of the reality of football clubs in Brazil.

CONCLUSION

Through the results of analyzes and subsequently, we conclude that the good performance shown by the four main clubs of Rio de Janeiro is the result of a new financial approach, with increased investment and revenue, achieving better sports performance. This result reinforces shown the existence of a virtuous cycle in Brazilian football.

In relation to income, it can be concluded that these values should be revised deficit for the management of clubs, for the maintenance of the same for a longer period of time may result in a limiting factor in future seasons, complicating the financial health of these entities Sports the long time

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FINANCIAL OVERVIEW OF TEAMS OF RIO DE JANEIRO BETWEEN 2006 AND 2011 SEASONS
ABSTRACT

The four major football clubs in Rio de Janeiro experienced a period without victories in the early 2000s. However, from 2006 onwards, the scenario has changed. With three titles in the Brazil Cup and two in the Brazilian Championship, Botafogo, Flamengo, Fluminense and Vasco returned to the best places in national tournaments. Through descriptive analysis with empirical-analytic, the present study aimed to justify the recent success of teams from Rio de Janeiro using economic variables for the research. The results demonstrate that the clubs have poor financial situation, but suggest that the increase occurred in revenues and investments provided better sports performance in recent seasons.

KEYWORDS: Football, Sports Performance, Economic Performance.

LE PANORAMA ÉCONOMIQUE-FINANCIER DES ÉQUIPES DE FOOTBALL DE RIO DE JANEIRO DANS LA PÉRIODE DE 2006 à 2011.
RÉSUMÉ

Les quatre meilleures équipes de footbal de Rio de Janeiro ont traversé une période peu victorieuse au début des années 2000. Alors, à partir de 2006, ce panorama a changé. Ces clubs ont réussi trois titres lors de la Coupe du Brésil et deux titres au Championat Brésilien de football, Botafogo, Flamengo, Fluminense et Vasco, sont revenus aux meilleures places dans les tournois nationaux. À travers une méthodologie descriptive empirique et analytique, ce travail veut justifier le nouveau succès des équipes de Rio de Janeiro en utilisant des variables économiques pour la réalisation de la recherche. Les résultats démontrent que les équipes ont une mauvaise situation financière, néamoins les résultats suggèrent que l'augmentation obtenue à travers la collecte et les investissements ont permis l'amélioration des équipes sportives au cours des dernières saisons.

MOTS-CLÉS: Football, Sport Performance, Performance Économic.

PANORAMA FINANCIERO DE EQUIPOS DE RIO DE JANEIRO ENTRE 2006 Y 2011
RESUMEN

Los cuatro grandes clubes de fútbol en Río de Janeiro vivió un período sin victorias en la década de 2000. Sin embargo, desde 2006 en adelante, el escenario ha cambiado. Con tres títulos de la Copa de Brasil y dos en el Campeonato Brasileño, Botafogo, Flamengo, Fluminense y Vasco volvió a los mejores lugares en los torneos nacionales. A través del análisis descriptivo empírico-analítico, el presente estudio tuvo como objetivo justificar el reciente éxito de los equipos de Río de Janeiro utilizando variables económicas para la investigación. Los resultados demuestran que los clubes tienen dificultades financieras, pero sugieren que el aumento se produjo en los ingresos y las inversiones proporcionan un mejor rendimiento deportivo en las últimas temporadas.

PALABRAS CLAVE: Fútbol, Rendimiento Deportivo, Desempeño Económico.

PANORAMA ECONÔMICO-FINANCEIRO DOS CLUBES CARIOCAS ENTRE AS TEMPORADAS 2006 E 2011
RESUMO

Os quatro principais clubes cariocas passaram por um período pouco vitorioso no início dos anos 2000. Porém, a partir de 2006, este cenário mudou. Com três títulos da Copa do Brasil e dois do Campeonato Brasileiro, Botafogo, Flamengo, Fluminense e Vasco retornaram aos melhores lugares nos torneios nacionais. Através de metodologia descritiva, com caráter empírico-analítico, o presente estudo teve por objetivo justificar o recente sucesso das equipes cariocas utilizando variáveis econômicas para a realização da pesquisa. Os resultados demonstram que os clubes apresentam situação financeira deficitária, entretanto sugerem que o aumento ocorrido na arrecadação e no investimento possibilitou a melhoria esportiva nas últimas temporadas.

PALAVRAS-CHAVE: Futebol, Desempenho Esportivo, Desempenho Econômico.