Investigating Factors Affecting Inflation in Football Transfer Market:

Challenges and Scopes for Policy Reforms

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(a) Abstract

In recent years, it has been commonplace for the football clubs to spend over 100 million euros to acquire a player. Transfer fees are becoming more major costs for football clubs. This is true for both the leading European leagues and the smaller ones. According to the relevant literature, a player's value relies on characteristics such as his position on the field, age, year of transfer, and career highlights. This study was based on the top six football leagues (the English, Spanish, French, Italian, Dutch, and German leagues). The objective of this study was to determine the qualities that contribute to the distinctive value of football players. This study addresses the age, country, and playing position of the player. In addition to these considerations, the research examines Agent fees and panic purchasing at the conclusion of a transfer window. Since numerous clubs have recently been bought by Middle Eastern parties using "oil money," this study also examines if there is a relationship between oil markets and football transfer markets. In addition, the idea of "sports washing" in football has been considered, which, to my knowledge, has not been addressed in earlier research.

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(b) CHAPTER 1: INTRODUCTION

Undoubtedly, one of most popular sports on earth is football. International football teams and players are an essential aspect of professional football, and both sides strive for "maximum sporting performance" to maintain competitiveness and financial viability. Footballers are therefore considered the most valuable resource in this industry, especially by powerful, renowned clubs like Real Madrid, FC Barcelona, Paris Saint-Germain, and Manchester United, among others. The players include several world-famous athletes, like Kylian Mbappe, Neymar, Cristiano Ronaldo, and Lionel Messi (Matesanz et, al., 2018).

Over a billion people watched the 2018 FIFA World Cup final, according to FIFA, highlighting the sport's value to the global sports economy and business potential (FIFA, 2018). 52 clubs are currently valued at more than \$2 billion, while the global sports business was expected to be worth 488.5 billion dollars that same year. Surprisingly, in 2012, there was just one such club. Additionally, "the overall enterprise value of the top 32 European football teams has climbed by 51% since 2016" (Metelski, 2021).

In essence, a club's athletic success is defined by the squad it assembles, which is made up of players and trainers, and they have two options for doing so. Clubs can first bring in players to their professional squad who "grew up" at the club academy and who had the necessary skills while participating in various junior teams (transfer fees are not required). Purchasing or borrowing players on the "international transfer market" is the second and most popular alternative. With "record gross transfer spending of \notin 4.38 billion by European league teams, with 81 percent of that total concentrated among the main leagues of England, Germany, Italy, and Spain," according to the research, these player transfer markets have surged recently (Matesanz et, al., 2018).

In the world of football, a transfer is a business deal between two clubs in which a side looking to sign a player under contract pays the player's current club money, sometimes known as a "transfer fee." The transfer value of a player is often decided by a variety of factors, such as the player's perceived quality or talent, the duration of the player's current contract, commercial value, prospective worth, age, and so forth. Only two designated transfer windows, often known as "registration periods," are held for these transactions twice a year. Before opting to join a new club when a club is considering selling a player, the player weighs his options, discusses his preferences, and consults with agents and advisors (Goal, 2020).

Due to their fast expansion, transfers have been a hot issue among sports economics in recent years. Transfers are a significant part of the football industry. Transfer prices have been progressively increasing over the past ten years to keep pace with expanding club revenue. Football clubs spent more than ten billion euros in transfer fees in total in 2019. Ten moves of at least 100 million euros have occurred in the last seven years, with Neymar's move from Barcelona to PSG in the summer of 2017 costing the most at 220 million euros. This led to him being the most expensive player in professional football (Metelski, 2021).

The recent sharp increase in transfer fees has drawn the attention of the international media, the football industry, and financial experts. Football finance experts are worried about the "real player" worth and are referring to this situation as "hyperinflation," according to a BBC sports piece. Because current trends show that affluent teams win more frequently than other clubs, making match results predictable, and because league standings have fallen over time, this hyperinflation is especially worrisome (Matesanz et, al., 2018).

The current scenario demonstrates that the affluent club's strategy for establishing "sportive performance," which results in an uneven playing field, is to spend a lot of money on transfers. According to research by Liu et al., "Professional football is a money game where more transfer

market investments are favorably associated with sporting team success." The authors emphasized that the transfer market is marked by large and expanding inequality (Matesanz et, al., 2018).

Taking everything else into consideration, the price of players during the summer transfer window of 2019 increased by 31% from that of 2018. Football players in the main five leagues have had a transfer market inflation rate of 26% every year since 2014. The price of the same players has more than quadrupled since 2011. Figure 1 shows how the transfer fees of players has increasing over the years. (CIESFootball Observatory Monthly Report, 2019).



Figure 1: Transfer Fees Over Time

Source: Willis (2019), Data collected from transfermarkt.com

The foundation of modern football is built on astronomical player fees and staggering labor costs. Love it or hate it, there isn't much the establishment can do to change it. Every major relocation involves a lot of stakeholders, including the agency. One can suppose that there are

unknowable characters in the background. However, names of player agents like Jorge Mendes, Jonathan Barnett, and Mino Raiola are frequently mentioned in news articles.

Hasn't football always included ridiculous amounts of money? Less than there is right now. Many European clubs had foreign player quotas before 1995. The Bosman decision of that year prohibited restrictions on participants from the EU, creating a competitive global market. The number of international players increased, as did transfer fees. By 2016, around 70% of football players in the English Premier League were foreigners. The wealthiest clubs today are continuing to rise. Growing TV income is one of the causes. The 20 Premier League teams agreed to a three-year, £10.4 billion (\$13.4 billion) contract with broadcasters in 2016. This was the highest-paying television contract ever made in the history of professional football. BT and Sky currently pay the Premier League more than £10 million (\$12.9 million) to broadcast each game in the UK.

Higher transfer fees are a result of this increased purchasing power. The previous year saw record-high spending by clubs on overseas transfers. According to FIFA, a record \$4.79 billion, or around \$328,000 per deal, was spent on 14,591 transactions globally in 2016.

Some contend that excessive transfer fees harm the game. Football players' union FIFPro referred to the Neymar deal as "anti-competitive." Theo van Seggelen, general secretary of FIFPro, has asserted that "football is ever more the province of a tiny handful of affluent, largely European-based teams." Because only a select few elite teams, like Manchester United, Real Madrid, or Bayern Munich, can afford to acquire exceptional players, rising transfer costs have "helped to erode competitive balance," according to him. They then rule the leagues, as opposed to less wealthy clubs. However, according to FIFA data, big transfer costs are not always the case. In actuality, just 14% of all international transfers made last year entailed

paying a charge. The remaining players moved on once their contracts expired through free transfers.

Modern football is supported by exorbitant player payments and soaring labor expenses. Whether you like it or dislike it, there is nothing the establishment can do to alter it. Every significant transfer move includes several parties, including the agency. It is reasonable to assume that there are unknown characters in the background. In contrast, the names of player agents such as Jorge Mendes, Jonathan Barnett, and Mino Raiola appear regularly in news pieces.

Has football not always involved absurd sums of money? Fewer than there are now. Before 1995, several European clubs had foreign player quotas. The Bosman judgement of that year barred limitations on EU members, establishing a worldwide market that is competitive. The number of foreign players and transfer prices grew. Currently, the richest clubs are on the increase. Increasing television revenue is one of the contributing factors. In 2016, the 20 Premier League clubs signed a £10.4 billion (\$13.4 billion) three-year deal with broadcasters. This was the most lucrative television deal in the history of professional football. BT and Sky pay the Premier League almost £10 million (\$12.9 million) every game to broadcast it in the United Kingdom.

This increasing buying power has led to higher transfer costs. In the previous year, teams spent a record amount on international transfers. According to FIFA, a record \$4.79 billion, or almost \$328,000 per transaction, was spent worldwide in 2016 on 14,591 transactions.

Some argue that exorbitant transfer fees are detrimental to the sport. The football players' association FIFPro labeled Neymar's contract as "anti-competitive." Theo van Seggelen, general secretary of FIFPro, has said that "football is becoming the domain of a small number of wealthy, mostly European-based clubs." According to him, the fact that just a few of top

clubs, such as Manchester United, Real Madrid, and Bayern Munich, can afford to sign excellent players has "helped to destroy competitive balance." They then dominate the leagues, as opposed to teams with less resources.

1.1. Factors that might have an impact on a player's transfer costs

1.1.1. Owner's Net Worth

Different clubs have distinct owners. The owner puts more money into the club as his wealth increases. The most recent instance is Mohammed Bin Salman's acquisition of Newcastle United. He is worth 320 billion euros (English, 2021). PSG is owned by Nasser Al-Khalefi, who is worth 21 billion euros (Goal, 2021). Rich clubs invest a lot more in transfers than lesser teams do.

After spending the previous century in the shadow of other elite clubs, Chelsea, Manchester City, and Paris Saint-Germain have seen tremendous success in the twenty-first century. Roman Abramovich, a Russian oil tycoon, completed the purchase of Chelsea in 2004. (Scott, 2005). The Abu Dhabi Royal Family bought Manchester City in 2008, and Qatar Investment Authority bought Paris Saint-Germain in 2011. (Goal, 2021)

All three owners used an aggressive strategy, paying exorbitant fees for exceptional players, to succeed on the field. Spending a lot of money quickly eventually affects the transfer market, increasing the transfer prices of players who can't afford the price. Barcelona and Real Madrid have always been the biggest spenders because of significant sponsorship agreements and worldwide momentum.

1.1.2. Inadequate Judgment (Panic Buy)

When a team has too much money invested in it, has to buy players before the transfer window shuts, or needs to rotate its squad, it commonly makes panic purchases. The most notable instance is PSG's \notin 222 million acquisition of Neymar (transfermarkt). Barcelona spent that money on only two players, as opposed to replacing an already stale team. Both Dembele and Coutinho were pricey; Dembele was an injury-prone youngster who cost \notin 135 million but is now only worth \notin 50 million, while Coutinho cost \notin 120 million but is now only worth \notin 20 million (transfermarkt).

Only a select few teams (those who win national championships or make it to European tournaments) will be able to recoup their recruiting costs (transfer fees) and their ensuing superstar-inflated payrolls. This is something that the clubs that overbid superstars must be aware of. The majority of them are frequently destined to run into financial difficulties as a result of sporting performances that fall short of expectations and generate insufficient cash to cover recruitment costs. In recent years, a few French teams, namely Paris Saint Germain, have served as prime examples. Whatever the methods, it makes sense to suggest a less aggressive and frequently less expensive strategy in the labor market for talent. The quickest method for a club to draw the winner's curse in the labor market with its payment arrears, deficit, and debt is to constantly overbid superstar players.

1.1.3 Broadcasting Rights

What is the reason for this year-over-year spending growth? Although rising ticket prices, merchandise sales, and sponsorships all help clubs with their finances, the selling of broadcast rights over the past 25 years has been the primary factor in the spending power of Premier

League teams. Since 1996, the growth in transfer spending has been inversely correlated with the growth in television revenue. Miller (2018)

Clubs continue to spend 20% to 33% of their income on transfers, a percentage that has generally stayed constant over time. As long as the cost of broadcasting rights keeps rising, this level of investment is feasible. How these rights are sold facilitates this. The adoption of a first-price sealed-bid auction reduces the likelihood of collaboration between competitors. Only placing a sizable offer may guarantee a bidder's success. Some claim that this has caused people to overbid to guarantee victory. Higher broadcasting rights enhanced each club's television revenue, enabling them to make more investments in their on-field performance. From 2007 to 2019, there was a huge growth in rights, which was correlated with major clubs being less hesitant to move players for more than $\in 100$ million. 2020 (Thakare). Figure 2 shows how revenue from Broadcasting rights has increased over the years. The trend in Figure 2 is similar to Figure 1.





Source: Willis (2019), Data collected from transfermarkt.com

1.1.4. Information Asymmetry

The transfer market is characterized by uncertainty since there is a risk that it will be unclear, before a transfer, how well a player will perform in the new team due to the asymmetric information components of a player's quality and commitment. To bolster their squad, big teams routinely scout outstanding players from rival clubs and spend a lot of money to recruit them. However, the players don't always live up to the hype or their previous performances. For instance, Eden Hazard, a former star for Chelsea, is currently a complete failure for Real Madrid. The same thing occurred when Alexis Sanchez transferred from Arsenal to Manchester United. When Sanchez moved to Manchester United to play in the Champions League, he did well at Arsenal but failed miserably there. He was then released on a free transfer to Inter Milan (transfermarkt).

The outline of this paper is as follows. Chapter 1 discusses the Literature Review and theoretical discussion including two interesting topics of the oil market and sports washing. Chapter 2 provides the hypothesis development. Chapter 3 presents the data description. Data analysis is explained in Chapter 4. Chapter 5 presents the results and some discussion based on them. Implications for policy and practice are explained in Chapter 7 provides conclusion and implications for further research or limitations of the paper.

(c) CHAPTER 2: LITERATURE REVIEW & THEORY DEVELOPMENT

Every market (for stocks, real estate, artwork, etc.) is defined by the presence of buyers and sellers who interact to exchange commodities and services (Mankiw and Taylor 2008). Employment opportunities in football are common (Franck 1995; Frick 2007). In light of these results, it is reasonable to consider players as assets in the same vein as tulips, homes, or corporate shares (Morrow, 1996). (Tunaru and Viney 2010 use the phrase "vulnerable assets"). However, according to a more technical and sophisticated definition, "the asset is not [...] the player himself, but rather the supply of services" that a player will deliver in the future (Morrow 1996). When a football club buys or sells a player's registration, it is acting as both a buyer and a seller. Clubs invest on player registrations in order to strengthen their roster and boost their brand value. Possessing player registrations can increase a club's value in two ways: first, by the player's direct contribution to the club's athletic and business success during the contract period, and second, by the profit made from selling the player at a price higher than the initial acquisition costs, similar to the profit made from investing in the stock market. A club is not obligated to resell a player's registration at a higher price in order to make a profit.

If a team wants to acquire the services of another team's player, they must first initiate contact with the selling club. Since transfer fees are the result of bargaining between the buying and selling teams, they reflect an acceptable compromise on both sides. Players' marginal revenue products, like those in other labor markets, are excellent predictors of transfer fees and pay because they reveal the marginal value a club may gain by signing a player (Daumann 2019, Lucifora and Simmons 2003). Therefore, a bigger transfer price will be offered for a player with a higher marginal revenue product. The decision-making framework provided by Sierksma (2006) prioritizes talent discovery above existing options. Every team uses a

technique called scouting to look for new talent, and it may have a major influence on the players who are traded around (The Guardian 2017c).

Recent years have seen a meteoric surge in income for the football business. Large investments have been made in clubs and players despite increased earnings from TV rights (P. J. Sloane, 2015). The persistence with which the sector works to preserve its financial advantages is reflected in the levels of transfer fees and salaries. According to FIFA TMS, there were 7,325 international deals worth USD 3.72 billion completed during the 2016 summer transfer window (Big 5 - Transfer Window Analysis Summer 2016, 2016). An indication of increased market activity is the recent spike in player pricing. According to FIFA's report on intermediaries in international transfers, agent fees in 2021 were \$500.8m, an increase over the previous year's figure of \$497.5m, with payments of \$1m or more accounting for 64.2% of that sum. The decline in total foreign transfer fees from \$5.18 billion in 2020 to \$4.31 billion this year explains the increase in expenditure. The Fifa report also provides fascinating snippets, such as the 48 agreements in which both the purchasing and selling teams and players paid a middleman for their services. It also shows that the proportion of the transfer charge going to the agent increases with the size of the sale, with the median fee in transactions worth less than \$500,000 equivalent to 18.8 percent of the total. There is a plethora of accurate player information, such as performance statistics, transfer fees, and compensation, which makes the football market an interesting place to examine various economic theories. (Frick, 2007)

Lukas Richau, Florian Follert, Monika Frenger, and Eike Emrich 2020 have shown that recent trends do not fit the classic bubble model. Although the present expenditure on transfer fees is in line with previous bubbles, football is more akin to atypical bubbles. The transfer fee elevator effect, which happens when a large proportion of clubs' increases in transfer fees are driven by monetary inflows, is to blame for this phenomenon. Alternatively, typical bubbles are characterized by high levels of debt financing in the absence of adequate and long-term cash inflows. Certain teams seem to "live in a bubble," even if there is no speculative bubble at the league level. They also advise leagues not to overinvest, especially the French and Italian ones. In addition, they discuss several other risk indicators that might herald a turning point in European football's continuous income development, such as the impact of a financial catastrophe.

The sport has grown more commercialized over time. If they want to be financially and athletically successful, teams will battle for outstanding players. The winners of national and European championships are awarded substantial prizes. In order to be successful on the field, a club must be financially secure. Broadcasting rights and advertising revenue are two of the most notable areas in which the Big Five compete with one another. What this says about the transfer market's financial health and capacity to spend is telling. According to a research conducted in the late 1990s, advanced player performance metrics may be used to better correctly determine transfer costs (P. J. Sloane, 2015, p. 5).

The method used to calculate the costs of acquiring players in the English Premier League was created by S. Dobson and Gerrard (1999). Sloane's assumption served as the basis for the creation of the TP-CP model. He used data on 1350 transfers from June 1990 to August 1996 to conclude that player attributes, club characteristics (both selling and purchasing), and time all have a role in determining transfer pricing. The data shows that these factors account for 79% of the total variance in effective transaction costs. By applying the same model to the market's inflation rate, he arrives at the conclusion that it is very rational.

Player attributes, in their terms, are the players' physical and ethnic characteristics. Players' worth often rises until their mid-20s, when it begins to decline (see, e.g., Carmichael &

Thomas, 1993), making age a major element in determining market value. Value and pay have been shown to fluctuate with age, both favorably and adversely (e.g., Lehmann & Schulze, 2008). It has also been shown that a player's height greatly enhances pay returns (Bryson et al., 2012) due to the fact that it communicates high heading skill, which may raise the odds of scoring or preventing a goal (Fry, Galanos, & Posso, 2014).

Footedness is another aspect of players that has been the subject of research into player assessment. Bryson et al. (2012) and Herm et al. (2014) both found that being able to play the game on both feet increased player pays. Being able to play well on both feet is an obvious benefit, but it also signals adaptability on the field (Bryson et al., 2012). Footedness, like the other player attributes, is a talent-related predictor of a player's market worth, and research has looked at whether a player's nation influences their value and income (Frick, 2007).

According to Garcia-del-Barrio and Pujol's (2007) research into the professional football league in Spain, non-European players are consistently overvalued and non-European players are consistently undervalued. The position a player plays (goalie, defender, midfielder, or striker) also has an impact on his market worth. Some academics argue that a player's position indicates their market value due to the fact that it showcases their skills and personality. Goalkeepers, for example, could be utilized less often than midfielders, hence goalkeepers might be paid much less than the latter. This is according to Frick (2007).

Because of their greater ability to attract fans, Garcia-del-Barrio and Pujol (2007) argue that teams should invest more on their attacking players rather than their goalkeepers (He et al., 2015). Many other market value indicators have been identified as a result of this line of inquiry, including player traits, performance, and popularity, with the majority of current studies focusing on these same factors.

ASL,2022 defines "panic purchase" as excessive expenditure on players before the football transfer window out of concern for losing them. Just as in every other sport, there is a phenomenon known as "panic buying" in the football world. A situation in which many clubs are competing to sign the same player, but only one club is willing to pay the asking price. An immediate buying frenzy ensued in both venues as a result of this. Both clubs would likely try to outbid one another, despite the potential negative effects on the soccer transfer market as a whole. Hung Xaun Do and colleagues examined the link between transfer by football clubs controlled by major parties in the oil industry and abnormal returns in oil futures. Most oil-rich football clubs lose money on player transfers because they spend more on players than they earn. The owners take advantage of the scenario by delaying oil delivery, which increases anomalous oil spot revenues, in order to fill the voids caused by the player-transfer market.

2.1. Oil Money

"Pep, a friend of mine, explained to me what occurs when he wants a player that costs more than €100 million. He puts together some footage and visits the Sheikh. He teaches him the video at an extravagant feast, during which the funds are transmitted. The Sheikh recovers the money the next day by slightly raising the price of oil." (Uli Hoeness, Bayern Munich's 2019 President (Fox Sports Australia, 2019).

Football has always been enticing to those with millions, billions, immensely rich businesses, and individual investors with millions. The sport, particularly for the most successful clubs, provides access to a unique global market and a measure of prestige. Many clubs throughout the globe have profited from the injection of "oil money" into the sport since the turn of the century. Oil money, as the term implies, is wealth earned from the oil and gas industry. For example, gasoline, fuel oil, and polymers all originate as crude oil, which is where this industry

usually focuses its attention. Even while oil may be found in many places, it is most often associated with the Middle East (which includes countries like Saudi Arabia and the United Arab Emirates), Russia, and North America.

Oil money football clubs are those that have either received investments from oil firms or, more often, those that have been acquired outright by groups or individuals whose financial clout originates from their dealings in oil. Many international squads benefit from oil revenue. One of the first and most prominent examples of a football team profiting from commerce is Chelsea, a Premier League club that Roman Abramovich purchased in 2003. The Russian tycoon gave money to the Blues via his investment business, Millhouse Capital, and therefore aided their rise to prominence in both the local and international soccer scenes. Schalke 04 and the Russian state oil company Gazprom have been partners for quite some time. Since the partnership's inception in 2007, Gazprom logos have been included on all official team gear. According to Bild, the sponsorship deal is worth €150 million (£130 million/\$170 million) to the Gelsenkirchen squad over the next six years (2016-2022). Gazprom has owned the Russian club Zenit since 2005 and has been a major sponsor of the Serbian team Red Star Belgrade since 2010. Not only does Gazprom own and fund teams, but the company also serves as a major sponsor of the Champions League. The partnership began in 2012, and in 2018 it was renewed by the European regulatory body until 2021. Guy-Laurent Epstein, spokesperson for UEFA, claims that Gazprom has a rich history in sport in addition to its groundbreaking work in the sector. Rich patrons with ties to the oil sector have helped make some of the world's most exclusive clubs what they are today. Company Emirates Group, headquartered in Dubai, is a major backer of many major league soccer clubs, including Real Madrid, Arsenal, AC Milan, and Benfica. The New York Cosmos, Olympiacos of Greece, and Hamburg of Germany's Bundesliga are all sponsored by the same company. Just like Gazprom, Emirates has increased its involvement in football by taking on the role of tournament sponsor. The airline is now the official name sponsor of the FA Cup and the Asian Football Confederation. Sheikh Mansour, who heads the City Football Group in Abu Dhabi, is not only responsible for the club's UAE finance, but he is also the club's owner. Barcelona formerly had a sponsorship deal with Qatar Airways before joining with Rakuten. France's top club, Paris Saint-Germain, has been owned by Qatar Sports Investment since 2011. The Dubai-based airline firm Fly Emirates is also a major supporter. Most recently, in 2020, the Saudi Arabian Public Investment Fund made a bid to acquire Newcastle United. Given that Qatar will be hosting the 2022 FIFA World Cup, the country's status as a World Cup partner may come as no surprise. The Public Investment Fund (PIF), a Saudi Arabian sovereign wealth fund directed by Crown Prince Mohammad bin Salman Al-Saud, has stepped up its pursuit of the team. With the acquisition in place, Newcastle would overtake PSG as the second-richest club in the world by about 100 billion pounds and Manchester City as the third-richest by nearly 300 billion pounds. Total assets of 320 billion pounds (423 billion dollars), which is greater than the whole GDP of Finland. Finally closing in October 2021 after months of arbitration and protests to the PIF's links to the Saudi government, the deal transformed Newcastle United from a regular English club into one of the wealthiest sports franchises in the world. However, Newcastle is hardly exceptional. Oilrich nations are flooding the global economy with cash, altering the economic and political status quo. The influx of "oil money" into football has undoubtedly skewed the balance in favor of certain clubs, enabling them to dominate their leagues by acquiring the best players in the world. Financial Fair Play was implemented by UEFA to level the playing field, although doing so has been challenging. When historically significant groups like football clubs become the playthings of multimillionaires, it risks alienating their fan bases. Until the oil business is completely divorced from the socioeconomic and political web it has woven, clubs that rely on its money will likely continue to be at the center of debate.

Many of the highest transfer fees in recent years have been paid by football teams that get funding from oil firms or that have been acquired outright by groups or individuals whose financial clout originates from their operations in oil markets. Clearly, the owners of these clubs want to assemble championship-caliber squads with the best players in the world in order to compete for and win prestigious trophies as soon as possible. However, this strategy usually requires substantial financial resources that the clubs cannot give via player transfers alone. According to empirical data on player transfers, Hung Xuan Doa, Quan M.P. Nguyena, Rabindra Nepalc, and Russell Smyth find that oil-financed football clubs often have severe deficits in the player-transfer market. The player transfer market isn't enough to make up for these deficits. The oil market is one possible source of such money due to the fact that these clubs are owned or controlled by Russian oil interests or sheiks from the Middle East.

A positive and sizable impact is discovered between a deficit in the player transfer market and anomalous profits in the oil spot market for clubs funded by oil. Oil-funded clubs with a deficit in the player transfer market are shown to have a positive and significant effect on anomalous earnings in the oil spot market. They argue that the oil tycoons are responsible for the difference because they artificially increase oil prices on the spot market by cutting supply. The spot market is a physical commodities market with minimal liquidity. This effect is magnified when investors fret about diminishing oil supply in the days leading up to the shortage day.

2.2. Sports Washing

In today's society, businesses that use fossil fuels and produce carbon emissions have a bad name. Companies in the energy and mining industries, in particular, are finding it difficult to maintain public support as knowledge of their impact on the environment grows. Greenwashing is a practice often utilized by corporations to downplay their negative effects on the environment; governments throughout the globe have begun passing legislation to curb the practice. However, sportswashing remains a defter tool in the marketing toolbox. Sponsoring sports teams or tournaments is a great way for organizations to use sports for good while also distancing themselves from negative associations with things like environmental degradation and human rights abuses.

Events in the sports world have long served as a stage for "soft power" initiatives. Many argue that hosting major sporting events serves as a kind of soft power, drawing attention to the host nation throughout the globe. U.S. political scientist Joseph Nye coined the term "soft power," which refers to the use of influence and allure rather than coercion and force. Soft power may come from a variety of places, including popular culture, prestigious universities, and even sports.

The Olympic Games and the FIFA World Cup are two examples of how this concept has been used to major sporting events, with the idea that they provide excellent opportunities for host countries to try to attract international investment and enhance their tourist industries. As an alternative effect, such events might temporarily stifle critical views of a government. A country's reputation and international standing may be improved via hosting an athletic megaevent; to the point where even adversarial countries will work together with the host nation. Similar to the practice of "greenwashing," in which companies use public relations and advertising to boost their image by claiming to be environmentally conscious, this is an undesirable effect.

Nations that have hosted the Olympics or the FIFA World Cup, for instance, have had success in changing public opinion. Consider Qatar, which has taken advantage of chances to enhance its image on a number of fronts—including human rights—in the lead-up to this year's FIFA World Cup. Corporations may accomplish similar ends via sports sponsorship. The latest investments in football clubs by the gulf nations are motivated by an aspiration to parlay their huge wealth into global influence and divert adverse news. Authoritarian administrations have long used sporting events as a means of deflecting negative public opinion and attracting favorable international attention. Benito Mussolini used the 1934 World Cup as a platform to promote fascism. Similarly, the Nazis pushed the 1936 Olympics in Berlin for their own ends. Mobutu Sese Seko of Zaire sponsored the "Rumble in the Jungle," while the despotic Philippines staged the "Thrilla in Manila." Many people have criticized Saudi Arabia's purchase of Newcastle as an instance of "sports washing," the practice of using sporting events to divert attention away from bad global trends. Since the turn of the century, oil-rich countries have spent unprecedented amounts on club and international football in an effort to improve their position on the global stage. The same argument is often used to support spending money on the world's most popular sport: that oil-rich regimes can buy their way to political maturity and prominence in the international community by hosting contests and owning clubs.

Now that France has been declared the victor of the 2018 World Cup and the tournament has concluded in Russia, the topic of the tournament and Russia as the host nation has disappear from the public consciousness.

The media's coverage of Russia 2018 followed a pattern seen at previous sports events: controversy and unreadiness dominate the headlines before to the competition, but once it begins, a "sphere of unanimity" emerges.

Oil-rich countries Qatar, Saudi Arabia, and the United Arab Emirates (UAE) are three of the greatest financiers in international football, although they all suffer from a negative reputation. Their rapid economic development and the shift in international attention to the Middle East have catapulted them into the spotlight, although not always in a positive manner. All three have developed economies, but their continued monarchy and well-known human rights crimes

have damaged their international standing, according to the World Bank. Qatar has a history of repeatedly mistreating its large population of foreign laborers. Saudi Arabia's worldwide credibility has been harmed by the brutal extrajudicial murder of Jamal Khashoggi and the kingdom's prolonged involvement in the Civil War in Yemen. People's negative opinions of Saudi Arabia are reflected in the fact that opposition fans at a Newcastle game soon after the takeover unfurled a banner condemning Saudi human rights breaches. While actively involved in the conflict in Yemen, the UAE has been accused of torturing foreign people. However, international football offers a chance to change the story, gives a road to permanent significance outside of the oil sector, and can be had for a reasonable price.

The 2022 FIFA World Cup, which will be held in Qatar, is a wonderful example. Because of the tournament, the small, oil-rich country of Qatar has under even more scrutiny for allegations that its officials accepted bribes to host the event. The winning idea was the most recent effort to boost Qatar's potential for soft power. Qatar has committed US\$200 billion in World Cup preparations for 2022, turning it from a nation unqualified to host a championship when it won the bid in 2010 into one that is primed to defy expectations and negative publicity with a world-class show. If a country wants to make its mark on the international scene, it needs the opportunity to host an event that will be witnessed by more than 3.5 billion people. It defeated the United States in a runoff election to host the World Cup, and its organizers are committed to putting on a tournament that not even the world's wealthiest nation could match. If the World Cup is a success for Qatar, it may signal that the country may take on a more prominent role abroad. Moreover, less people would consider Qatar's love of sports rather than its retrograde migrant labor policy.

Hosting, as Qatar has learned, has its ups and downs. The deaths of workers building new stadiums, human rights breaches, excessive heat, and a lack of an established football culture in the host country are just some of the growing fears about the first World Cup to be staged in

the Middle East. However, once the first game starts, nobody will remember such issues. More than 6,500 migrant laborers have perished as a direct consequence of the inhumane treatment they received while building massive stadiums and infrastructure projects in the blazing desert heat. Because of this, there is intense scrutiny being given to it on a global scale. It's possible, however, that the millions of visitors who are expected to flock to the host country if the World Cup is a smashing success would see things differently. The government of Qatar is gambling that tourists and spectators will be impressed by the modernity of the country, which they say is free of the problems associated with other Gulf monarchies and dictatorships. Qatar hopes that by appealing to its expat community, other countries would see the Gulf state more favorably and be less critical of its mistakes.

Sometimes a sponsor's presence is more obvious than a complete owner's. Kit sponsors, whose brands are prominently visible on players' chests, and outdoor billboards surrounding football fields provide several public-facing opportunities for enterprising oil tyrants throughout the tournaments. Each fan who shows their allegiance by donning a team jersey or buying tickets to a home game is a potential voter who might influence federal policy toward an oil-rich state. Those in Manchester, for instance, would be more receptive to British-UAE ties if they feel the Emirati government had a substantial part in the success of Manchester City. Many of these teams already had tens of millions of fans, and the money from sponsorships and rich owners catapulted them to the front of competitions, increasing their already substantial fan base.

Research by Tim Hill, Robin Canniford, and Giana M. Eckhardt found that when corporations sponsor athletic events, consumers associate such corporations with "atmospheres," or intense, communal feelings. As a consequence, sports fans come to rely on the sponsors' brands for emotional energy, much like batteries, since they have come to associate those companies with the experiences, they have had watching their favorite teams play. For brands, this is a boon since customers are more likely to remember and continue using a product or service if they

have an emotional connection to it. Meanwhile, these positive associations may hide the fact that corporations contribute to a variety of issues, such as pollution and climate change.

When Kylian Mbappe and the rest of the French national team go to Qatar in the winter of 2022 to defend their World Cup triumph from four years earlier, all eyes will be on the pitch. However, the positive press and attention the tournament brings to Middle Eastern nations will be considerably more valuable to Qatar and other Gulf rulers than the actual winner of the competition.

(d) CHAPTER 3: HYPOTHESIS DEVELOPMENT AND THESIS STATEMENT

In this analysis, the dependent variable is market value of the players or transfer fees and independent variables are age, nationality, player position, brent oil prices and volume, panic buys, agent fees, and TV broadcasting rights.

3.1. Age

The transfer fees of a player are positively correlated with age but after a certain age they become negatively correlated with increasing age.

The idea behind this alternative hypothesis is that when a player is young, they have a lot of potential and as they keep performing their market value increases hence transfer fees also increases as clubs are ready to pay for such a talented and young prospect that they can coach according to the club's playstyle. As the players grow older, he faces injuries and sometimes become adapted to a particular playstyle, recently Dani Alves, one of the best right backs acknowledged that Juventus should have never bought him because all his life in Barcelona he played the possession-based game so he couldn't get adapted to the Juventus long ball game style (Reddit: r/soccer). So, it is difficult for them to get adapted to a new club that has a

different playstyle. Due to these reasons, clubs do not want to spend so much on older players as they are past their "prime".

3.2. Oil Market

When oil-financed football clubs acquire players in the transfer market, this should result in an abnormal increase in oil returns.

The idea behind this, as mentioned before is while speaking about Manchester City's manager, Pep Guardiola, Bayern Munich president Uli Hoeness claimed, "my friend Pep told me what happens when he signs a player costing €100million. He puts some videos together and goes to see the sheik [Mansour]. There is an opulent feast put on, during which he teaches the video to him and the money is transferred. The next day, the sheik raises the price of oil to recoup the money."

3.3. Player Position

Based on the literature Garcia-del-Barrio and Pujol (2007) and Frick (2007), player position was also explored previously which might be affecting the market value of a player. Using descriptive statistics, I will analyse if player position affects the transfer fees or market value of a player. Playing positions can be mainly seen as three types, defense, midfield, and attack. In a game of football who scores more goals; wins, that is the basic idea. Players in the attacking position are the ones who tend to score more goals as compared to other positions and as a result, they should have higher market value.

3.4. Agent Fees

Based on the report of Intermediaries in International Transfer by FIFA, agent fees are a part of the transfer fees of the player. Using descriptive statistics, I will analyse if agent fees affect the transfer fees or market value of a player. Transfer fees of a player also include agent fees. Since transfer fees of players have been rising in the past year, agent fees being a part of the overall transfer fees should increase as well.

3.5. Panic Buy

The closure of the football transfer window may sometimes induce frantic purchasing of players. Tough negotiations between the two teams led to prolonged haggling until the transfer window closed, and sometimes interested clubs would move the player at a price determined by the player's club. Using descriptive statistics, I will analyse if panic buys by any club affect the transfer fees or market value of players. At the end of a transfer window clubs could spend more money on a player than what he is worth. This is termed as Panic buy. After months of negotiations and trying to get players, a club could panic that they don't have enough depth in their squad and they need more players. The easiest way to get players is by buying them in a transfer window. As the deadline day arrives, some clubs could splurge money to get their required player even for more money than he is worth because they don't want to lose him to another club or they need him as a priority.

CEU eTD Collection

3.6. Nationality

Although studies have examined whether a player's country affects their value and income owing to prejudice, footedness, like the other player qualities, is a talent-related predictor of the market worth of a player (Frick, 2007). In their investigation of the Spanish professional football league, Garcia-del-Barrio and Pujol (2007) found that non-European players were routinely overrated while non-European players were routinely discounted. From the mentioned literature I also wanted to see how nationality affects the transfer fees or market value of a player, which will be done using descriptive statistics.

(e) CHAPTER 4: DATASET DESCRIPTION

This paper focuses on the top 6 major leagues in football, i.e, English Premier League (English League), La Liga (Spanish League), League 1(French League), Serie A (Italian League), Bundesliga (German League), and Eredivisie (Dutch League). The player-transfer data is collected from transfermarkt.com, a publicly available website that provides historical data related to the European football transfer market. The website records player transfers, consisting of purchase (sell) transactions and loan-in (loan-out) contracts. Purchase (sell) transactions entail buying (selling) players to other clubs. Loan-in (out) contracts allow the club to borrow (lend) players from (to) other clubs for a specific period. Each transaction (or contract) includes the player's name, player's nationality, player's age, player position, current football club, the football club to which the player is being transferred, the date of the transaction (or contract), and the value of the transaction (or contract) in £ million. The collected data is from 2020. The transfer window data used for analyzing panic buying is also collected from transfermarkt.com, The website records the number of transfers and the total transactions that occur in a day from the respective transfers. The collected data is from 2022, as the website doesn't show historical data.

The agent fees data is collected from two sources. The agent fees of the Premier League are collected from transferleague.co.uk, a publicly available website that provides historical data related to fees paid to agents for football transfers in the English Premier League. The collected data is from 2010 to 2022. The agent fees of Serie A are collected from the annual reports of the Italian football federation. The collected data is from 2016 to 2022.

For the oil futures market data, the data is collected from Investing.com, a publicly available website that provides historical data related to Brent Oil Future prices. The website records daily Brent oil futures prices (\$US) and total global oil volume (number of contracts) at a given date. A database of 43 players was created that was transferred by clubs who had oil money or were owned by oil sheiks. Data of oil price before the transfer date, oil price on the day of transfer, oil price after the transfer date, oil volume day before the transfer, oil volume on the day of transfer, and oil volume after the day of transfer were collected for the transfer of each one of the 43 players. The idea is to check if the sheiks used the oil market to manipulate the football transfer market.

The transfer window data was collected in excel of 6 Big leagues, English league, Spanish League, Italian League, German League, Dutch League and French League. The data consisted of the number of transfers including free and loan transfers and the total transaction of those transfers on a given date in 2022, the data was collected for 4 dates, 1st Jan starting of the winter transfer window, 31st Jan closing of the winter transfer window, 1st July starting of the summer transfer window, 1st September closing of the summer transfer window. The agent fees data was collected in excel. The data from the source was given per club so it had to be aggregated to measure the change over the years.

(f) CHAPTER 5: QUANTITATIVE ANALYSIS

The player transfer data collected from transfermrkt was raw. Data cleaning was done in python using various libraries like NumPy, pandas, etc. The total data collected was 3644 players. For a better analysis, countries with less than 30 national players, players who were less than 18 and more than 36 age, were removed from the database. After cleaning the data, the total number of nationalities was 8, players in the database had an age between 18 to 36 and the total

number of player positions was 10. Using descriptive statistics, graphs were made in python for age, nationality, and player position which will be discussed further in the results section.

The transfer window data was collected in an excel sheet. Graphs for the 2022 winter and summer transfer window were made using excel which will be used in the results section. For the agent fees, the author had to aggregate the agent fees per club for each year as data was not available. After aggregating the agent fees for each year, graphs were made using excel which will be discussed in the results section. This was done for both Premier League and Serie A. Since data for the Serie A league was not as old as Premier League, the comparison was not possible, so another graph was made comparing the agent fees in both leagues from 2016-2022.

The oil price data was collected in excel and regression and correlation for the data were carried out using python. The linear regression graph and correlation will be discussed further in the results section.

(g) CHAPTER 6: RESULTS AND DISCUSSION

6.1. Significance of Agent Fees

Using descriptive statistics, in Figure 3 we see that the agent fees in the premier league have an upward trend (Figure 3) similar to the TV broadcasting rights (Figure 2) and football transfer fees over time (Figure 1). To further strengthen this argument that agent fees are directly related to transfer fees, we see the agent fees in the Italian League, here we see a similar trend of increasing agent fees, although it is not as strong as the premier league due to lack of data (Figure4). From these results agent fees should be directly related to transfer fees.

Figure 3: Premier League Agent Fees



Source: Created by author in excel. Data collected from transferleague.co.uk





Source: Created by author in excel. Data collected from transferleague.co.uk and Italian Football Federation reports

6.2. Significance of Oil Market

To check against the hypothesis from the quote of Pep Guardiola, use of linear regression is suitable. Using python linear regression was done between Oil volume & Market Value, Oil price & Market Value, Oil price the day before transfer & Market Value, Oil price the day after transfer & Market Value, Oil volume the day before transfer & Market Value, and Oil volume day after transfer & Market Value.





Source: Created by author in Python. Data collected from Investment.com and transfermarkt.com



Figure 6: Linear Regression between Oil Price on day of transfer and Market Value

Source: Created by author in Python. Data collected from Investment.com and transfermarkt.com

Figure 7: Linear Regression between Oil Price on the day before transfer & Market Value



Oil Price day before transfer vs Market Value

Source: Created by author in Python. Data collected from Investment.com and transfermarkt.com





Source: Created by Author in Python. Data collected from Investment.com and transfermarkt.com





Source: Created by Author in Python. Data collected from Investment.com and transfermarkt.com





Source: Created by Author in Python. Data collected from Investment.com and transfermarkt.com

The linear regression graph between all the above shows a positive relationship but it is not strong enough to make any claims. To check further relation correlation was carried out between the above-mentioned variables, most of them had a value of around .5 (Table 1), suggesting a positive correlation but not a strong one. Since the oil market is very complex, a strong claim cannot be made at this point, but for sure based on the regression and correlation oil market and the football market are somewhat related. We didn't find strong evidence to confidently support our hypothesis, but still we found some interesting results which suggest

that there's correlation between these two variables and we may rule out of the probability of no significant correlation, based on the findings.

Table 1: Correlation of Transfer fees with other Variables			
Variables	Correlation Value		
Oil Price day before transfer	0.4315		
Oil price on day of transfer	0.4326		
Oil price day after transfer	0.5891		
Oil volume day before transfer	0.6132		
Oil volume on day of transfer	0.5252		
Oil volume day after transfer	0.4498		

 Table 1: Correlation of Transfer fees with other Variables

Source: Created by Author in excel. Data collected from investing.com and transfermarkt.com

6.3. Significance of Age

Using descriptive statistics (Figure 12) and linear regression (Figure 11) we conclude that players' market value is directly correlated with age, and after they reach the peak of their football careers which is around the age of 26 to 29, market value has a negative correlation with age. The results support our hypothesis. The transfer fees of a player are positively correlated with age but after a certain age, they become negatively correlated with increasing age.





Source: Created by Author in Python. Data collected from and transfermarkt.com



Figure 12: Descriptive Analysis between Age & Market Value

Source: Created by Author in Python. Data collected from and transfermarkt.com

From the descriptive statistics (Table 2 in Appendix), we observe that on average the player's age is 25.8 and the average market value is 749514.1. Comparatively higher standard value demonstrates that there can be variability in the dataset. To analyze the correlation, I also conducted a a simple linear regression in Stata analysis. First, I dropped the outliers, such as, players with age over 36 and less than 18. Next, I checked if there's Heteroskedascity in my

sample dataset for necessary adjustments. To check Heteroskedascity in the simple linear regression mode, I used the White Test (White, 1980). The null hypothesis for this test is homoskedasticity or in other words, constant variance. The test result suggests that (Table), Prob > chi2 = 0.001, which means we reject the null hypothesis and conclude Heteroskedascity (Table 3). Therefore, we use robust standard errors for our analysis. A parametric regression analysis has been conducted to observe the pattern of association between age and market value. Following is a simple linear regression analysis:

Market Value	Coef.	St.Err.	t-	р-	[95%	Interval]	Sig
			value	value	Conf		
Age	-	41322.55	-4.29	0	-	-	***
	177279.5	7			258298.5	96260.49	
	2				3	9	
Constant	12037548	1130474.	10.65	0	9821084.	14254011	***
		5			7		
Mean dependent	t var 7	459514.129	SD depe	endent va	r 124	81660.511	
R-squared		0.004	Number	of obs		3468	
F-test		18.405	Prob > F			0.000	
Akaike crit. (Al	crit. (AIC) 123164.521		Bayesian crit. (BIC)		IC) 1	23176.823	
***n < 01 **n < 05 *n < 1							

Tabla 4.	I incor	Dograssion
Table 4:	Linear	Regression

*** *p*<.01, ** *p*<.05, **p*<.1

The linear regression result suggests that the estimated coefficient for age is -177279.52, with a p-value of 0.000, which means that result is significant at 1%, 5% and 10% significance level. Therefore, there is a statistically significant negative correlation between market value and age, which supports the hypothesis as we observe that approximately after the age of 29, the market value of the players decreases, indicated by the downward slope in the graph. However, the R-squared value of this analysis is only, 0.004, which means that the model explains only 0.4% of the variability observed in the dependent variable, the rest remain unexplained. But the aim of this analysis was to observe the pattern of association between age and market value, if there's any significant correlation or not, and to which direction. Here, it's negative.

6.4. Significance of Player Position

Similar to what was mentioned in our hypothesis, Figure 13 shows attacking players have the highest market value as compared to other positions. Left-wingers have the highest market value among the attacking players. The results support our hypothesis that attacking players should have higher transfer value as compared to other player positions.



Figure 13: Descriptive Analysis between Player Position & Market Value

Source: Created by Author in Python. Data collected from and transfermarkt.com

6.5. Significance of Nationality

When we look at the next dependent variable, that is nationality we find that English players have the highest market value, with French and Brazilian players having almost the same market value (Figure 14). One primary explanation for this is the influence of the media. There are a number of possible explanations behind the high cost of English players. Repeatedly, the media had elevated a young player with just a few games under his belt, proclaiming him to be the next great thing in English football and placing a hefty price tag on him whenever any team is believed to be interested. The majority of the English national team has consisted of Premier League players over the last decade. When compared to other countries' clubs, England's are far wealthier. As a result of their league's greater popularity, higher television ratings, and higher gate receipts, English teams on average have better financial footing than their counterparts in other leagues. As a result, transfer costs have skyrocketed as clubs have become financially stable enough to pay more for players.



Figure 14: Descriptive Analysis between Nationality & Market Value

Source: Created by Author in Python. Data collected from and transfermarkt.com

6.6. Significance of Panic Buy

The end of the transfer window is also called the deadline day and over the years there have been some unexpected and crazy deals. So, to identify if there are panic buys happening in football, we use descriptive analysis for both the winter and summer transfer windows. The transfer window is the busiest during the summer window, English and the Italian League had the most transactions in 2022, while the German league had the largest number of transfers - 1516. This number also includes free transfers and loan transfers.

Figure 15: Column Graph showing Number of Transfer and Total Fees at the start of the summer transfer window in different leagues



Source: Created by Author in Excel. Data collected from and transfermarkt.com

The end of the transfer window would tell us whether panic buys are going on in the market. English League and the French League had more transactions than the number of players sold on the deadline day (Figure 16). So, we can say that yes, there is panic buying going on in the transfer market which further inflates the transfer market by overvaluing players just because clubs think this is the last time to get a specific player.



Figure 16: Column Graph showing Number of Transfer and Total Fees at the end of the summer transfer window in different leagues

Source: Created by Author in Excel. Data collected from and transfermarkt.com

The winter transfer window is not as busy as the summer window because the winter window opens just for 1 month (Figure 17). The start of the winter window is mostly free transfers and loans in most of the leagues, but in the English league, the total transaction fee is more than the number of players sold.





Source: Created by Author in Python. Data collected from and transfermarkt.com

If we compare this with the end of the winter transfer window (Figure 18), all the leagues have spent more than what they did at the beginning of the winter window except the English league. From these results, it can be argued that the findings support our hypothesis that panic buy exists.



Figure 18: Column Graph showing Number of Transfer and Total Fees at the end of the window transfer window in different leagues

Source: Created by Author in Python. Data collected from and transfermarkt.com

(h) CHAPTER 7: IMPLICATIONS FOR POLICY

The football market is enormous. At the highest levels of the game, staggering sums of money are at risk. It is not always the case that the most successful teams are also the most profitable. Barcelona disclosed this summer that, as of 30 June 2022, they owed a total of 608 million euros. Currently, Manchester United owes a staggering £514 million. Why can football be exempt from the impact of the global economic crises, in which companies and governments are falling under the weight of their debt? Regardless, the fallacy of the phrase "too big to fail" has already been shown. It will be a very long time until teams like Barcelona and Manchester United run out of accessible loans, giving them enough time to organize their finances. Time is of the importance for clubs with less resources. Less bank managers are willing to lend money, there are fewer possibilities to win enormous rewards, and there are fewer expensive athletes available for sale.

Putting restrictions on money transfers and wages are great suggestions. In addition to decreasing costs, they also imposed tighter spending restrictions on clubs. Such rules should be implemented by FIFA or, at the very least, UEFA. If the league enforced a weekly pay ceiling of \in 30,000, the majority of Serie A's best players would immediately quit. If a global restriction were imposed, the effects may be astounding. The maximum weekly pay and contract value could be £50,000 and £20 million, respectively. Due to the prestige associated with playing for teams like Chelsea and Inter Milan, the greatest clubs could still afford to attract the best players for £2.6 million per year (before sponsorships). The reduced financial incentive would certainly be advantageous for both the club and the player, and a club like as Ajax that routinely produces high-caliber players might still be acknowledged for its efforts. The decrease in transfer expenses might be the greatest benefit.

Certainly, there are issues with this system. Under this approach, Lionel Messi's earnings and worth would be similar to those of a big group of other players. Messi would still earn more. He has a far greater possibility of collecting sponsorships, royalties, and the like than, say, Glen Johnson, who may also be earning £50,000 per week. If transfers were restricted, Cesc Fabregas and others would have been stranded at Arsenal, right? To be fair, it's plausible. Even when they promised him the world, he was impossible to separate from. The issue is whether players would sign long-term contracts if the lack of financial incentives for the club decreased the likelihood that they would depart. Even if a player is as skilled as Cesc Fabregas, he is not very helpful if he does not desire to play for a certain team.

Unsurprisingly, this would not sit well with the top players in the game (or coaches, if the limits were applied to them as well). Some individuals may be required to accept a weekly wage cut of £200,000. It would need to develop gradually. Stopping the granting of contracts for above

£50,000 is one way to ease into this transition. One advantage is that it protects a small-income team from incurring unmanageable compensation commitments. Clubs relegated to a lower league often have a greater fan base and, in certain cases, parachute payments and other sources of revenue that increase the likelihood of a rapid return to the top division.

The two strategies may be combined: expenditure is limited to X percent of income or £X, whichever is less. This would reduce the financial burden on teams such as Portsmouth FC and Port Vale while keeping the spirit of competition that makes leagues like as the Championship so compelling. Consequently, it appears logical to place restrictions on the amount of money that may be moved between occupations and the amount of money that can be made. Given the status of the economy, it seems prudent to reduce expenses. This is not expected to occur in the near future. It would be difficult to remedy such loopholes if large clubs felt threatened by new competitors.

One of the reasons why the transfer market has gotten more costly over time is the increased expense of hiring an agency. There are two potential options available to governments seeking to reduce transfer costs. The first proposal is to "pay payments in installments during the duration of the contract to incentivise contractual stability among participants." If an intermediary is acting on the player's behalf, he or she must place the player's interests above everything else, including financial gain. In order to maximize his pay, length of contract, or chance to play at a better level, a player's best interests may entail negotiating an early transfer to another club. By offering payment to the intermediary only if the player remains with the original club, we are basically pushing the intermediary to act against the best interests of the player, in violation of the intermediary's legal duty to the player.

Second, a unified and uniform licensing system, with consistent procedures for legal proceedings and sanctions, is comparable to the National Basketball Players Association's

(NBPA) system for basketball agents in the United States. During the formulation of new policies, a number of further creative suggestions, such as a "luxury tax" on exorbitant transfer fees, may be explored. A well-considered tax of this kind may be advantageous, especially if it is utilized to support lower-profile clubs.

Additional policy adjustments might be proposed, including:

7.1. A Transfer System Based on the NBA's

Fabio Paratici, the sports director of Juventus, believes the present transfer market system will soon be replaced by one similar to the NBA's. He predicted that there would be several deals between teams, likening the NFL to the National Basketball Association. True, a change in the marketplace may be the outcome of a financial strain on Europe's largest teams. Teams and managers will still want the freedom to bring in new players and cut underperforming ones, thus a new system will be introduced if financial resources no longer permit the current one to function. The free-market nature of European soccer will guarantee it. Everything that's happening right now in the globe is destined to affect football in some manner. If teams were to spend months without any money, that could have been enough to force a change in the game. Mega transfers might be canceled as a result of budget constraints.

7.2. Limits on the Number of International Players and Quotas for Academy Players

There is currently no mandated minimum number of players from a club's youth system who must be drafted into the professional team. Therefore, if there is a law requiring all clubs to recruit a certain proportion of their first team from their academy, this will assist to limit the number of transfers and, by extension, the amount of money spent on transfer fees. In addition, this will set off a chain reaction for younger clubs, giving them a better chance of breaking into the professional ranks. Limiting the number of foreign players any club may acquire will also decrease the number of transactions, and hence the amount of money spent on transfers. To that end, teams are increasingly emphasizing home-grown talent rather than pursuing contracts with international stars.

7.3. Pre-bidding Discussions and Bargaining

If a club wishes to sell a player, we may provide a platform where the parties (including players and their representatives) can negotiate before the transfer happens, speeding up the process and preventing any type of fake bidding. This central hub is available to all the teams, players, and representatives. When a player is ready to go, he may input his preferences and wage requirements into the system, giving teams advanced notice of any potential transfer fees and salary talks. By doing so, you may cut down on wasted time and the possibility of a fake offer.

(h) CHAPTER 8: IMPLICATIONS FOR FURTHER RESEARCH, LIMITATIONS OF THE PAPER AND CONCLUSION

This paper uses descriptive analysis much more than quantitative analysis to get the results. The relationship between agent fees and transfer fees was discussed in this paper, but for only two of the big 5 leagues, i.e, Premier League and Serie A due to data limitation. Future studies could further explore this relationship in other leagues like League 1, Bundesliga, and the Dutch League. Linear Regression could be done between Market Value and Nationality, Market Value and Player Position by giving nationality and player position binary values. This give a further insight how these variables are related.

This paper introduced oil prices and sport washing, which have not been discussed a lot before in terms of football. The oil market is very complicated and there could be a lot more factors affecting it which the author didn't take into account due to the level of complexity. Future studies could work to find out the exact relationship between the oil market and the football transfer market. Sportswashing, in theory, makes a lot of sense and there are a lot of events in the past that show that it is a phenomenon that is widely practiced and now it has paved its way in football as well. Future studies could take a look at the numerical side of this, such as looking at the amount of money spent on such huge worldwide events and how the popularity of the nations or parties involved in organizing such events have changed, before and after the respective event.

For the panic buy analysis, data could only be found for the year 2022. Future studies could further study this phenomenon for the previous year, this would make it clearer that panic buy does exist in such a market. Future studies could explore these areas more to provide more evidence either rejecting or not rejecting the null hypothesis of each case mentioned.

To conclude, the main of this paper was to find and analyse how and why the transfer fees of a player has been increasing over the past years. A lot of factors were considered while looking for such factors. Common factors like age and player position as well as interesting factors like agent fees, nationality, oil market and panic buying. We saw that a player has highest market value when he turns 26 to 29 years old. An attacking player has higher transfer fees as compared to other playing positions. English players have the highest market value when compared to players of other nationalities. The transfer fees of a player also comprise of his agent fees and over the years agent fees has increased due to increasing in broadcasting rights, stadium ticket fees, sponsorships. Clubs tend to do panic buying in the end of a transfer window because they don't want to lose a player that they have been negotiating with for a while and hence they overestimate his value and pay his transfer fee to sign him to their club. The oil market and football transfer market are somewhat related but this paper couldn't find significant proof or results to make such claim as the oil market is very complex and there might be factors that this paper couldn't consider.

This paper uses descriptive analysis much more than quantitative analysis to get the results. The relationship between agent fees and transfer fees was discussed in this paper, but for only two of the big 5 leagues, i.e, Premier League and Serie A due to data limitation. Future studies could further explore this relationship in other leagues like League 1, Bundesliga, and the Dutch League. Linear Regression could be done between Market Value and Nationality, Market Value and Player Position by giving nationality and player position binary values. This give a further insight how these variables are related.

This paper introduced oil prices and sport washing, which have not been discussed a lot before in terms of football. The oil market is very complicated and there could be a lot more factors affecting it which the author didn't take into account due to the level of complexity. Future studies could work to find out the exact relationship between the oil market and the football transfer market. Sportswashing, in theory, makes a lot of sense and there are a lot of events in the past that show that it is a phenomenon that is widely practiced and now it has paved its way in football as well. Future studies could take a look at the numerical side of this, such as looking at the amount of money spent on such huge worldwide events and how the popularity of the nations or parties involved in organizing such events have changed, before and after the respective event.

For the panic buy analysis, data could only be found for the year 2022. Future studies could further study this phenomenon for the previous year, this would make it clearer that panic buy does exist in such a market. Future studies could explore these areas more to provide more evidence either rejecting or not rejecting the null hypothesis of each case mentioned.

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(j) CHAPTER 10: APPENDIX

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Market Value	3468	7459514.1	12481661	135000	1.620e+08
Age	3468	25.824	4.288	18	36

White's test H0: Homoskedasticity Ha: Unrestricted heteroskedasticity chi2(2) = 13.46 Prob > chi2 = 0.0012 Cameron & Trivedi's decomposition of IM-test

Table 3: White Test

Source	chi2	df	р
Heteroskedasticity	13.460	2	0.001
Skewness		1	
Kurtosis		1	
Total		4	