

**DOES THE UEFA FINANCIAL FAIR PLAY RULES PROMOTE  
THE FINANCIAL SUSTAINABILITY OF FOOTBALL CLUBS IN  
EUROPE?**

By Omemu Benatare Kingsley

Submitted to  
Central European University  
Department of Business and Economics.

In partial fulfillment of the requirement for the degree of Master of Arts in Economic  
Policy in Global Markets.

Professor Yusaf Akbar

*Budapest, Hungary*

2020

Copyright notice (if required by department)

# ABSTRACT

European football is characterized with so much glamour and flair and is the epicenter of football display worldwide. Top division football clubs in Europe are followed globally and have been generating a lot of revenue. In the last football year i.e. the 2018/2019 football season, Barcelona Football Club generated over 800 million euros in revenue. Despite the huge revenue inflow, top clubs in Europe kept reporting colossal financial losses. The continued unprofitability that was ravaging the clubs prompted UEFA to introduce the Financial Fair Play policy in 2010 to stem the tide and improve its financial sustainability. The FFP policy was to restrict the outside injection of funds from wealthy owners into clubs and to help clubs become financially prudent and operate within their football income. Financial data from the top 20 football clubs in Europe were gathered and examined by running a standard regression to find out if clubs had become profitable after the introduction of FFP policy. With a glimmer of hope, FFP policy has forced clubs to be more financially responsible and profitable. While some clubs still report losses, the FFP policy will in due time stabilize clubs financially and ensure their future sustainability.

# ACKNOWLEDGEMENTS

I will want to acknowledge and appreciate God Almighty for giving me the ability to complete this work. My appreciation also goes out to my Parents Mr. and Mrs. E.E Omemu who have been very supportive all through these years as well. My supervisor, professor Yusaf Akbar and my senior colleague in the academic field Mr. Franklin Maduko (PhD) I say thank you for your inputs and assistance in making sure this work comes out good.

# TABLE OF CONTENTS

ABSTRACT.....	ii
ACKNOWLEDGEMENTS.....	iii
TABLE OF CONTENTS.....	iv
LIST OF FIGURES .....	vi
LIST OF TABLES.....	vii
LIST OF ABBREVIATIONS.....	viii
INTRODUCTION .....	1
CHAPTER 1 .....	6
1.0 BRIEF OVERVIEW OF EUROPEAN FOOTBALL.....	6
CHAPTER 2 .....	17
2.0 LITERATURE REVIEW .....	17
2.1 <i>FUNDAMENTAL SPORT VALUES AND FINANCIAL DOPING IN EUROPEAN FOOTBALL</i> .....	21
2.2 <i>PROFIT MAXIMIZATION VS UTILITY MAXIMIZATION OF FOOTBALL MARKET</i> .....	23
2.3 <i>THE FINANCIAL FAIR PLAY REGULATION</i> .....	25
2.4 <i>COMPETITIVE BALANCE IN FOOTBALL</i> .....	29
CHAPTER 3 .....	32
3.0 DESCRIPTIVE ANALYSIS .....	32

CHAPTER 4 .....	34
4.0 EMPIRICAL MODEL.....	34
CHAPTER 5 .....	36
5.0 RESULTS AND POLICY RECOMMENDATIONS .....	36
5.1 <i>POLICY RECOMMENDATIONS</i> .....	39
<b>CONCLUSION</b> .....	44
REFERENCES .....	46

# LIST OF FIGURES

Figure 1: Clubs with most titles in UEFA champions league from 1995 to 2019.....	9
Figure 2: Leading number of champions league final appearances as of 2019 by club.....	10
Figure 3: Top 20 clubs in revenue (€m) in a mini-league illustration for 2019/2020. ....	13
Figure 4: Revenue from the big five European soccer leagues from 1996 to 2017/18 season. .....	14
Figure 5: The ratio of wages to total income - “big five” leagues (1996-2013).....	15
Figure 6: Squad players market value – “Big Five Leagues 1996-2013 .....	16
Figure 7: Big five football leagues in Europe 2018-19 by Brand Value. ....	16
Figure 8: Top 30 Football clubs in Europe and their owners.. ....	19
Figure 9:Aggregate net profit/loss of European clubs before FFP introduction.....	36
Figure 10:Compound Annual Growth Rate (CAGR) of clubs in post FFP era.....	37
Figure 11:Top divisions European Clubs aggregate operating profit, Post FFP era .....	38
Figure 12:Top division European Clubs aggregate net operating profit, post FFP era .....	38

# LIST OF TABLES

Table 1: Member Associations of UEFA.....	6
Table 2: UEFA coefficients for the big 5 leagues in Europe.....	10
Table 3: Descriptive Analysis.....	33
Table 4: Results.....	35

# LIST OF ABBREVIATIONS

CAS: Court of Arbitration for sports

CFCB: Club Financial Control Body

CFL: Canadian Football League

FC: Football Club

FFP: Financial Fair Play

FIFA: Federation International Football Association

GDP: Gross Domestic Product

GNP: Gross National Product

MLB: Major league Baseball

MLS: Major League Soccer

NBA: National Basketball Association

NFL: National Football League

NGO: Non-Governmental Organizations

NHL: National Hockey League

WADA: World Anti-Doping Agency

WADC: World Anti-Doping Code

UEFA: Union of European Football Association

UNESCO: United Nations Educational Scientific and Cultural Organization

# INTRODUCTION

Believe it or not, after sex, football is the next highest selling commodity on planet earth. If you are not a football fan, then you know someone who is, or at least you must have heard people talking about Football. Since 1930 every summer between June -July football brings the entire world together through the FIFA organized World Cup competition. The last world cup in Russia in 2018 saw over 3 billion viewers globally. While it is just a sports game like every other sport, football comes with its own frenzy, and with how easily globalized the world has become, football has turned into a global entertaining business. Due to its mass global appeal, the football industry is now a high economic driver in the world.

The European football market is the heart of the global football industry with all the biggest football activities concentrated there. Apart from the best talents and managers plying their trade in Europe, the European football market generates the highest revenue in world football. Football clubs in Europe are among the top sports brand in the world and attract the highest sponsorships from other world top brands. According to Aktif Football Economy Report (Aktifbank, 2016) the ratio of matchday revenues in the five biggest leagues in Europe in proportion to GNP were given as follows; England 0.03%, Germany 0,02%, Spain 0.04%, Italy 0.01% and France 0.015 as well. In a report by (Fernández, 2018) Football contributes 1.4% of the Spanish GDP and it's expected to increase in the coming years. This is not surprising because even though football affects many sectors of an economy, the top two football brands with the highest revenue grossed over time and the most successful in the world are situated in Spain i.e. Real Madrid and Barcelona football clubs. The European Football market is currently worth 28.4 billion euros in terms of revenue generated (Deloitte, 2019). As reported by Slater (Slater, 2019) in the independent, English premier league clubs and players paid a whopping 3.3 billion pounds as tax in the 2016/2017 football season. Ernst & Young also reported that

the topflight football clubs in England contributed to 100,000 jobs and contributes 7.6 billion pounds (about the entire national budget of an oil- rich nation such as Nigeria) to the United Kingdom economy (Slater, 2019). As of 2017 leading division clubs in Europe had already contributed 12.3 billion euros as per employee cost (Statista, 2019). European Football has garnered so much interest worldwide and its huge economic impact cannot be overemphasized. Due to its economic importance, the regulatory body of European football (UEFA) that has also contributed immensely to European football been the cynosure of all eyes with its elite competitions (UEFA Champions League and Europa League club competitions) has continued to ensure that European football clubs remain sustainable financially. From the club licensing policy to the Financial fair play policy, the going concern of European football is a huge concern to UEFA and should be as well to every football follower and economist. In this light, the main idea of this thesis is to find out if the ‘UEFA fair play rules promote the financial sustainability of the football clubs’.

Apart from its economic value and impact football is been used as a source of empowerment globally. In this sense, the socio-economic and cultural effects of football are put in perspective here. International organizations, NGOs, and governments use football as a means of empowering children globally especially those from very volatile and poor regions such as Latin America and Africa. In 48 countries located in the regions of Africa, America and the Asia pacific only 3 sports are popular there (athletics, football, and basketball) and only football is played in every nook and crannies in these countries (*The Economic Globalization of Football*, 2017). Given this power of football, international organizations such as UNICEF have been collaborating with FIFA the world football governing body to employ football as a tool of empowerment and peaceful coexistence especially for children in troubled regions. Since 1999 the “Unite Africa” has been a campaign strategy for peace that has been employed by FIFA and UNICEF (*The Economic Globalization of Football*, 2017). The “Say yes for

Children” campaign is another campaign by UNICEF and FIFA that encourages the support and total commitment to the protection of children globally with over 94 million supporters globally speak volume of how football wields influence globally. European football clubs are also at the forefront of empowering children in the world. Manchester united of English premier league has since 1999 been in partnership with UNICEF to support children affected with HIV/AIDS globally. The club has donated over 2 million pounds to UNICEF to support over 1.5 million children worldwide (*The Economic Globalization of Football*, 2017). Barcelona football club in Spain has also been in partnership with UNICEF since 2006. The Laliga football club signed a partnership deal with the international organization (UNICEF) to have its logo on its jersey and paying an annual sum of 1.5 million Euros in supporting over 100.000 children mainly in Sub-Saharan Africa.

Football commands so many numbers and European football makes these numbers increase exponentially. Whether in terms of revenue, visibility, entertainment, following, or even sponsorship the European football market has proven to be growing in numbers due to all its exquisite and unique management style. Unfortunately, these positive numbers have never been reflecting in the financial books of many European clubs, because up until 2012 just before UEFA introduced the FFP policy, most topflight European football clubs were reporting huge losses. The huge losses in the financial books of top European Clubs necessitated the checks and balances for football clubs to ensure that the future of European football is protected. The attractive nature of European football contributed immensely to these negative figures in their financial books. As benevolent private investors began to take over football clubs especially in the English premier league football in Europe began gearing towards utility maximization rather than profit maximization. Topflight division clubs in Europe, particularly those from the big five leagues began engaging in financial doping to remain relevant in the football landscape and to continue partaking in the largesse that was made available through participation in elite

competitions organized by UEFA. This has led to increased competitive Imbalance in the European football landscape, as topflight clubs become richer and dominated the football landscape but still posting negative financial results, UEFA thought it wise to wade in and prevent the unthinkable by protecting its large well- acclaimed football empire.

It is not out of place for one to wonder why with so much revenue been accrued by topflight clubs, their financial books still end up in red. European clubs pay very high wages to footballers and these players also attract very high transfer fees from one club to another. To maximize utility by gaining sporting success, clubs end up becoming financial zombies with their liabilities exceeding their assets at the end of the financial year. This trend has shown not to be sustainable with few clubs going into administration whenever cash injections from benevolent owners were in short supply. To instill financial discipline and prudence Europe's football governing body had to come up with regulations that will make clubs become financially responsible and set them on the part of profitability. One such policy is the Financial Fair play policy that was introduced in 2010 and came into effect in 2011 with its first assessment period been 2013. Since the introduction of the FFP policy by UEFA football clubs have begun reporting positive results and gradually more and more clubs especially in the top division are becoming profitable. This thesis is all about gauging how effective the FFP policy has been if the policy is promoting the financial sustainability of the clubs. The first chapter looks at the landscape of European football i.e. the leagues mainly the top 5 leagues and how they rank in UEFAFA standings to participate in the glamorous competitions organized by UEFA. A whole of literature on the FFP policy and why it was introduced because of financial doping, an increasing competitive imbalance has been discussed by veritable scholars and is captured in the second chapter which is the literature review. Chapters 3 & 4 cover the descriptive statistics and the Empirical model utilized in arriving at the results. The

last chapter suggests policy recommendations taking a cue from other professional sports League with conclusions and implications.

# CHAPTER 1

## 1.0 BRIEF OVERVIEW OF EUROPEAN FOOTBALL

Football is the most popular sport in the world with a high mass appeal, especially in Europe. From the popular world cup competition that is organized by FIFA (Federation International Football Association) every four years, football club competitions have been so attractive in Europe both to fans, sponsors, and players alike. UEFA (Union of European Football Associations) the football governing body that was founded in 1954 driven by a collaboration referred to as the Franco-Belgian -Italian initiative on the occasion of FIFA's fiftieth anniversary has contributed no less to this mass attraction to European football globally (Missiroli, 2002, p. 10). 55 member associations that operate league styled football competitions across Europe. These members of associations in Table 1 below are from various countries in continental Europe and attract players all over the globe to their leagues.

Table 1: Member Associations of UEFA. Source: UEFA.com, n.d

Albania	Andorra	Armenia	Austria	Azerbaijan	Belarus	Belgium	Bosnia and Herzegovina	Bulgaria
Croatia	Cyprus	Czech Republic	Denmark	England	Estonia	Faroe island	Finland	France
Georgia	Germany	Gibraltar	Greece	Hungary	Iceland	Israel	Italy	Kazakhstan
Kosovo	Latvia	Lichtenstein	Lithuania	Luxemburg	Malta	Moldova	Montenegro	Netherlands
North Macedonia	Northern Ireland	Norway	Poland	Portugal	Republic of Ireland	Romania	Russia	San Marino
Scotland	Serbia	Slovakia	Slovenia	Spain	Sweden	Switzerland	Turkey	Ukraine
Wales								

According to a report by (Ozanian, 2020) in its annual evaluation of world football teams, the top 20 football clubs are from Europe. Forbes reports that it's a rain of money for the world's most valuable soccer teams as they keep attracting an astonishing number of fans in the stadiums and before Television sets especially for the UEFA Champions League competitions. Also, in the Deloitte Money league report of 2020, which captures the top 30 football clubs globally with a focus on the top 20 in terms of revenue generated and brand visibility on social media platforms European clubs occupied all positions. In fact, for the recent report as indicated by Deloitte no club outside Europe's five big leagues achieved the top 20 spots and no club outside Europe was recorded in the top 30 either. European Five big Football leagues from England, Spain, Germany, Italy, and France will be discussed in the next section of the literature review. UEFA in bringing this glamour and reputation to European football set standards and criteria that must be met for clubs in the various leagues from member associations to participate in its elite competition that is about the most viewed sports competition globally UEFA champions league. The club licensing system that was introduced by UEFA in 2004 has improved and raised football standards across Europe. The club licenses are now an integral part of UEFA member associations for their holistic club governance and improvement roadmaps. Football clubs now consider it as a fundamental part of their strategic operations in furtherance of the beautiful football game. The five pillars of the Club Licensing are; sporting, infrastructure, personnel & administrative, financial, and legal. Over 500 clubs apply for licenses annually to participate in European Club competitions with an 88% success of licenses granted (UEFA.com, 2016) and 1500 clubs applying for licenses in the various football leagues across the 55 member associations since the club licensing system is been implanted in different forms in European leagues (*European Leagues*, 2020). The Financial Fair Play regulation which is the bane of this thesis work is an extension of the financial pillar aspect of the club licensing system.

## **The Five Big European Leagues**

There are 36 professional leagues that are represented by 990 football clubs across Europe (*European Leagues*, 2020). Aside the domestic competitions organized by these leagues, the clubs also participate in European premier competitions (the UEFA champions league and Europa league). Both competitions are the trademark competitions of UEFA and the hallmark of European football. The competitions have defined to a very large extent the financial and sporting attractiveness of European football. From the UEFA financial report of 2018/2019 football season, the European football governing body generated 3857.2 billion euros in revenue. With a total of 3093.1 billion euros distributed amongst teams that participated in its premier competitions. The winners of both competitions, Liverpool FC and Chelsea FC of the English premier league received 111.1 and 46.4 million euros respectively (UEFA.com, 2018). Qualifying for the competition alone earns clubs lots of cash as winning or drawing a game in the group stages earns clubs 2.7million euros and 900,000 euros respectively. The financial attraction from the UEFA competitions for football clubs cannot be overemphasized hence the competitive nature of European leagues to gain qualifying spots into the UEFA club competitions. Since the inception of the European club competition in 1955 not more than 22 clubs have won the prestigious UEFA champions league trophy. 13 clubs out of the 22 have won it a record 51 times in its 65 years of existence. Real Madrid football club of the Spanish Laliga have won the title more than any other European club for 13 times.

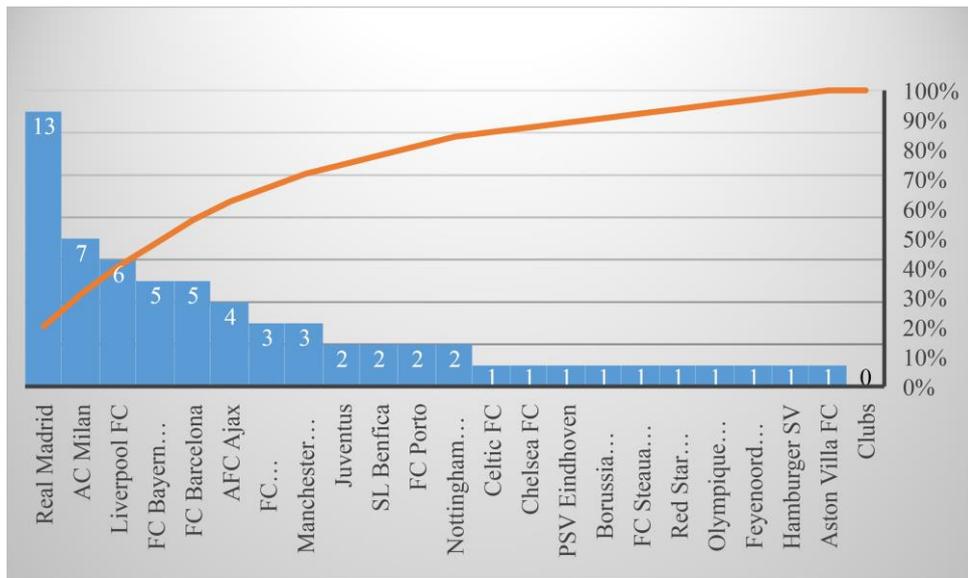


Figure 1: Clubs with most titles in UEFA champions league from 1995 to 2019. Source: Statista.com

UEFA ranks clubs and regions with coefficients which determines the number of qualifying spots allocated to regions for the prestigious champions league competitions. The top 5 regions with the highest coefficient rankings also happen to be the top 5 regions that have won the much-coveted champions league trophy the most as well. Clubs from this top 5 regions are have also participated more in this elite competition and always progress farther in the competition than clubs outside this region.

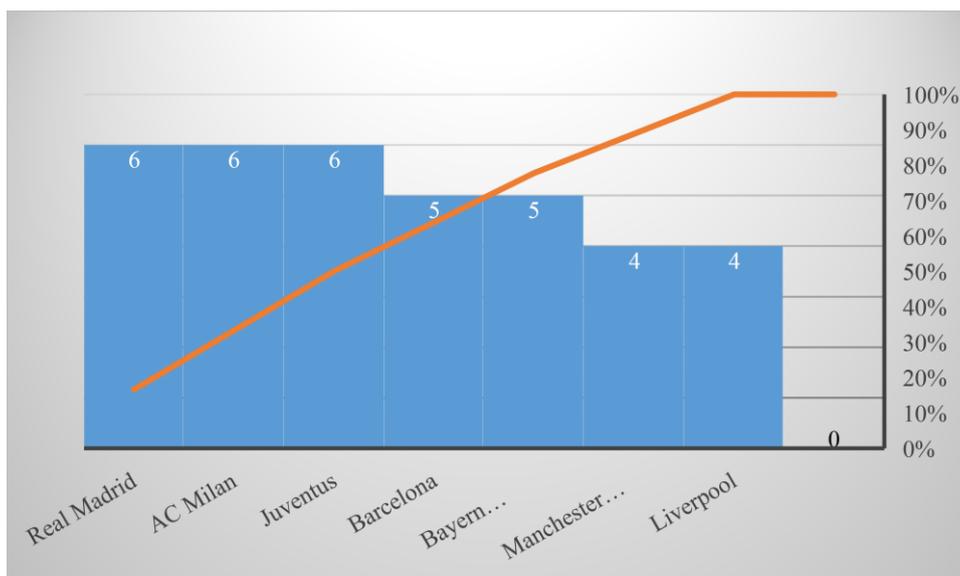


Figure 2: Leading number of champions league final appearances as of 2019 by club. Figures only include finals that were played subsequent to 1992 when the European champions clubs' cup became the Champions league. Source: Statista.com

The UEFA club coefficient rankings are based solely on the performance of clubs from a region/ association in the champions league and Europa league competitions. These ranking are then used to determine the number of spots that will be awarded to a region/ association in the following competition

Table 2: UEFA coefficients for the big 5 leagues in Europe. Source: UEFA.com

Country	2015/16	2016/17	2017/18	2018/19	2019/20
	<a href="#">23.928</a>	<a href="#">20.124</a>	<a href="#">19.714</a>	<a href="#">19.571</a>	<a href="#">16.071</a>
	<a href="#">14.250</a>	<a href="#">14.928</a>	<a href="#">20.071</a>	<a href="#">22.646</a>	<a href="#">16.285</a>
	<a href="#">16.428</a>	<a href="#">14.571</a>	<a href="#">9.857</a>	<a href="#">15.214</a>	<a href="#">15.571</a>

	<a href="#">11.500</a>	<a href="#">14.250</a>	<a href="#">17.333</a>	<a href="#">12.642</a>	<a href="#">12.642</a>
	<a href="#">11.083</a>	<a href="#">14.416</a>	<a href="#">11.500</a>	<a href="#">10.583</a>	<a href="#">9.333</a>

The countries with the highest coefficients are also the associations whose clubs dominate the UEFA competitions and have won them more. The countries represented above are Spain, England, Germany, France and Italy. According to a report by Deloitte (Bosshardt et al., 2015) the European football market value has experienced significant growth in the last two decades, with revenues from the domestic competitions across the various leagues and associations accounting for a huge part of the market value. Market value of the European football landscape as stated by Deloitte was 20 billion euros in 2014, with half of the figure (10 million euros) generated from the domestic competitions in the big five leagues. The Deloitte money league annual money league report has consistently reported club revenues across Europe since the 1996/97 footballing season and the highest ranked clubs in top 20 always come from the associations where the big five leagues are situated. In its most recent report Deloitte football money league (*Deloitte Football Money League 2020*, n.d.) stated, no club outside the big five leagues was ranked in the top 20. Rather there is now a sort of mini league between these clubs in form of a rat race, with a target of hitting the 1 billion revenue margin in a single season. These data give credence to why the clubs used for this research are all from the big five leagues (LaLiga- Spain, Premier League-England, Bundesliga-Germany, Serie A- Italy and Ligue 1- France). The cause for worry by UEFA for financial prudence came from the huge indebtedness in the financial books of clubs from these leagues hence the introduction of the financial fair play regulation. Apart from revenue turnover, there are two other parameters that are necessary in gauging the supremacy of the five big leagues. In the writings of (Dima, 2015) the cost wages ratio to total revenue and the market value of the athletes' employed by these big leagues

are important when measuring and analyzing a national sports competition regarding its business value. While (Capasso & Rossi, 2013) did emphasize on the astronomical cost of wages in the football industry, (Stefan Szymanski Umberto Lago, 2004) demystified the manner wages increased disproportionately to turnover increase. Payments to players, administrative and technical management costs all include the cost of wages (*Sports Marketing Intelligence*, 2003). The market value of athletes or players comprises of sports, social and economic characteristics. The sports characteristics represents the players on pitch performance in terms of current form, while visibility of the team emanating from the interest by the fans and supporters represents the social aspect. The last component which is the economic characteristics is given by fixed tangible (stadium, training ground) and intangible assets which the players represents. Market value of players exceeds 3 billion euros in the English premier league and above 100 million euros in the French Ligue 1 representing the highest and the lowest among the big five leagues and the optimum in Europe's topflight divisions. These findings corroborate and emphasizes the dominance of these five top leagues by Brand finance(Lang, 2020) in its report on the "brand value of the leading top leagues in Europe.

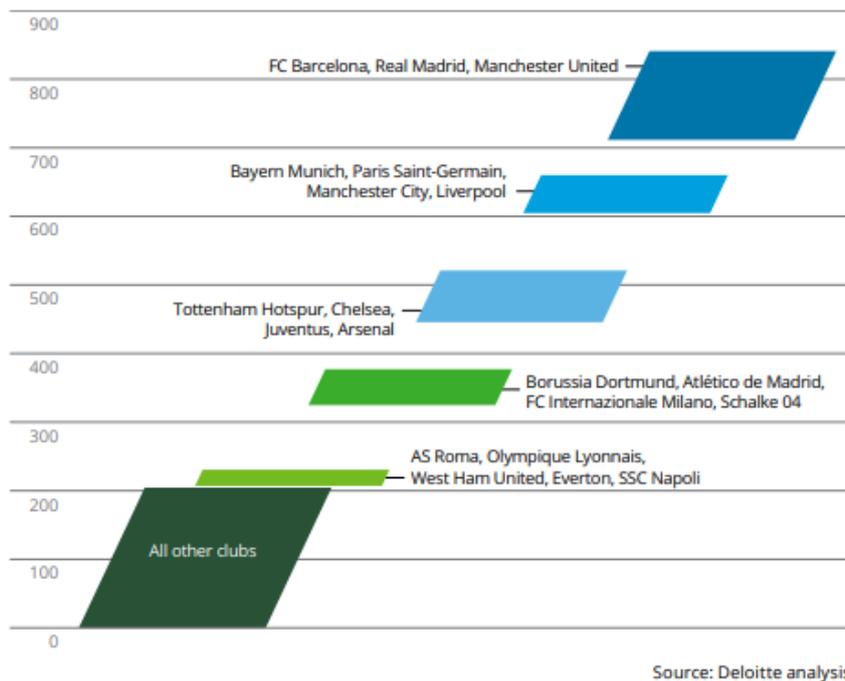


Figure 3: Top 20 clubs in revenue (€m) in a mini-league illustration for 2019/2020.  
Source: Deloitte analysis.

Figure 1 above is the most current report on top 20 clubs in Europe published by Deloitte. Apart from West Ham united, Everton (English premier league) and SSC Napoli (Italian Serie A), the other clubs have been ever present in top 20 clubs rankings since 95/96 football season with just a few years variation in their absence. The six clubs from the English premier league have always been in the top 20 clubs in Europe except for Manchester city. The Abu Dhabi owned club became a force to reckon with in European football immediately after it was taken over by the fly Emirates big boys. The Laliga clubs (Real Madrid & Barcelona) from Spain have been the most successful football clubs in the world and are the highest revenue earners, earning over the 800 million mark alongside Manchester united of England. Every top 20 club grossed over 200 million euros for the 2018/2019 football season.

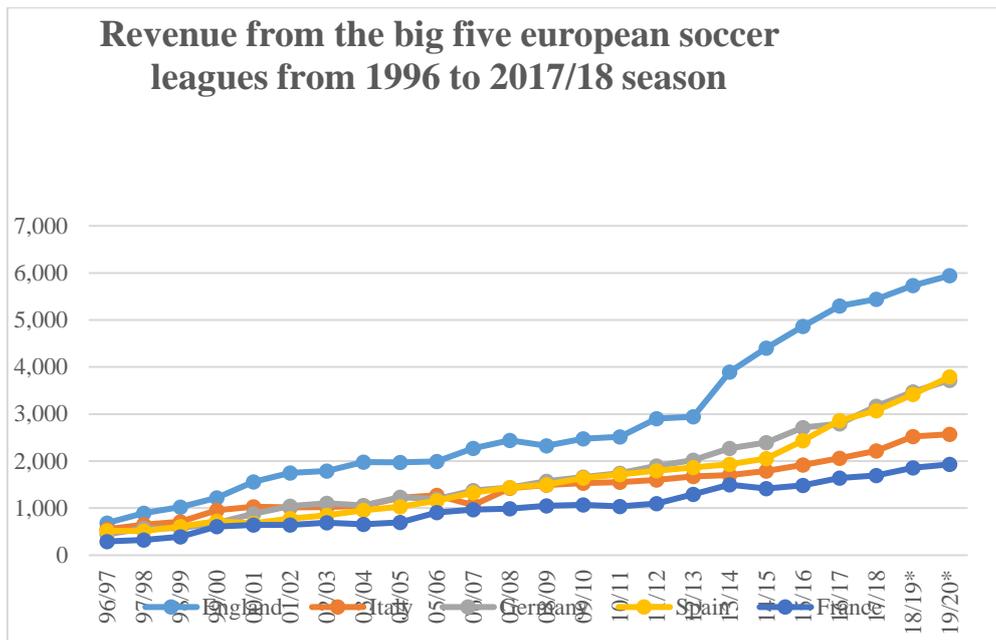


Figure 4: Revenue from the big five European soccer leagues from 1996 to 2017/18 season. Last accessed on May 07, 2020. Source: Statista.com.

Fig two above depicts a steady increase in revenue for European clubs in the big five leagues from 1996-2018. European clubs have steadily enjoyed huge increase in income due to increased sponsorship & commercial deals and broadcasting rights. It is of no much surprise that broadcasting revenue increased, alluding to the fact of how attractive European football has become globally. The visibility of European football even on social media platforms is so impressive. With a record revenue generated figure of 841 million euros, makes Barcelona FC the Laliga giants the first European club to exceed 800 million euros in terms of revenue. The top 20 clubs in total, generated a combined total of 9.3 billion euros in revenue for 2018/19 season representing an increase of 11% on the previous year (*Deloitte Football Money League 2020*, n.d.) The English premier league clubs are the highest earners, over this time frame while the French Ligue 1 earned the least.

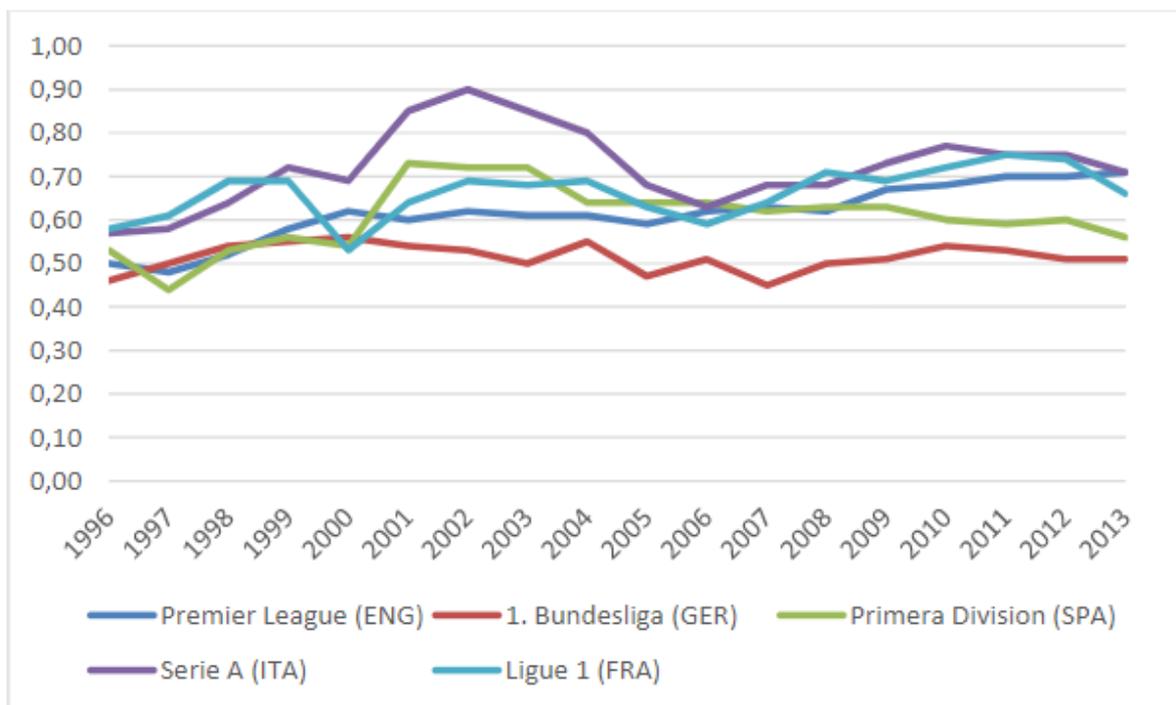


Figure 5: The ratio of wages to total income - “big five” leagues (1996-2013). Last accessed on May 15, 2020. Source: Deloitte & Touche.

High wages is a trademark of the top European leagues. The big five leagues usually attract the best talents all over the world with very high salaries. Players wages is a big concern for European football as it contributes a lot to their financial woes and sometimes really don't guarantee sporting success. The English premier league again leads the pack as the highest spenders on players wages with a high ratio of wages to total income at 0.9. the least spenders on wages is the German Bundesliga. This also justifies why the German league was also the only profitable league before the introduction of the FFP policy.

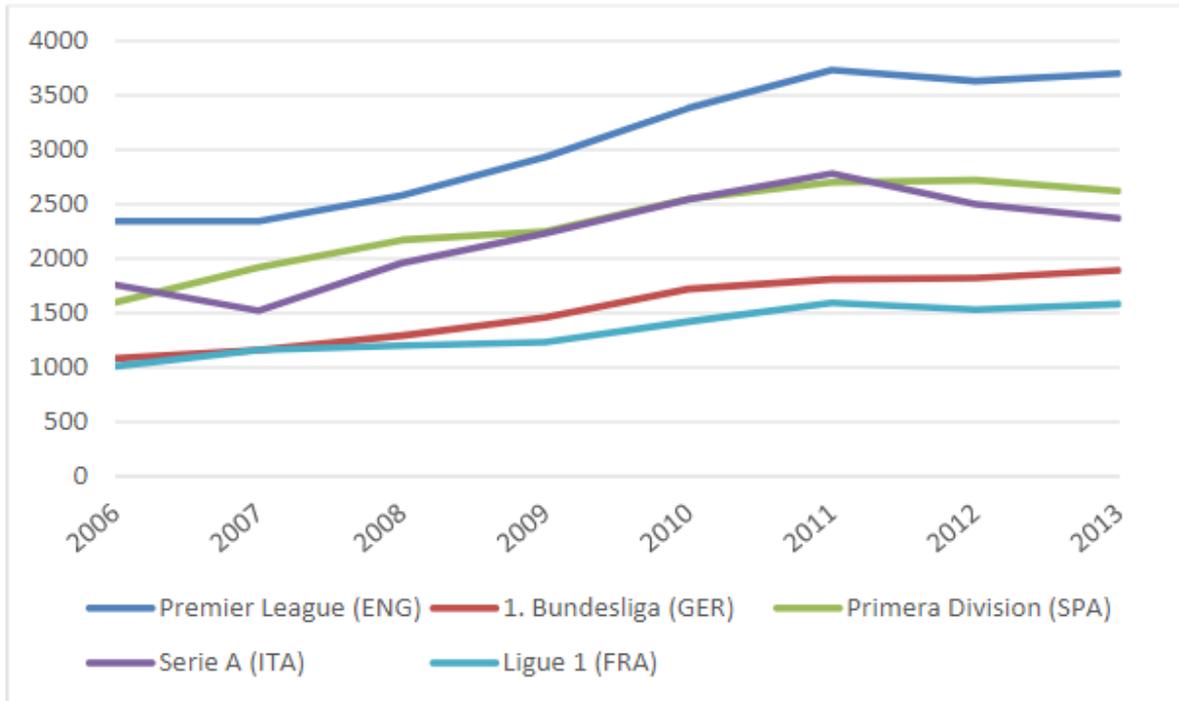


Figure 6: Squad players market value – “Big Five Leagues 1996-2013. Last accessed May 15, 2020. Source: transfermarkt.co.uk

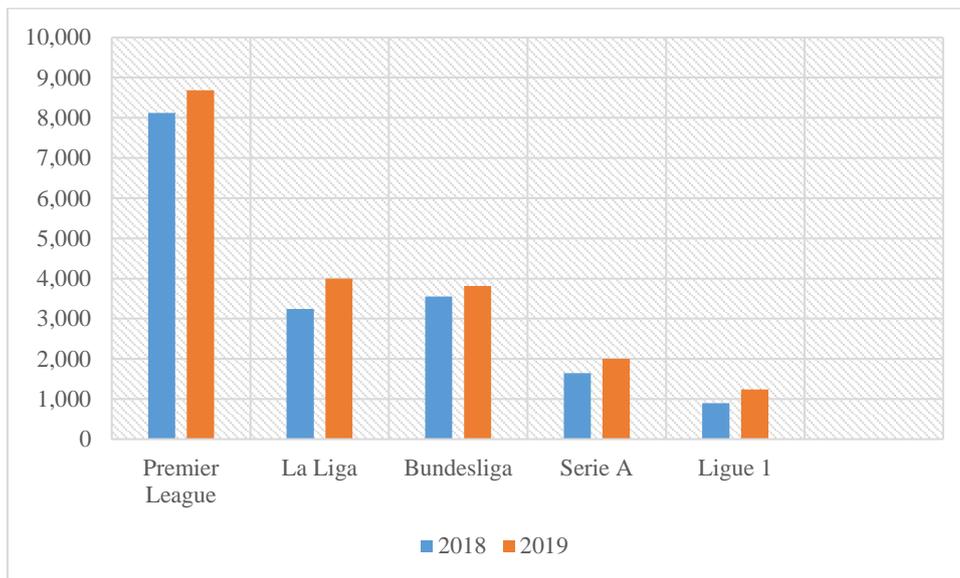


Figure 7: Big five football leagues in Europe 2018-19 by Brand Value. Last accessed May 18, 2020. Source: Statista.com

# CHAPTER 2

## 2.0 LITERATURE REVIEW

### THE CONCEPT OF FINANCIAL DOPING

Doping in its classical sense as defined by the oxford dictionary is “ to administer drugs to (a racehorse, greyhound, or athlete) in order to inhibit or enhance sporting performance”. Doping is used to depict an illegitimate unfair advantage enjoyed by an athlete in sporting competition (Schubert & Könecke, 2014). The term is used derogatorily in public discourse or dialogue, to defame the character, or call to question the behavior of a sports persons and trumping up actions against such by the authorities or policy makers in sports. According to (Kläber, 2010) in (Schubert & Könecke, 2015) the threat doping and usage of corresponding substance in high performance and recreational sports pose has become a thing of concern. This stems from the fact that substances for hair restoring which were normal or accepted are now banned substances and seen as doping i.e. the case of Brazilian footballer Romario in (Reuters, 2007) and creating complex scenarios for doping offences.

With these recent occurrences it shows the anti-doping policies developed were in response to the disparaged age long practices (Schubert & Könecke, 2015). The definition of doping is therefore tied to anti-doping as enunciated by the World Anti-Doping Agency (WADA), in its World Anti-Doping Code (WADC). Where doping is defined as the practice of more than one of the anti-doping rule violations that is stipulated in Article 2.1 through Article 2.8 of the code (Wada, 2009). In tandem with anti-doping policy the UEFA FFP regulations were introduced to prohibit financial doping by European football clubs where wealthy equity holders were injecting excessive cash into the clubs. There are four fundamental values of sport that are sacrosanct that supports the regulation or anti-doping policy in sports. Scholar and authors in their works such as (Preston & Szymanski, 2003)and (Blöbaum, 2016) have a consensus on

this. The four fundamental values are summed up to be wellbeing/health of athletes, fairness and equal opportunity as sport principles, naturalness of sporting performances and exemplary function of sports and its athletes. Just as classical doping encompasses all acts of illegal use of prohibited substances to enhance performance the term “Socio economic doping” in high performance sport examines or gives insight by drawing reference to how classical doping can be used to gauge economic practices that enhance performance in sports. Socio economic doping in other words is financial doping that draws same parallel comparisons with classical doping.

A very clear example of financial doping in sports and European football was the massive injection of cash into Chelsea Football Club by the Russian Oligarch Roman Abramovich. The Russian billionaire who took over the football club in 2003 for a fee of 140 million pounds from British businessman Ken William Bates, has invested over a billion Euros into the club as at 2012 (Gibson, 2012). Since the takeover of Chelsea by the Russian a lot of other clubs have also been bought over by private individuals, or private individuals increasing their stake by buying up majority shares which gives them more control in the club. In a report by (Reuters, 2019) AS Roma is the latest club in the Italian Serie A in line to be taken over by private individuals. A group been led by the American billionaire Daniel Friedkin are in talks with the club hierarchy for a buyout of \$840 million including debt. In same vein Newcastle United football club in the English premier league is also on the brink of a takeover in a deal worth 300 million pounds. The Saudi Crown prince Muhammed Bin Salman who leads the PIF Group and is allegedly worth 260 billion British pounds will be the richest private owner of a European Club. Though the deal is yet to be ratified by the premier league authorities due to piracy claims against Saudi Arabia for illegal broadcasting of premier league matches, Muhammed Bin Salman is already gearing up for the Newcastle revolution (Hawkins, 2020). Several other clubs across Europe such Manchester city (English Premier League) owned by “Sheikh Mansour bin

Zayed Al Nahyan”, Paris Saint Germain (French Ligue 1) with a 70% stake under the control of “Sheikh Tamim Bin Hamad Al Thani” of the Qatar Sports investment and the son of the emir and heir to the Qatari throne. Others include; Juventus, AC Milan, Inter Milan, Manchester united, Arsenal and Liverpool are all under private ownership. Whilst clubs like as Barcelona and Real Madrid in the Spanish Laliga are owned by their fans through Membership schemes (Reuters, 2019) and have been the two most profitable football clubs in the world, the monies injected into most of these clubs since the turn of the 21<sup>st</sup> century beginning from Chelsea in 2003 have changed the European football landscape by competing clubs garbling the competition.

#	Club	Country	Majority Owner
1	Paris Saint-Germain	France	<i>Qatar Sport Investments</i>
2	Manchester City	England	<i>Sheikh Mansour</i>
3	FC Barcelona	Spain	Club members
4	SSC Napoli	Italy	<i>Filmauro</i>
5	Real Madrid	Spain	Club members
6	Bayern Munich	Germany	Club members
7	Chelsea FC	England	<i>Roman Abramovich</i>
8	Atlético Madrid	Spain	<i>Miguel Angel Gil</i>
9	Borussia Dortmund	Germany	Distributed ownership
10	Hamburger SV	Germany	Club members
11	Arsenal FC	England	<i>Stan Kroenke</i>
12	Tottenham Hotspur FC	England	<i>Eric International Limited</i>
13	Manchester United	England	<i>Glazer family</i>
14	Olympique de Marseille	France	<i>Margarita Louis-Dreyfus</i>
15	FC Schalke 04	Germany	Club members
16	Olympique Lyonnais	France	<i>Jean-Michel Aulas</i>
17	VfB Stuttgart	Germany	Club members
18	Liverpool FC	England	<i>Fenway Sports Group</i>
19	Aston Villa FC	England	<i>Randy Lerner</i>
20	Everton FC	England	Distributed ownership
21	Valencia CF	Spain	Club members
22	Benfica	Portugal	Club members
23	West Ham United	England	<i>David Sullivan/David Gold</i>
24	Ajax Amsterdam	The Netherlands	Club members
25	AC Milan	Italy	<i>Silvio Berlusconi</i>
26	Juventus	Italy	<i>Agnelli family</i>
27	SS Lazio	Italy	<i>Claudio Lotito</i>
28	Inter Milan	Italy	<i>Massimo Moratti</i>
29	AS Roma	Italy	<i>Thomas R. DiBenedetto</i>
30	Newcastle United	England	<i>Mike Ashley</i>

Figure 8: Top 30 Football clubs in Europe and their owners. last accessed on May 30, 2020. Deloitte Football Money League.

The first academic definition of financial doping was given by (Müller et al., 2012) where it was defined as “revenues not accrued to the club directly or indirectly through its sporting operations or fanbase reputation. Instead provided by a creditor, benefactor or an external

investor not attached to sporting credit and notoriety from fanbase and any motivations arising from sustainable investments”(pp123-124). Nonetheless of the source of these cash flow to the clubs what is central is that they are gotten from external windows. The Collins online dictionary gives another interesting definition of financial doping as a “*situation in which the owner of a sports franchise borrows heavily or invests his/her own personal wealth into securing high performing players, rather than relying on the revenue the franchise is able to generate itself.*” UEFA has also likened and labelled all indebtedness and its attendant consequences as doping.

It is pertinent to mention that there has been a growing interest on the financial impact or consequences of fund injection by these private owners or Sugar Daddies as they are fondly called. (Rohde & Breuer, 2016) in analyzing the sporting success of Europe’s elite football clubs, established that the national and international sporting success of a club and its brand value determines its financial success, while team investment determines sporting success and team investment is hugely determined by the so called “Sugar Daddies” and/or private foreign majority investors.(Lang et al., 2011) are also of the opinion that presence of sugar daddies increases the win percentage and income of the clubs they are backing.(Grossmann, 2015) in (Rohde & Breuer, 2016) in a game theoretical analysis makes it clear the preference of higher investments to profit maximization for private investors. Recent studies of (E. Franck, 2010) and (Storm & Nielsen, 2012) also attest to the fact “Sugar daddies” lower profitability and increase debt levels though with a very insignificant number of European clubs going bankrupt. The paradox of remaining solvent despite increased debt levels was pinpointed decades ago as explained by (Kornai, 1979)in (Rohde & Breuer, 2016) as inefficient enterprises in socialist economies. Also, European clubs benefit from the constraints of soft budgets from positive effects of subsidies on infrastructure, loose taxation, soft & interest free loans and sugar daddy

owners. The decrease in competitive balance and social welfare increase as regards to contest theory is another negative impact of sugar daddy investment in clubs.

## ***2.1 FUNDAMENTAL SPORT VALUES AND FINANCIAL DOPING IN EUROPEAN FOOTBALL***

Having mentioned earlier the fundamental values of sports that informs the need for anti-doping policy, it will be necessary to examine how these values play out and are been undermined in the context of financial doping. The values as mentioned earlier hinges on health, fairness and equal opportunities, naturalness of sporting performance and the exemplary function of sport.

### *The Health Reasoning*

In recent times traditional media in reporting economic of financial state of an entity employ phrases or word that are related to health. A good example as reported by(Rhode & Bruer, 2016) depicted the state of the Greek economy as that which was suffering from diabetes as a result of the financial crisis in Europe. The anti-doping policies prohibiting the use substances that are deemed unhealthy or harmful to athletes is similar harmful practices or consequence of financial doping that can be detrimental to football clubs. Classical doping sees athletes becoming dependent on the supply of prohibited substances enshrining addiction. This dependence in socio economic sports context is the increased funding of European clubs by foreign investors mainly to secure expensive players who earn high wages and attracting high transfer fees that is not feasible given the market potential of the club but made available from the pocket of a single owner. This current scenario which is prevalent in top European clubs can be likened to that of a doped athlete as they both present a situation where long term financial health is put at risk and sacrificed for short term sporting success. A clear-cut case according to (McGowan, 2012)) is the example of Malaga FC in the Spanish Laliga where the

club could no longer shoulder its financial obligations especially high wages of expensive signings after its owner Sheikh Al Thani stopped injecting funds into the club. This resulted to the club been relegated as it missed out on European competitions when FFP sanctions were meted out on them by UEFA.

#### *Fairness and equal opportunities values evaded*

In general terms, football clubs with more sporting success are expected to be more financial buoyant by gaining lucrative commercial deals and merchandising. This is so because of their higher market potential. Given this fact that clubs can earn higher revenues through sporting success and its sustained reputation overtime, it is therefore evident that incessant and extra cash injection from private owners violate this sport ethical principle. financial doping therefore circumvents the standards of merit and credit that clubs could earn and equal opportunities amongst competing clubs is violated (Müller et al., 2012, p123). The Russian club Anzi Makhachalka can be cited as ideal club that gained prominence in the Russian league not through any form of sporting Merit or club reputation but because it bought its way to limelight via external cash injections.

#### *Sporting performance in natural state*

As postulated by (Gugutzer, 2009) contemporary sport competitions expect athletes to compete against each other in their most natural, physical and mental state or attributes. With this natural competitive attribute been tweaked or subject to manipulation due to doping hence prohibition is inevitable. In the same vein lavish and extravagant funding of football clubs by private investors can also be a form of manipulation of the natural market potentials of the football club that is embedded in its historical evolution and development, reputation and visibility.

### *Role model function of Sport*

The role model function of sport here is brought to question top end and elite sports plays the exemplary or idol role for non-elite or amateur sport segment. Apart from the general goal of winning for both sport sectors, the amateur clubs operating in the non-elite sector do have this internalized and logical sequence of progression to lower leagues and thereafter professionals in the elite leagues as the promotion and relegation system of European football leagues are organized (Kellerman, 2007, pp 33f). This idea of performance and reward through hard work is undermined greatly by financial doping, as performance and competitive ability can be manipulated or enhanced through outer involvement of huge financial backup and weakens the credibility aspect of sports in the long run.

## **2.2 PROFIT MAXIMIZATION VS UTILITY MAXIMIZATION OF FOOTBALL MARKET**

There has been some obvious paradigm shift in European Football in the recent years. The supremacy of the corporate inclinations that is triggered by escalation of TV/broadcasting rights has dominated the sporting inclinations absolutely (Morrow & Howieson, 2014). As posited by (Nicolliello & Zampatti, 2016), there are three branches of the economic literature on sports economics and management. These are the profit maximization (PM), the Utility maximization (UM) and lastly Mixed approach. According to (Rottenberg, 1956), the neo-classical approach is a precursor of profit maximization branch of sports economics. The distinction between the sport entertainment market such as football and other markets is what neo-classical, and the profit maximization represents. The sport entertainment market delivers a product to its consumers that is tagged a “conjoint production paradox” (Neale, 1964). The final product conveyed to the customer is produced by the football club in this instance and its

competitors. The profit maximization approach crowds out welfare gains for consumers unlike the Utility maximization approach. In this second approach which is the second approach of the sports management literature, football focuses mainly on utility maximization rather than profit alone. And according to (Cairns et al., 1986) the utility maximization approach as an alternative to the profit maximization approach is more concerned about maximizing victory on the pitch. On pitch victory here is the sole aim of the club and not business profit. It is understandable that a club cannot maximize utility in terms of victory, but the probability of victory maximization is very much feasible. Probability of victory maximization here can only be achieved with the purchase of talented players that are kept with high wage enumeration. The utility maximization approach has led to clubs incurring huge financial deficits and arousing fear in minds of regulatory body such as UEFA if the debts and deficits are sustainable in the long run. The profit maximization-oriented clubs do look likelier to remain as going concerns than utility maximization-oriented clubs. Using the English premier league as a test case, (Wilson et al., 2013) revealed that FFP regulations would be most likely adhered to by clubs that operated with the profit maximization approach than those that were utility maximization oriented. While a lot of scholars do not see the benefit of the FFP regulations yet and that UEFA is yet to make a strong case in support of the financial regulations the findings of this thesis goes to show that the overall debts of European football clubs has reduced drastically since the introduction of the FFP policy in the 2010/2011 footballing season. (Madden, 2015) argues that FFP is too poor a regulatory tool leading to welfare loses for all important stakeholders such as fans, players and owners, (Vöpel, 2011) points to the inherent inefficiency of the regulation, while Peter & (Peeters & Szymanski, 2014) are more concerned with the policy not benefitting consumers. The break-even effect that is the sole aim of the policy is hugely criticized by (Budzinski, 2014), because the issue of over investment does not seem to arise in European Football. Having raised good arguments against the FFP policy and

with a very insignificant number of clubs that have gone insolvent due to financial imprudence very insignificant, the FFP regulations still has to be considered as a “stich in time saves nigh” with improving managerial quality and subjecting clubs to harder budget constraints that will preserve systemic financial stability (E. Franck, 2010). And as such FFP remains an audacious vertical regulatory policy that is beginning to transform European football landscape from a utility maximization tendency to that of a profit maximization.

### ***2.3 THE FINANCIAL FAIR PLAY REGULATION***

The regulation is a bold move from the regulatory authorities (UEFA) of football in Europe. The policy is an improvement of the Club licensing system that came into operation in the 2004/2005 football season. The immediate triggers for the introduction of this policy as I have mentioned in previous sections was to check the excesses and curb the worrying tide of outrageous debts that was prevalent in the financial books of top European clubs with clubs reporting huge net loses continuously. In the financial year ending 2009 June according to UEFA Benchmarking Report (UEFA.com, 2011) net loss reported by top division clubs in Europe was about 1.179 billion euros. This figure increased to 1.7 billion euros in the financial year ended 2011 representing net losses of about 63% of top division clubs. So, by June September 2009 the executive committee of UEFA in a unanimous decision approved the FFP policy and introduced it in June 2010 and it will be updated periodically in 2012, 2015 and 2018). The aims and objectives of the policy as given by UEFA are as follows:

- To improve the economic and financial capability of the clubs, increasing their transparency and credibility;
- To place the necessary importance on the protection of creditors and to ensure that clubs settle their liabilities with employees, social/tax authorities and other clubs punctually;

- To introduce more discipline and rationality in club football finances;
- To encourage clubs to operate on the basis of their own revenues;
- To encourage responsible spending for the long-term benefit of football;
- To protect the long-term viability and sustainability of European club football.

(Union of European Football Association (UEFA), 2012b, p.2)

The FFP regulations are binding mainly for European clubs that desires to participate in the body's two elite competitions the UEFA Champions League (UCL) and the Europa League (EUL). Intending or qualified participants must be processed duly by obtaining a license from the national associations which its league fall under confirming and endorsing that the meet the criteria set out UEFA. The two key criteria on which the entire FFP regulations hinges on are

- Absence of overdue payables. Meaning no debts accrued to a club's creditors
- Break-even- to satisfy this criterion a club must endeavor to see its "relevant income" balancing or exceeding its "relevant expenses". The break-even requirement is computed over a three-year period and an acceptable deviation of 5 million euros is accepted by UEFA.

Relevant income here includes revenues from- matchday receipts, sponsorship and advertising, broadcasting rights, commercial activities, UEFA solidarity and Prize money and other operating income inclusive of other non- football activities related to the club. The operating expenses includes transfer cost and wages but excludes expenditures on stadiums, training facilities and community projects UEFA Club Licensing and Financial Fair Play Regulations report (UEFA.com, 2016). The 5-million-euro deviation mentioned above can be exceeded up to 45 million euros in the 2013/14 and 2014/15 licensing seasons. According to UEFA, the deviation will then be brought down to 30 million euros in the 2015/16, 2016/17 and 2017/18 licensing seasons in so far as these deficits are guaranteed or covered by the equity

partners or owners of the club. The deviations will be reduced further afterwards as the goal of the regulation is to encourage profitability in the future. For European football clubs. The UEFA Club Financial Control Body (CFCB) is saddled with the responsibility of effecting the application of FFP rules and the club licensing procedures. The CFCB, is made up of two chambers i.e. the investigatory and the adjudicatory chambers (UEFA, club financial control body). All matters of violation of financial fair play rules are first investigated by the investigatory chamber of the CFCB. The chamber headed by the chief investigator initiates investigation with his team gathers evidence and thereafter may decide to call off the case; close , with the defendants approval, an agreement of settlement; or invoke with defendant kept abreast with proceedings, disciplinary measures limited to a warning, a reprimand or a 200,000 euros maximum fine; or have the adjudicatory chamber takeover the case. Aside issuing a warning, a reprimand or a fine the CFCB can also mete out other sanctions or disciplinary measures FFP defaulting clubs such as ;point deductions, holding back revenues that are accrued to a club from participating in UEFA competition, prohibiting /restricting the registered numbers of players by a club to participate in subsequent UEFA competitions and also restricting how much can be expended on the wages of these players. Clubs can also be disqualified from ongoing competitions and excluded or prohibited from participating in subsequent competitions and could also be stripped of UEFA titles or awards. Football clubs are still free to appeal the decisions of the CFCB at the Court of Arbitration for Sports (CAS) in Lausanne Switzerland. As reported by Conn (Feb 2019) in a Guardian report UEFA has gone ahead to place a two season ban of champions league football and a 30 million euro fine on Manchester City football club for breaching FFP regulations. This ban comes on the heels of the CFCB providing evidence that Man city overstated their sponsorship revenues and made overdue payments for an underage player of 14 years old (Jadon Sancho). These sanctions from UEFA has also instigated the English premier league to begin its own investigations

against the premier league Giants. It is important to mention that following the introduction of the financial fair play regulations by UEFA in 2010, the English premier league also followed suit by introducing its own internal financial regulations in the 2012/2013 season to be adhered to by the clubs. In the year ending 2012/2013 season premier league clubs posted a combined loss of about 291 million pounds. But the following season given the introduction of its internal financial regulation's clubs recorded a collective profit of 198 million pounds (Conn, 2015). There is no doubt the initiative of the FFP by UEFA will finally yield the much-needed results and douse the growing tension of the long-term sustainability of European football clubs. A new TV deal was in the offing for the premier league clubs come the beginning of the 2013/14 football season. The deal worth 5.5 billion pounds (Gibson, 2012) were circumspectly not to be used for wage increase of players. There were wage caps laid down for how much clubs will expend on players wages from their various shares of the TV deal. Clubs were also made to understand that breaching wage caps/limits will face serious stiff sanctions that included points deductions. Though clubs had the freedom to expend on wages from their commercial and sponsorship deals. A lot of clubs embraced the regulations and supported the English FA in execution. The English FA chief executive "Richard Scudamore" had stated that the sole aim of the wage limits was to enhance competitive balance by ensuring sure smaller clubs would be able invest sufficiently and challenge for the Elite European competitions. The Premier league financial regulations were also aiming to restrict foreign private investors in future to avert the kind of competition presented by Roman Abramovich and Sheikh Mansour of Chelsea FC and Manchester City respectively. The regulations for foreign investor would have them invest in clubs on a longer-term basis and not pumping in cash to attain instant success while accruing heavy debts.

## ***2.4 COMPETITIVE BALANCE IN FOOTBALL***

According to (Sanderson, 2002), the uncertainty of the outcome of the contest in a sport competition or sports league which is determined by the contestants or different opponents been of equal ability is very crucial. For the collective success of the teams it is important the competitors are of approximate equal size if they are to be successful (Rottenberg, 1956). There is quite an extensive scholarly discourse on competitive balance in professional team sports. The origin of competitive balance is traced to the professional leagues in the US where revenue sharing formula became an adopted mechanism to maintain competitive balance in the leagues as per (Ramchandani et al., 2018). There are also some motivating factors that enhance the collaboration of teams to function effectively such as common responsibility (Thompson & McHugh, 1990), Communication (Berry, 2011), Cooperation (Schumann, 2006) Trust (Morita & Burns, 2014). These factors are not only hinged on the personal interests of each team but rather on the collective goals and objectives of the professional league which the teams belong to. As presented by (Michie & Oughton, 2004) that competitive balance is the reflection of uncertainty of outcomes of the championship race given the balance between the sport capabilities of the team. Consequently, the more the strength of the teams that make up the league are evenly balanced the higher the outcome uncertainty of each match with each team having an equal chance of winning the title. There is a non-existent likelihood of predicting the winner or league champions in a perfectly balanced league (Michie & Oughton, 2004) as is the case with the Big Five European Leagues with the exception of the French Ligue 1 in France where the league winners over the years in the other top 4 divisions in Europe have been easily predicted and dominated by a few clubs especially in the Spanish laliga and the English premier league.

The uncertainty of outcomes that is inherent in competitive balance brings about an increased interest from supporters/fans and demand for match viewing at stadiums and private home

televisions. In economic terms, the demand curve will shift upwards to the right given an increase in competitive balance. To maintain the entertainment and increasing the consumer utility derived from suspense and surprise that competition offers while maximizing the demand for a club and league product maintaining competitive balance is inevitable. This notion supports the reason why sports league develops policies and regulatory measures to promote income redistribution and competitive balance. In same vein UEFA has made it clear competitive balance poses to be the most daunting challenge of European Football in the coming years, and was a part of the initiative that saw the introduction of the FFP regulations in 2011 that aims to discipline European clubs by encouraging them to spend within their limits and thereby creating an overall level playing field for football clubs across Europe (Ramchandani et al., 2018). Due to the high tendency of sports league to tilt towards imbalance the need for regulation and income redistribution cannot be overemphasized. As encapsulated by (Michie & Oughton, 2004) richer clubs that occupy the top position in the league will remain more successful and wealthier while those that occupy lower positions could perpetually remain unsuccessful and grow poorer. The reason is not farfetched as successful clubs at the top have more money to expend on talented players and the wages to attract them which is not the case for lower ranked clubs at the bottom of the league.

Competitive imbalance increases when a leagues lack regulation, with ripple effects of predictable and unexciting matches and a decline in in match attendance and viewing for the entire league. The idea of competitive balance and enshrined with regulations in a sports league reduces the risk of clubs going bankrupt and ensuring stability of the league. With the three given dimensions to competitive balance been; match uncertainty, seasonal uncertainty and long-standing uncertainty (dominance) (Michie & Oughton, 2004) most sports leagues engage in income redistribution from more successful to the less successful clubs in the league rankings. This is in line with the solidarity payments UEFA distributes to smaller clubs from

sanctions and fines paid by bigger clubs that have violated the FFP regulations (UEFA.com, 2015). According to (Fort & Maxcy, 2016) in (Ramchandani et al., 2018) there exists two main strands of academic literature in analyzing competitive balance from the perspective of fan interest. Competitive balance is classified theoretically and empirically on ACB and UOH. ACB meaning analysis of competitive balance, with a holistic view of changes in competitive balance in sports league resulting from changes in business practices, and uncertainty of outcomes (UOH) hypothesis and its attendant effects on football fans. In their studies regarding ACB (Ramchandani et al., 2018) undertook the evolution of competitive balance in terms of concentration (within season competitive balance) and dominance (between season competitive balance) from 1995/96 to 2016/2017 football seasons only the French league emerged as the most balanced league.

# CHAPTER 3

## 3.0 DESCRIPTIVE ANALYSIS

Data was sourced for 20 clubs from the big leagues that have dominated European Football from 2004/2005 to 2018/2019 season. The clubs from the English premier league are Arsenal, Chelsea, Liverpool, Manchester City, Manchester United and Tottenham. From the Spanish Laliga are (Real Madrid, Barcelona and Atletico Madrid), for the German Bundesliga, I looked at (Bayern Munich, Borussia Dortmund & Schalke 04). Clubs (AC Milan, Inter Milan, AS Roma, Juventus in the Italian Seria A and Lyon, PSG & Olympique Marseille for the French Ligue 1. The data comes from different publicly available sources, which I merged together for this analysis. Data for the three main sources of revenue for European clubs (Matchday revenue, Broadcasting revenue & commercial/sponsorship revenue) were gotten from Deloitte Annual Report (Ajadi et al., 2020). The data for profitability i.e. bottom-line profit/loss was gotten from the income statement of these clubs. The income statement for the English premier league clubs were gotten directly from Companies Houses UK (GOV.UK, 2020). Financial data for the Spanish, Italian, French and German clubs were retrieved from the various club websites and Swiss rambler (Rambler, 2017). Additional information on net profit was also retrieved from popular sport media platforms such as Goal, ESPN, and Transfermarkt. In table 3 below, I present the descriptive statistics of the merged dataset. From the table as I mentioned earlier, Broadcasting revenue had always been the highest source of revenue for the top European clubs. On average it stood out as the biggest revenue source for clubs in the top five leagues. Followed by sponsorship/commercial revenue and gate receipts from match day. The results also show an average loss of (2222.4) million euros for the entire period covered for the study. This loss is driven by the average loss incurred by top clubs before the introduction of FFP that stood at (10857.2) million euros. We can deduce from the table that European

clubs started becoming profitable on average after the introduction of FFP . The average profit for the clubs from the big five leagues stands at 3109 million euros on average. Though from the standard deviation it is evident that some clubs still incurred huge loses after introduction of FFP in 2010. On average the revenue streams for European clubs also saw a reasonable hike after the introduction of FFP. Average revenue generated from sponsorship/commercial revenue increased by over 100 percent after the introduction of FFP. The Financial Fair Play regulation saw to it that clubs had to gradually become more prudent and look for more efficient ways through increased commercial deals to breakeven.

*Table 3: Descriptive Analysis*

		<b>Obs</b>	<b>Mean</b>	<b>Std. Dev</b>	<b>Min</b>	<b>Max</b>
<b>2004/2005 To 2018/2019</b>	Matchday Revenue	241	63.9	38.2	2.3	183.7
	Broadcasting Revenue	240	123.5	60.3	.3	299.3
	Sponsorship Revenue	239	120.7	87.7	21.1	383.5
	Net Profits (Loss)	241	(2222.4)	52498.1	(224528.3)	127000
<b>Before Fairplay (2004 – 2010)</b>	Matchday Revenue	91	54.1	35.50122	2.3	137.5
	Broadcasting Revenue	90	87.9	38.2	0.3	178.1
	Sponsorship Revenue	89	66.7	33.5	21.1	176.5
	Net Profits (Loss)	92	(10857.2)	54969.5	(206800)	116000
<b>After Fairplay (2011 – 2019)</b>	Matchday Revenue	150	71.4	38.4	11.6	183.7
	Broadcasting Revenue	150	144.8	61.12	24.7	299.3
	Sponsorship Revenue	150	152.8	93.9	30.1	383.5
	Net Profits (Loss)	149	3109.1	50362.8	(224528.3)	127000

**Notes: The unit of measurement is in million euros**

# CHAPTER 4

## 4.0 EMPIRICAL MODEL

I studied the effect of financial fair play (FFP) regulations on the financial profitability of top European clubs by employing a fixed-effect model where I regress the net profit/loss of European clubs on a dummy that takes the value of 1 in periods after the FFP (i.e. after 2010) and 0 in periods before the introduction of FFP.

Specifically, my regression is of the form below:

$$\gamma_{it} = \beta_0 + \beta_1 FFP_{it} + \beta_2 controls_{it} + \alpha_i + \alpha_t + u_{it}$$

where

$\gamma_{it}$  denotes the profit or loss of club  $i$  in year  $t$ ,  $FFP_{it}$  is the dummy for the FFP which takes the value of 1 in periods after 2010 and 0 otherwise. I include two important controls that are strongly correlated with a club's profits. The first is a dummy variable that takes the value of 1 if a club qualified for Champions League semi-finals or not, or 0 if otherwise. The second control variable is a dummy that takes the value 1 if a club came first 4 in its domestic league. Financial rewards for qualifying for semi-finals or/and coming first 4 in the domestic league are huge, and these rewards has been increasing over time. The omission of these control variables will lead to an omitted variable bias. We also include a club fixed effect and year fixed effect. Club fixed-effect captures any unobserved time-invariant club-specific effect that might be jointly correlated with the clubs' profitability in periods pre- and post- FFP such as the club's prestige. Year fixed-effect controls for any unobserved time-variant effect that affects the profitability of all the clubs equally across time such as the global financial crises 2008 etc. In some specifications, we control for league fixed effect instead of club fixed effect.

Table 4: Results

	(1)	(2)	(3)	(4)
Dependent variable: Net Profit/Loss				
FFP Dummy	4.080e+06 (2.092e+07)	4.740e+06 (2.170e+07)	4.716e+06 (2.184e+07)	8.636e+06 (2.362e+07)
CL semi/Final		1.543e+07** (6.858e+06)	1.539e+07** (6.933e+06)	9.253e+06 (8.173e+06)
Top 4 in league			160,174 (8.001e+06)	966,264 (7.407e+06)
Constant	-3.306e+07* (1.932e+07)	-3.586e+07* (1.956e+07)	-3.596e+07* (2.074e+07)	-9.731e+06 (1.964e+07)
Observations	243	238	238	238
R-squared	0.387	0.400	0.400	0.161
Club FE	YES	YES	YES	NO
Year FE	YES	YES	YES	YES
League FE	NO	NO	NO	YES

Robust standard errors in parentheses \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

I present the results of the model estimation in Table 1. The constant term captures the average loss/profit of clubs prior to FFP. The coefficient of the FFP dummy indicates the effect of FFP on the profitability of clubs. In column (1), I include only FFP dummy as our only independent variable, while controlling for club FE and Year FE. The results suggest that on average clubs incurred a loss of over 33 million Euros before the FFP. With the introduction of FFP, there was an improvement in profitability by an average of about 4 million euros over the period 2011-2019 compared to the pre-FFP period, however, this improvement is statistically insignificant. This pattern is consistent when we include CL semi-final dummy (column 2), both CL semi-final dummy and top 4 dummy (column 3), and when we control for league FE instead of club FE (column 4). Overall, our results suggest some improvements in the profitability of clubs, however, some clubs still recorded losses while most clubs recorded profits in periods following the introduction of FFP.

# CHAPTER 5

## 5.0 RESULTS AND POLICY RECOMMENDATIONS

The results from my research and simple regression are very straight forward. From the descriptive statistics and empirical model, the impact of FFP can be easily detected. European football clubs from the top 5 leagues have suddenly become financially prudent, the going concern of these clubs that is predicated on their financial sustainability has improved and translating significant bottom line profits after the introduction of the FFP policy. To reiterate my point, (fig 9) below shows the aggregate net profit/losses of European leagues in 2011 when the FFP policy came into effect. In the European top division clubs only the Bundesliga (Germany) been among the top 5 leagues was reporting bottom line profits. The other top divisions that make up the big five from (England, Spain and Italy) were all reporting bottom line losses. Football in Europe looked so unprofitable because only 8 leagues in Europe reported profits in 2011 among the 55 leagues in the continent.

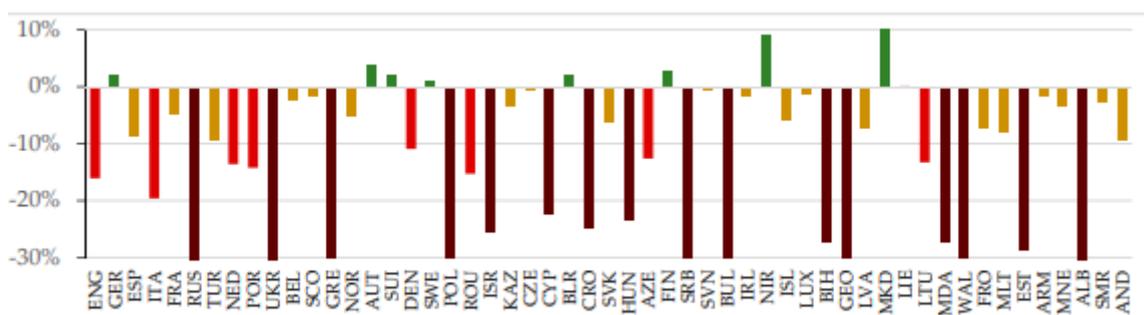


Figure 9: Aggregate net profit/loss of European clubs before FFP introduction. Source: E. Franck (2018) P.19)

On the contrary, the post FFP financial results of Football clubs quashed the prosperity concerns that were been raised against the policy (E. P. Franck, 2018). Academic critics posed serious questions as to if football will begin to witness a financial downward spiral given the

prohibition of external funds by sugar daddies and benefactors of the clubs. (Fig 10) below captures an increased Compound Annual Growth Rate (CAGR) of 7.2% of football clubs in the post FFP era that began in 2012.

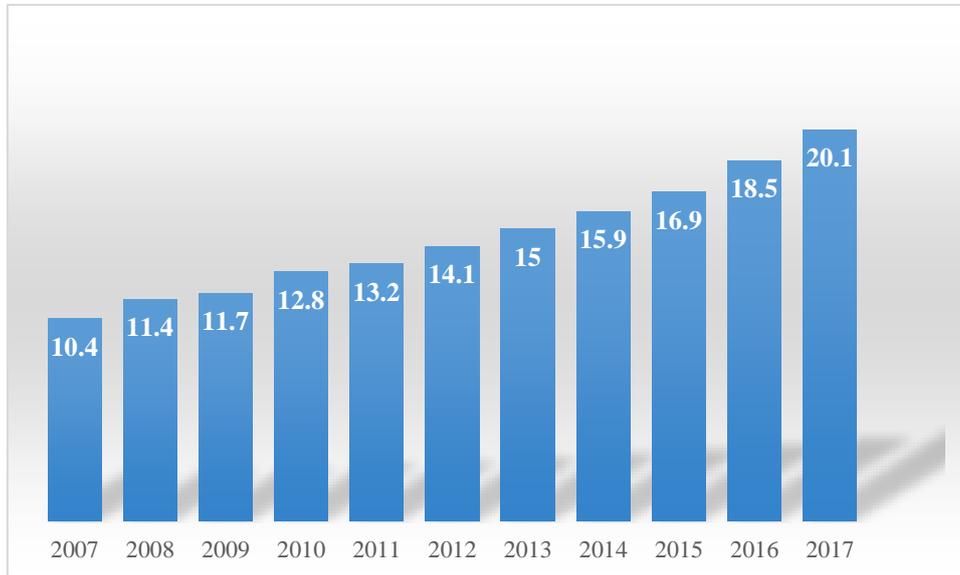


Figure 10: Compound Annual Growth Rate (CAGR) of clubs in post FFP era beginning 2012. Source: UEFA (2017, p,56)

Very important to note in the football year ending 2012, which was the first year for the assessment of the breakeven criteria of football club's top division clubs especially from the top 5 big leagues reported an increasing operating profit and impressive reducing net losses as I mentioned earlier. (Fig 11 and 12) below captures this clearly.

## Top divisions European clubs aggregate operating profit

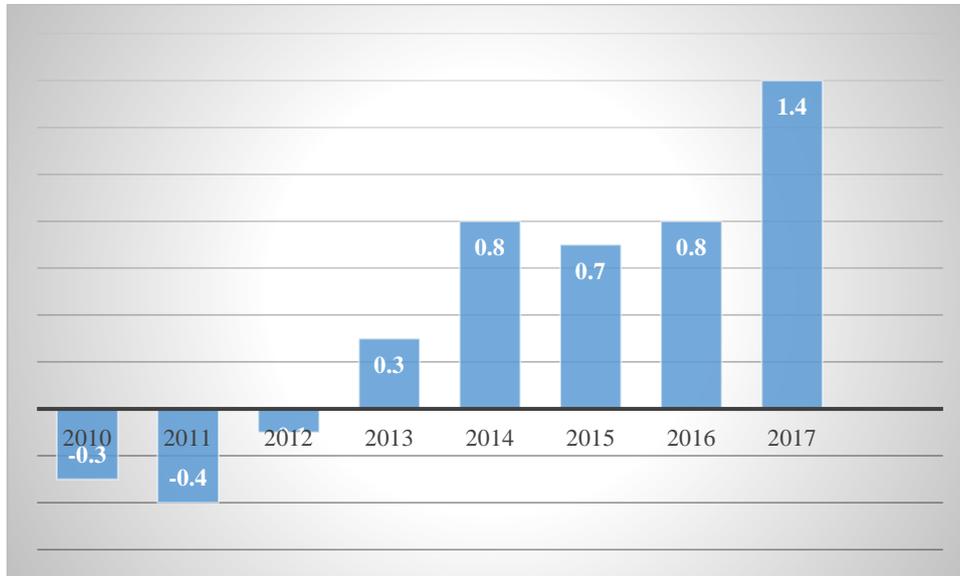


Figure 11: Top divisions European Clubs aggregate operating profit, Post FFP era. Source: E. Franck (2018, p 10)

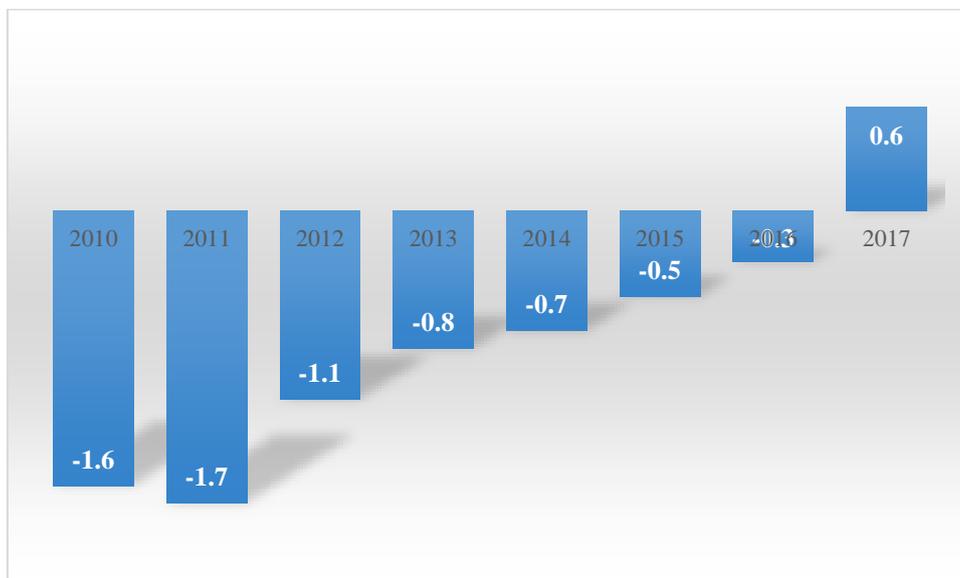


Figure 12: Top division European Clubs aggregate net operating profit, post FFP era. Source: Franck (2018, p, 11)

Figure 9 above depicts aggregate net profit turning positive for the first time in 2017 footballing year. But from 2012 just before the first assessment period of FFP policy aggregate net losses began reducing with finances of top division clubs improving. This result is in tandem with my findings from regression that though they were not statistically significant, but there is a tremendous improvement on how football clubs do business after the FFP introduction. The “Zombie race” pattern as coined by (E. P. Franck, 2018) where the liabilities of football clubs exceeded their assets had begun to diminish. In a recent report by UEFA in its Club Licensing Benchmarking Report as reported by KPMG (Sartori, 2020) European Clubs continued in their financial improvement trend. For the 6<sup>th</sup> consecutive year given FIG 8 above European clubs have reported a positive aggregate operating profit reported to be 697 million euros for financial year 2018. Football clubs in Europe have generated over 4.3 billion euros between 2013-2018(from the first FFP assessment period) but had been in losses to the tune of 740 million euros between 2009-2019 (Pre FFP assessment period). According to the report too, for the second consecutive footballing season European clubs recorded bottom-line/net profits. With bottom line aggregate profit standing at 140 million euros compared to the net profit of 579 million euros in 2017. More importantly as pinpointed by the UEFA report (2018) bottom line profits of European clubs have improved significantly by more than 1.8 billion euros since the introduction of FFP policy.

### *5.1 POLICY RECOMMENDATIONS*

The FFP policy as vertical regulatory tool was introduced by UEFA for two basic reasons. These are the break-even effect and avoiding overdue payables to creditors. While clubs are beginning to be compliant with theses by making sure relevant incomes balances out relevant expenses UEFA has admitted to its fears of competitive imbalance in European Football. The regulatory body has obviously avoided claiming competitive balance is a reason for FFP

introduction because it very much aware that its UEFA competition participation criteria and price money distribution patterns encourages competitive imbalance.

The need for competitive balance in professional league sports is very important and measures or restraints to maintain competitive balance has been in place with oldest surviving league in the world i.e. Major League Baseball in the US. A brief understanding of how professional sports leagues operate in the US is necessary for one to be able render a few policy recommendations to the FFP policy. There are some fundamental differences between professional sports leagues in Europe and North America (NA) in terms of structure. There are four main professional sports leagues in North America these are: Major league Baseball (MLB), National Basketball Association (NBA), National Football League (NFL) and the National Hockey League (NHL). Major League Soccer (MLS) and the Canadian Football League (CFL) are now also prominent sports league in North America now. These leagues fundamentally differ from European football leagues in terms of structure and governance and with highly competitive balance inherent in the NA sports leagues. As opined by (Troelsen & Dejonghe, 2006) and (Hoehn & Szymanski, 1999) the league systems (promotion and relegation), profit maximization, multiple competitions and ruling of the leagues (horizontal and vertical regulation) are amongst the most important differences of the European football leagues and other professional sports leagues in North America. In the American professional leagues where there is no promotion or relegation, competitive balance is enhanced via:

- Roster limits (a cap or maximum number of players a team can have)
- Draft Rules (which restricts a player to a team, bearing in mind that one of the drivers of competitive imbalance is a balanced quality in terms of talent of players)
- Sharing of revenue from gate receipts between host and visiting teams

- Collective selling of sponsorship, commercials and merchandising (proceeds are shared equally amongst all teams in American professional leagues)
- Collective selling of broadcasting rights with same equal sharing amongst teams.

According to (Peeters & Szymanski, 2014) these restraints are unanimously justified by the various sports leagues to maintain competitive balance. A more important policy to regulate and complement the FFP policy are ‘salary caps’ which are very much existent in US professional sports. In Major League Soccer (MLS) for instance there is a minimum and maximum wage cap a player can earn. In a recent report by (Goal 2019) each MLS team had a salary budget for 20 players set a 4.24 million dollars. This budget covers a minimum of 18 players and a maximum of 20 players. Given a senior roster, a player is entitled to a maximum wage pay of 530,000 a year i.e. about 10,000 dollars a week and 70,250 dollars a year which translates to 1,350 dollars a week. In comparison to European leagues where clubs use high salary wages to entice players and the wage bill of European clubs contributing substantially to the high expenditure of clubs until now. European competition lawyer Jean-louis Dupont in (Peeters & Szymanski, 2014) reiterated that the break-even rule a corner stone of the FFP policy will increase the profitability of football clubs by reducing their expenditure on player wages. Salary caps are said to be more effective as a regulatory tool than FFP to tackle the competitive imbalance in European football (Peeters & Szymanski, 2014). The whole idea of a salary cap is to regulate the player market to avoid a big city club or clubs with ‘sugar daddy’ investors luring the best talents with better salaries and wages. Caps on salary improve competitive balance in leagues; enhances a fair player salary distribution; pegging down the excessive wages of top players and ensuring the profitability of both small and big clubs that can now channel profits to new investments in the industry (Hoehn & Szymanski, 1999). Sports fans find the domination of a team as undesirable. Manchester united represented a clear-cut case of dominance in the English league from the early 90s until the emergence of Chelsea in 2003

after their takeover by Roman Abramovich. Manchester city also came to the limelight in 2008 and competitive level in the premier league increased. A domination of a few teams too is not welcomed unpredictability and surprise is the ideal situation for fans. Competitive balance can be likened to financial prosperity but as hinted by (Zimbalist, 2002) we don't know how much of it the other needs.

Other recommended policies European leagues can adopt are therefore:

- **Closed leagues:** this will limit the number of competitions leagues play in. A cue from the professional leagues in NA can be borrowed where teams compete just in a single league competition. The Dutch soccer league also has a similar system with only 2 leagues. There is no relegation in from the second league. This will strengthen relationships with the sponsors the cities fans, the market and create a bond with local authorities as well. Players too will not unnecessarily be released for national or continental competitions.
- **Income redistribution or revenue sharing:** for a salary cap to be effective there must exist income redistribution. In the NFL 40% of gate receipts on match days goes to the visiting teams. But this is absent in top division clubs in Europe. In England up to 20% of gate receipts used to be awarded to visiting teams but it was scrapped in 1983. This can be introduced especially because playing stadiums have different capacity as well.
- **Hard salary cap:** European leagues should begin having a budget for each team in the leagues. Salaries capped giving no team the unfair advantage of hiring better players than the other. But salary caps as stated above will only be feasible when revenue sharing amongst teams is in force.
- **Talent Acquisition:** talent acquisition can be balanced with salary caps. Talented players will have not be driven by money to go to the richer and bigger clubs. There

will be a balance of talents in all teams competing in the league. This is similar to the 6+5 rule that was introduced by FIFA but jettisoned by the European Union. (FIFA.com, 2008). The rule was to create a balance in playing talents amongst teams. Every team was expected to field at least 6 players that could represent the country in which the league existed. But the European Union saw the rule as a direct discrimination on nationality grounds. The rookie draft system in the US where the most talented players from high school are drafted to the least performing teams in the leagues is another plausible line of action for European clubs.

- **Organization of the leagues:** European leagues should be allowed to set up their own internal regulations in their various leagues. They should seize the initiative through their various football associations in different regions to checkmate financial activities of the clubs. Serious financial improprieties should not be left for UEFA to oversee and tackle. Clubs should seize the initiative through their various football associations in different regions and be proactive to the promptings of UEFA. UEFA can always support them in overseeing the cohesion of these policies and help in implementing them while still accorded with the sole responsibility of promoting European football globally.

# CONCLUSION

The Financial Fair Play Policy is an unprecedented and audacious step in the regulation of football by UEFA. It was mainly formulated to improve the financial situation of European football clubs. UEFA enforced this vertical restraint on clubs in Europe as an industry regulator and the organizer of the most exciting competition between leagues. I have talked about the reasons why the FFP policy was introduced and how it works and how it aims to set European Clubs on the pathway of profitability again. My empirical analysis focused on the net profit of European clubs how they have fared before and after the introduction of the FFP policy. The results show of course a steady improvement in bottom-line profits of football clubs after the policy was introduced in 2010. However, these improvements are not substantive enough for the claim to be made for comprehensive financial sustainability. This is because while FFP has helped to steady the financial books of top European Clubs, quite a few of them still make some significant huge loses. The dividends of FFP will be enjoyed in future no doubt, but it can be accelerated so that European leagues and competitions can become more balanced. The champions league and the Europa league competitions continue to create more competitive imbalance in European clubs and the idea of a European super league has always been mooted so that the top divisions clubs can have a league of their own that will be more balanced. The top division clubs do not seem to want this closed European super league. because they benefit from overlapping competitions (competing in their various domestic leagues and playing in the champions league at the same time) and accessing the champions league is dependent on qualification from the domestic league. The multiple sources of income, winning more trophies , creating different suspense mode for fans, and the possibility of a closed league in a super league are some reasons why the super league may not fly in Europe(E. P. Franck, 2018). Its therefore expedient on UEFA to go harder on leading clubs and adopt policies that will

complement the FFP policy. The policy will also help clubs to avoid salary bubbles that come with soft budget constraints, unnecessary managerial rent seeking and inefficient management because the largesse from Sugar daddy investors has been tamed.

Since football clubs complement each other as they are involved in the joint production of the competition the continuous operation of all clubs in the league is paramount. If just a few clubs cease to function due to financial incapacitation the entire product will be distorted, and its credibility brought to question. Other ripple effects will rear up as well such as outstanding unpaid funds from transfers and this exposes other clubs to danger too. Football clubs that abide by the breakeven rule of FFP by operating within their football incomes are more sustainable and will remain so overtime without triggering these unpleasant externalities that are inimical to business. The fairness in FFP is to sustain European Clubs financially and given the massive turnaround in the financial books of European Clubs the Financial Fair play policy is leading the clubs in the right direction to ensure their financial sustainability. Finally, the 2019/2020 football season in Europe was cut short in March 2020 due to the Covid -19 pandemic. The Dutch league (Ere devise) and the French league (Ligue) were cancelled. The German Bundesliga the Spanish Laliga just resumed proceedings with English premier league to follow. UEFA is considering to relax its rules on clubs that cannot meet up with the breakeven requirement as benefactor owners investments will be needed for clubs to remain afloat (Bonn, 2020). It will be interesting for future research to address the effects and/or readjustment policies on the finances of football clubs in top divisions in Europe during and after the corona virus pandemic. Also, in the event of another occurrence of a future health crisis or global pandemic, a research that focusses on the preparedness and response mechanisms developed by Football Associations (FA) and individual clubs will be an essential contribution to existing literature.

## REFERENCES

- Ajadi, T., Burton, Z., Dwyer, M., Hammond, T., & Ross, C. (2020). *Eye on the prize: Football Money League 2020* (Deloitte Football Money League 2020, p. 60). Deloitte UK.  
<https://www2.deloitte.com/bg/en/pages/finance/articles/football-money-league-2020.html>
- Aktifbank. (2016). *EKOLIG - Football Economy Report for 2014-2015 / 2015-2016 seasons* (p. 33). Akifbank. <https://www.aktifbank.com.tr/Documents/FOOTBALL-ECONOMY-REPORT.pdf>
- Blöbaum, B. (2016). *Trust and Communication in a Digitized World: Models and Concepts of Trust Research*. Springer.
- Bonn, K. (2020, April 8). UEFA entertaining Financial Fair Play relaxation amid coronavirus difficulties. *ProSoccerTalk* / *NBC Sports*.  
<https://soccer.nbcsports.com/2020/04/08/uefa-entertaining-financial-fair-play-relaxation-amid-coronavirus-difficulties/>
- Bosshardt, A., Green, M., Hanson, C., Savage, J., Shaffer, A., Stenson, C., & Thorpe, A. (2015). *Commercial breaks: Football Money League* (The Deloitte Football Money League, p. 40) [Football Money League 2015]. Deloitte.  
<https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/sports-business-group/deloitte-football-money-league-2015.PDF>
- Budzinski, O. (2014). *The Competition Economics of Financial Fair Play* (SSRN Scholarly Paper ID 2409632). Social Science Research Network.  
<https://papers.ssrn.com/abstract=2409632>

- Cairns, J., Jennett, N., & Sloane, P. J. (1986). The Economics of Professional Team Sports: A Survey of Theory and Evidence. *Journal of Economic Studies*, 13(1), 3–80.  
<https://doi.org/10.1108/eb002618>
- Capasso, A., & Rossi, M. (2013). *Systemic Value and Corporate Governance: Exploring the Case of Professional Football Teams* (SSRN Scholarly Paper ID 2245298). Social Science Research Network. <https://papers.ssrn.com/abstract=2245298>
- Conn, D. (2015, April 29). Premier League clubs turn loss into profit as fair play rules kick in. *The Guardian*. <https://www.theguardian.com/football/2015/apr/29/premier-league-clubs-profit-fair-play>
- Deloitte. (2019, May 29). *European football market worth €28.4 billion (£25.1bn) as Premier League clubs lead the way to record revenues*. Deloitte United Kingdom. <https://www2.deloitte.com/uk/en/pages/press-releases/articles/european-football-market-worth-28-billion-euros-as-premier-league-clubs-lead-the-way-to-record-revenues.html>
- Deloitte & Touche Publishes Latest Review of Football Finance*. (2003, July 30). Sportcal. <https://www.sportcal.com/News/PressReleases/21568>
- Deloitte Football Money League 2020*. (n.d.). Retrieved June 13, 2020, from <https://www2.deloitte.com/bg/en/pages/finance/articles/football-money-league-2020.html>
- Dima, T. (2015). *The Economics of “Big Five” European Football Leagues. Volume VII*(Issue 2A), 9.
- Fernández, M. (2018, June 17). *Football could be the 17th largest global economy*. AS.Com. [https://en.as.com/en/2018/06/17/football/1529259985\\_901247.html](https://en.as.com/en/2018/06/17/football/1529259985_901247.html)
- FIFA.com. (2008). *Who We Are—News—‘Yes in principle to 6+5 rule’—FIFA.com*. Www.Fifa.Com. <https://www.fifa.com/who-we-are/news/yes-principle-rule-684707>

- Fort, R., & Maxcy, J. (2016). “Competitive Balance in Sports Leagues: An Introduction”: *Journal of Sports Economics*. <https://doi.org/10.1177/1527002503004002005>
- Franck, E. (2010). *Private Firm, Public Corporation or Member`s Association – Governance Structures in European Football* (No. 0106; Working Papers). University of Zurich, Institute for Strategy and Business Economics (ISU). <https://ideas.repec.org/p/iso/wpaper/0106.html>
- Franck, E. P. (2018). *European Club Football After ‘Five Treatments’ With Financial Fair Play – Time for an Assessment* (SSRN Scholarly Paper ID 3264666). Social Science Research Network. <https://papers.ssrn.com/abstract=3264666>
- Gibson, O. (2012, November 9). Chelsea record their first profit of the Roman Abramovich era. *The Guardian*. <https://www.theguardian.com/football/2012/nov/09/chelsea-record-profit-roman-abramovich-era>
- GOV.UK. (2020). *Companies House*. GOV.UK. <https://www.gov.uk/government/organisations/companies-house>
- Grossmann, M. (2015). Evolutionarily Stable Strategies in Sports Contests. *Journal of Sports Economics*, 16(1), 108–121. <https://doi.org/10.1177/1527002512470957>
- Gugutzer, R. (2009). Doping im Spitzensport der reflexiven Moderne / Doping in High-Performance Sport in the Reflexive Modern Age. *Sport und Gesellschaft*, 6(1), 3–29. <https://doi.org/10.1515/sug-2009-0102>
- Hawkins, B. (2020, May 13). Ten PL clubs “concerned” about proposed £300m Saudi takeover of Newcastle. *TalkSPORT*. <https://talksport.com/football/705301/newcastle-takeover-unrest-concerned-deal/>
- Hoehn, T., & Szymanski, S. (1999). The Americanization of European football. *Economic Policy*, 14(28), 204–240. <https://doi.org/10.1111/1468-0327.00048>

- kellerman. (2007). *Lebenswelten von Amateurfußballspielern*.  
[https://books.google.com/books/about/Lebenswelten\\_von\\_Amateurfu%C3%9Fballspielern.html?id=qUmKAwAAQBAJ](https://books.google.com/books/about/Lebenswelten_von_Amateurfu%C3%9Fballspielern.html?id=qUmKAwAAQBAJ)
- Kläber, M. (2010). Körper-Tuning. Medikamentenmissbrauch im Fitness-Studio / Body Tuning. Drug Abuse in the Fitness Studio. *Sport und Gesellschaft*, 7(3), 213–235.  
<https://doi.org/10.1515/sug-2010-0303>
- Kornai, J. (1979). Resource-Constrained versus Demand-Constrained Systems. *Econometrica*, 47(4), 801–819.
- lang. (2020). *Big-Five brand value 2019*. Statista.  
<https://www.statista.com/statistics/1021424/big-five-leading-football-leagues-brand-value-europe/>
- Lang, M., Grossmann, M., & Theiler, P. (2011). The Sugar Daddy Game: How Wealthy Investors Change Competition in Professional Team Sports. *Journal of Institutional and Theoretical Economics (JITE) / Zeitschrift Für Die Gesamte Staatswissenschaft*, 167(4), 557–577. JSTOR.
- Madden, P. (2015). Welfare Economics of “Financial Fair Play” in a Sports League With Benefactor Owners. *Journal of Sports Economics*, 16(2), 159–184.  
<https://doi.org/10.1177/1527002512465759>
- McGowan, T. (2012). *Malaga’s malady: When foreign ownership goes wrong*. CNN.  
<https://edition.cnn.com/2012/08/22/sport/football/malaga-cazorla-al-thani-football/index.html>
- Michie, J., & Oughton, C. (2004). *Competitive Balance in Football: Trends and Effects*. 51.
- Missiroli, A. (2002). European Football Cultures and their Integration: The “Short” Twentieth Century. *Culture, Sport, Society*, 5(1), 1–20. <https://doi.org/10.1080/713999845>

- Morita, P. P., & Burns, C. M. (2014). Understanding ‘interpersonal trust’ from a human factors perspective: Insights from situation awareness and the lens model. *Theoretical Issues in Ergonomics Science*, 15(1), 88–110. <https://doi.org/10.1080/1463922X.2012.691184>
- Morrow, S., & Howieson, B. (2014). The new business of football: A study of current and aspirant football club managers. *Journal of Sport Management*, 28(5), 515–528.
- Müller, J. C., Lammert, J., & Hovemann, G. (2012). The Financial Fair Play Regulations of UEFA: An Adequate Concept to Ensure the Long-Term Viability and Sustainability of European Club Football? *International Journal of Sport Finance*, 7(2), 117–140.
- Neale, W. C. (1964). The Peculiar Economics of Professional Sports: A Contribution to the Theory of the Firm in Sporting Competition and in Market Competition. *The Quarterly Journal of Economics*, 78(1), 1–14. JSTOR. <https://doi.org/10.2307/1880543>
- Nicoliello, M., & Zampatti, D. (2016). Football clubs’ profitability after the Financial Fair Play regulation: Evidence from Italy. *Sport, Business and Management: An International Journal*, 6(4), 460–475. <https://doi.org/10.1108/SBM-07-2014-0037>
- Ozanian, M. (2020, May 7). *The World’s Most Valuable Soccer Teams 2019: Real Madrid Is Back On Top, At \$4.24 Billion*. Forbes. <https://www.forbes.com/sites/mikeozanian/2019/05/29/the-worlds-most-valuable-soccer-teams-2019/>
- Peeters, T., & Szymanski, S. (2014). *Financial Fair Play in European Football* (SSRN Scholarly Paper ID 2443994). Social Science Research Network. <https://papers.ssrn.com/abstract=2443994>
- Preston, I., & Szymanski, S. (2003). Cheating in Contests. *Oxford Review of Economic Policy*, 19(4), 612–624. <https://doi.org/10.1093/oxrep/19.4.612>

- Rambler, T. S. (2017, January 31). The Swiss Ramble: Chelsea - The Band Wore Blue Shirts. *The Swiss Ramble*. <http://swissramble.blogspot.com/2017/01/chelsea-band-wore-blue-shirts.html>
- Ramchandani, G., Plumley, D., Boyes, S., & Wilson, R. (2018). A longitudinal and comparative analysis of competitive balance in five European football leagues. *Team Performance Management: An International Journal*, 24(5/6), 265–282. <https://doi.org/10.1108/TPM-09-2017-0055>
- Reuters. (2007, December 4). Romario fails doping test, blames hair loss treatment. *Reuters*. <https://uk.reuters.com/article/uk-soccer-latam-romario-idUKL0461739320071204>
- Reuters. (2019, December 30). Factbox: Ownership of leading European soccer clubs. *Reuters*. <https://www.reuters.com/article/us-soccer-italy-as-roma-ownership-factbo-idUSKBN1YY0M8>
- Rhode, & Bruer. (2016). *IJFS | Free Full-Text | Europe's Elite Football: Financial Growth, Sporting Success, Transfer Investment, and Private Majority Investors*. <https://www.mdpi.com/2227-7072/4/2/12>
- Rohde, M., & Breuer, C. (2016). The Financial Impact of (Foreign) Private Investors on Team Investments and Profits in Professional Football: Empirical Evidence from the Premier League. *Applied Economics and Finance*, 3(2), 243–255. <https://doi.org/10.11114/aef.v3i2.1366>
- Rottenberg, S. (1956). The Baseball Players' Labor Market. *Journal of Political Economy*, 64(3), 242–258. <https://doi.org/10.1086/257790>
- Sanderson, A. R. (2002). The Many Dimensions of Competitive Balance. *Journal of Sports Economics*, 3(2), 204–228. <https://doi.org/10.1177/152700250200300206>
- sartori. (2020). *Football Benchmark—Clubs' analytics at your fingertips!* <https://www.footballbenchmark.com/home>

- Schubert, M., & Könecke, T. (2014). 'Classical' doping, financial doping and beyond: UEFA's financial fair play as a policy of anti-doping | Request PDF. [https://www.researchgate.net/publication/260852829\\_%27Classical%27\\_doping\\_financial\\_doping\\_and\\_beyond\\_UEFA%27s\\_financial\\_fair\\_play\\_as\\_a\\_policy\\_of\\_anti-doping](https://www.researchgate.net/publication/260852829_%27Classical%27_doping_financial_doping_and_beyond_UEFA%27s_financial_fair_play_as_a_policy_of_anti-doping)
- Schubert, M., & Könecke, T. (2015). 'Classical' doping, financial doping and beyond: UEFA's financial fair play as a policy of anti-doping. *International Journal of Sport Policy and Politics*, 7(1), 63–86. <https://doi.org/10.1080/19406940.2013.854824>
- Slater, M. (2019, January 24). *Premier League, clubs and players paid £3.3bn tax in 2016/17*. The Independent. <https://www.independent.co.uk/sport/football/premier-league/premier-league-tax-2016-17-economy-ey-a8744661.html>
- Stefan Szymanski Umberto Lago, A. B. (2004). *Il business del calcio. Successi sportivi e rovesci finanziari*. EGEA.
- Storm, R. K., & Nielsen, K. (2012). Soft budget constraints in professional football. *European Sport Management Quarterly*, 12(2), 183–201. <https://doi.org/10.1080/16184742.2012.670660>
- The Economic Globalization of Football*. (2017, February 5). UKEssays. <https://www.ukessays.com/essays/international-studies/the-economic-globalization-of-football-sponsorship.php>
- Thompson, P., & McHugh, D. (1990). *Work Organisations: A critical introduction*. Palgrave Macmillan UK. <https://doi.org/10.1007/978-1-349-20741-1>
- Troelsen, T., & Dejonghe, T. (2006). The Need of Competitive Balance in European Professional Soccer: A Lesson to be learned from the North American Professional Leagues. *An Amalgam of Sports & Exercise Research*.

<https://research.cbs.dk/en/publications/the-need-of-competitive-balance-in-european-professional-soccer-a>

UEFA.com. (2011). *Club licensing benchmarking report financial year 2011*. 124.

UEFA.com. (2015, June 30). *Financial fair play: All you need to know*. UEFA.Com.  
<http://www.uefa.com/community/news/newsid=2064391.html>

UEFA.com. (2016). *Club licensing benchmarking report financial year 2016*. 126.

UEFA.com. (2018, June 13). *Financial Fair Play | Inside UEFA*. UEFA.Com.  
<https://www.uefa.com/insideuefa/news/newsid=1445028.html>

Vöpel, H. (2011). Do We Really Need Financial Fair Play in European Club Football? An Economic Analysis. *CESifo DICE Report*, 09(3), 54–59.

Wada. (2009). World Anti-Doping Code. *World Anti-Doping Agency*, 135.

Wilson, R., Plumley, D., & Ramchandani, G. (2013). The relationship between ownership structure and club performance in the English Premier League. *Sport, Business and Management: An International Journal*, 3(1), 19–36.  
<https://doi.org/10.1108/20426781311316889>

zimbalist. (2002). *Competitive Balance in Sports Leagues: An Introduction—Andrew S. Zimbalist*, 2002.  
<https://journals.sagepub.com/doi/abs/10.1177/152700250200300201?journalCode=jse>

a