

Barter System and Its Usability Ratio in Sports: Opinions of Sports Club Directors

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ABSTRACT

The purpose of this study is to determine recognition level of the barter system, its positive and negative aspects, its utility as an alternative financing model in the direction of the opinions of sports club directors. 'General scanning model' is utilized in our study which one of the descriptive scanning methods. Directors of the sports clubs carrying on activities in Turkey have constituted the population of the study; and sample group consisted of sports directors (f=179) of different branches that are selected randomly (football, volleyball, basketball and handball) and contending in the higher leagues. Cronbach's Alpha coefficient of the survey is determined as 0.74 according to the results of the replies given to the survey utilized in the study. Statistical package program is used to analyze the survey data. Frequency (f) and percentage distribution (%) analyses are utilized to specify the distribution of participants. At the end of the study, it is underlined that in general barter system is not known in the sports clubs, thus all clubs particularly directors should be informed about the system; and it is determined that barter system may be utilized as an alternative financing model in the sports clubs. It can be stated that clubs may eliminate economic difficulties they experience dramatically via exchange of goods and services they shall realize from numerous sectors carrying on activities in the system.

Keywords: *Barter System, Finance, Sports Club, Club Director.* .

INTRODUCTION

In view of today's globalization tendencies of enterprises having the aim of reaching different markets, growing by strong partnerships and increasing their profitability; enterprises may find themselves in a competitive environment and be dependent on foreign markets. In this current situation, efforts of trying to pursue the expansion in the national and international trading volume by means or existing finance and marketing techniques may be remain incapable from time to time (1).

One of the methods utilized by the enterprises to eliminate this incapability with the aim to increase their competitive power in the both national and international markets, to easily overcome the cash flow problem experienced in the crisis period is the barter system, which disappeared with the invention of money and returned back to the economic world stage together with the 1930 economic crisis. Barter system has been brought into business life as a new implementation which can cure the problems of enterprises by the related organizations; and system has made progress as of this date and has become one of the important actors of economic life (2).

Barter, an English-rooted word, expresses the agreement that is concluded between two parties and proposes exchange of one product with another without using any money. Barter means exchange of goods and services and is known as the single trading and financing method that is implemented starting from the stone age until today (3). In

this context barter means interchange or exchange in the simplest term (4). As a system, barter is defined as a trading system that has been developed by being inspired from exchange which is the oldest and simplest counter trading methods (5). Barter word does not have an exact equivalent, and “takas-exchange” and “trampa-interchange” words are frequently used instead of word barter. Definition of exchange is given in two ways in the dictionary of Turkish Language Association. First one is: “Settlement by giving a product in return for a product, interchange”; second one is: “trading, payment of a trading realized by two countries mutually by means of goods” (6).

Mankind has utilized exchange method in the historical process together with starting agricultural production instead of hunting and collecting and adopting a sedentary life. This situation continued till Lydians found money in B.C. 700's, and barter economy gave way to monetary economy gradually (7). Goods and services pass into other hands without money or any other similar medium of exchange in the interchange method as the oldest trading form in the history of humanity, and this exchange process turned into a multilateral (multi-station) indirect goods exchange from a bilateral (two-station) goods exchange together with the invention of money (8).

Barter system is applied as an indirect goods exchange until 1930's (9). Financial consequences of depression in the big crisis period that affected all world in 1930's were 50 million people becoming unemployed, and decrease in the rate of 42% in the total production and in the rate of 65% in the international trade. Additionally liquidity crunch experienced in this period has reminded that gold, money and similar mediums of exchange are not goods and/ or services that meet the requirements of the enterprises, and they are only articles of exchange. Thus, barter system gaining currency especially in the Latin American countries, has become a preferential finance instrument (10). In this period, especially West European countries have made barter agreements between each other and realized exchange of certain food products and raw materials mutually (11).

When we came to 2000's trade volume of barter companies in the world has increased significantly, and number of barter companies established has reached 1596 (12). Specialists predict that barter system shall continue to grow rapidly in the following years, and 50% of whole world trade shall be realized by means of barter system (13).

When we examine barter applications in Turkey, it is seen that global crisis developed in the 1990's has influenced whole economy of Turkey, and particularly finance section. International financial providers stopped the investments made to developing countries including Turkey as a result of crisis, and institutional investors withdrew and converted their investments into cash, thus dimensions of the crisis have enlarged. Consequently, cash money became extremely valuable. In the presence of these problems, enterprises tend towards alternative finance and marketing instruments, thus barter system acquired currency in Turkey (14).

Turkish Barter International Company has realized the first barter application with its barter solutions developed for the sports clubs and by its barter sports structuring established. Barter project developed by Turkish barter for the sports clubs including Fenerbahçe, Galatasaray, Beşiktaş and Ankaragücü is introduced to the sports community as a risk free finance model. Project was realized with the aim to pay all debts to sporters from the barter pool, to enable football players who are looking for a club to go to the team they want against barter, and to meet all kinds of requirements of teams such as camps, accommodation, food, office equipment, etc. by means of barter system (15).

Benefits barter system shall provide to the sports clubs can be listed as follows: to make a purchase when profitable buy opportunity is encountered in the barter common market, to perform transfer supply in return of payment to be done to the sporter as the transfer fee of the sporter, and to facilitate transfer procedures of sports clubs in the market by utilizing a large spectrum such as one-to-one exchange, to utilize spare capacity by using multiple exchange together with the one-to-one exchange in the barter common market that operates according to logic of pool and to obtain the opportunity to increase the sales revenues (16).

When it is considered that even amateur sports clubs establish commercial enterprises to overcome the financial difficulties; barter system may be considered as an alternative finance model by which sports clubs can purchase their general and specific demands rapidly and free of risks in accordance with the logic of a business entity and offer solutions to various financial problems experienced in the sports clubs. In this context, purpose of this study is to determine the requirements of sports clubs to utilize barter system as an alternative finance model, the goods they can demand and supply from/to the system and negative and positive aspects of the system by means of the directors of sports clubs who decide on the finance models of the clubs.

INSTRUMENT AND METHOD

Directors of sports clubs that carry on activities in Turkey constitute population of this study which is realized to determine recognition level of the barter system, its positive and negative aspects, its utility as an alternative financing model in the direction of the opinions of sports club directors; and sample group consists of sports directors (f=179) of different branches that are selected randomly (football, volleyball, basketball and handball) and contending in the

higher leagues.

In order to prepare the data collection tool created to determine the opinions of sports directors about the barter system, local and foreign literature on this subject is reviewed. Additionally, opinions of three academic members and two owners of barter establishments who are considered to be specialists on this subject were received and the necessary amendments were made and survey to be applied is finalized.

'General scanning model' is utilized in our study which one of the descriptive scanning methods. Cronbach's Alpha coefficient of the survey is determined as 0.74 according to the results of the replies given to the survey utilized in the study. Cronbach Alpha value being higher than 0.70 shows that survey is reliable (17). Reliability is the feature of a measurement, a scientific explanation to show or explain the issue it wants to measure or explain viably and exactly (18). Statistical package program is used to analyze the survey data, and frequency (f) and percentage distribution (%) analyses are made to specify the distribution of participants. Results obtained from distributions are shown in the form of tables, findings are interpreted and required solutions are offered.

FINDINGS

In this section, there are statistical findings obtained in this study.

Table 1. Distribution of participations according to their duties in the sports clubs

Duty in the club	N	f	%
President		27	15.1
Member of the board	179	114	63.7
Secretary general		26	14.5
Manager		12	6.70

It is determined that 63.7% of the participants carried out duty as member of the executive board (f=114), 15.1% as president of the club (f=27), 14.5% as secretary general (f=26), and 6.70% as administrative manager (f=12).

Table 2. Descriptive findings related with the knowledge level of participants about barter system

Knowledge about the system	N	f	%
I have knowledge		30	16.8
I have knowledge to a certain extent	179	16	8.90
I have no knowledge		133	74.3

It is determined that 16.8% of the participant club directors has knowledge about barter system (f=30), 8.90% has knowledge to a certain extent (f=16), and 74.3% do not have any knowledge.

Table 3. Descriptive findings related with the source of recognition about the barter system

Source of recognition of the system	N	F	%
Newspapers and TV advertisements		17	9.5
Barter Broker (Customer representative)		9	5.0
By means of a member	179	10	5.6
Barter club publicity days		6	3.4
By web page		4	2.2
No information		133	74.3

It is established that the participant directors have acquired information from newspapers and television advertisements in the rate of 9.5% (f=17), from club members in the rate of 5.6% (f=10), from barter customer representatives in the rate of 5.0% (f= 9), from club publicity days of barter companies in the rate of 3.4% (f=6), and from internet in the rate of 2.2% (f=4). Also it is revealed that 74.3% of the sports club directors did not have any information about the barter system (f=133).

Table 4. Descriptive findings related with the requests of participants to use barter system as an alternative finance and marketing instrument and goods participants shall demand from the system if they had information about the system

		N	f	%
System employment	Its use shall be convenient	179	115	64,2
	Indecisive		2	1,1
	Its use shall not be convenient		62	34,6
Goods demanded from the system	Food and beverage	179	40	22.3
	Cleaning products		35	19.6
	Stationery		25	14.0
	Electronics		14	7.80
	Automotive		13	7.30
	Real Estate		3	1.70
	Textile		39	21.8
	Printing House		10	5.80

It is seen that 64.2% of the participants find the use of barter system as an alternative finance and marketing instrument convenient (f=115), 34.6% think its use is not convenient (f=62), and that 1.1% is indecisive (f=2). Additionally it is established that in general club directors shall request food and beverage from the system in the rate of 22.3% (f=40), and textile products in the rate of 21.8% (f=39), cleaning products in the rate of 19.6% (f=35).

Table 5. Descriptive findings related with the opinions of participants about the utilization of barter system in their clubs and advantages system provides for the club

		N	f	%
Whether or not system is used	Continuously used	179	20	11.2
	Used for several times		26	14.5
	Not used		133	74.3
Advantages system provided for the club	Eliminate cash flow problem	46	15	32.6
	Long term interest free borrowing opportunity		2	4.30
	Free of charge and efficient advertisement opportunity		1	2.20
	Opportunity of finding new customers and markets		5	10.9
	Facilitate sales of goods and services		7	15.2
	Elimination of unutilized capacity		10	21.7
	Warranty of receiving		5	10.9
	Improving recognition of goods and services		1	2.20

Participant directors stated that barter system is utilized in their clubs continuously in the rate of 11.2% (f=20), utilized for several times in the rate of 14.5% (f=26), and 74.3% of them indicated that system is not used in their clubs (f=133). In general, participants utilized barter system to eliminate cash flow problem in the rate of 32.6% (f=15), to eliminate unutilized capacity in the rate of 21.7% (f=10), and to facilitate sales of goods and services in the rate of 15.2% (f=7).

Table 6. Descriptive findings about the aspects of the barter system participants utilizing the system are dissatisfied

Negative aspects about the barter system	N	f	%
Lack of confidence towards the system		9	19.6
Goods deliveries not realized in time		6	13.0
Goods purchased from the system being more expensive than its equivalents		8	17.4
Being restricted with the goods in the system	46	7	15.2
Not being able to provide high quality goods		4	8.70
Problems experienced in pricing		5	10.9
Not being able to find the required goods in the system at any moment		7	15.2

It is observed that in general 19.6% of the participant club directors indicated lack of confidence towards the system (f=9), 17.4% found the goods purchased from the system expensive (f=8), and 15.2% was dissatisfied by barter system because goods required from the system were not found at any time (f=7).

DISCUSSION AND CONCLUSIONS

It can be said that participants have a command of the financial problems in their clubs, since most of the participants are the members of executive board in this study, which tries to establish the recognition of barter system, its negative and positive aspects, and current situation related with its employability as an alternative finance model (Table 1). 25.7% of directors stated that they have information about barter system, thus it may be stated that they are interested in this subject to a certain extent. On the other hand it is determined that 74.3% of participant directors did not have any information about the subject (Table2). When it is considered that the first barter company was established in 1992 (2), sports club directors are not aware of the system for a long time.

9.5% of the participants expressed that they got information about the system from newspapers and TV advertisements, 5.6% from members of the club. This situation may be interpreted as club directors have a smattering of the system (Table 3). Also it can be said that, companies that are members of the barter system and brokers (19) specialized in marketing of the system and manipulation of members are not giving interactive demonstrations. Thus, ratio of 3.4% of those having information about the barter club publicity days confirms this perspective (15).

In this study, it is determined that directors of sports clubs are using barter system mostly to overcome cash flow problems (Table 4). It draws attention that 25.7% of the directors who are using barter system in their clubs, explain lack of confidence towards the system as goods deliveries not realized in time, products purchased from the system being more expensive than its equivalents, being restricted with the goods in the system, not being able to procure high quality products, experiencing problems in pricing, not being able to find the required products in the system at any moment (Table 6). These ratios may be interpreted as most of the directors do not know the system, and those who know the system and are using it encounter unfavorable conditions (Table 5).

We see that Gaziantep and Gençlerbirliği sports clubs have examined barter system after barter sports project was submitted to the Turkish Football Federation by Turkish Barter A.Ş. in 2003. Also, it is seen in the research realized that Galatasaray, Fenerbahçe, Ankaragücü and Beşiktaş sports clubs are members of the system (20). After the investigation they have performed, club executives have stated that barter system is significant in terms of creating resources for the club and not to overspend (21).

Sports club directors, trying not to compromise on the budget and to stabilize their budget, have stated their discontents about the system, by the reason of goods purchased from barter common market are more expensive in

comparison to their equivalents as it is mentioned above. In the interview realized with Zafer Önder İpek, former general manager of Gençlerbirliği Club, he told us they have purchased detergent from the barter common market in exchange for advertisement, however price of the detergent was more than the market conditions, thus they would purchase more goods from the system if goods were sold at the market prices; this situation supports our findings. It may be stated that such problems should be eliminated to improve the usability of the system and increase the number of clubs that are members of the system.

Since barter system means utilization of lots of goods and services without spending cash money; it can be said that sports clubs shall obtain the opportunity to convert the abstract services provided for their spectators and fanbase to concrete assets and utilize the system for the benefits of the club. When the club directors are members of the barter system, they can present on-site and off-site advertisements, match tickets, organizations and their licensed products and in exchange accept services such as cleaning products, textiles, stationery, transportation, accommodation.

In this context, it seen in the literature review that Galatasaray Sports Club, utilizing the barter system, has started a new implementation in Florya. Yellow-red directors gave information about a new implementation to the press following Galatasaray by saying "We will have an advertisement request from media institutions that want to make an interview. They shall give opportunity of advertisement in their newspapers and televisions in exchange for the interview." (7). Thus, it can be said that Galatasaray Sports Club is trying to acquire more sponsors by making sponsor advertisements with the aim to carry the advertisements of sponsor companies in the newspapers and televisions.

It is seen from the findings of the study that the most important problem of the clubs is the problem of cash flow. It is considered that barter system that provides opportunity of zero-interest credits shall be a significant instrument to eliminate this problem. When the sports clubs utilize barter system, they can have the possibility to use the cash money they reserved from the budget for the infrastructure investments and growth without the need of an additional fund to eliminate the financial problems. One of the most important factors causing sports clubs to get pushed for cash is the inefficient marketing of the sports services produced. The most significant advantage of barter system is the opportunity of efficient marketing, thus system provides the opportunities for the clubs to get out these bottlenecks they experience.

As a consequence, it is determined in this study that sports club directors can use barter system in their sports clubs as an alternative finance model, and overcome the economic crisis clubs experience by means of goods and service exchange they shall realize from many sectors carrying on activities in the system. Also it can be stated that barter system is not known by the directors of sports clubs, thus all clubs, particularly directors should be informed about this system.

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