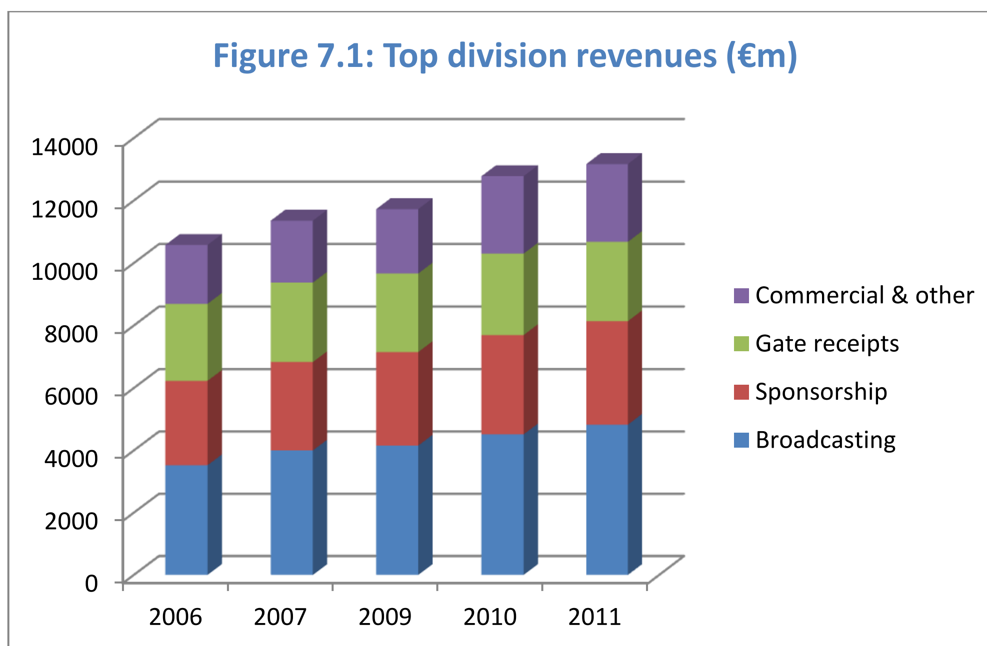
In Hughson J, Moore K, Spaaij R & Maguire J (eds.) *Routledge Handbook of Football Studies*. Routledge International Handbooks. Abingdon: Routledge, pp. 163-176. https://www.routledge.com/Routledge-Handbook-of-Football-Studies/Hughson-Moore-Spaaij-Maguire/p/book/9781138353602

Chapter 7 Football, Economics and Finance

Key words: financial crisis; FFP; ownership; governance

INTRODUCTION

The last twenty five years or so have seen an extraordinary transformation in the business and revenues of elite professional football throughout Europe. By 2011 club income had reached a record aggregate level of €13.2bn, while over the five year period from 2007, club revenue grew at an aggregate rate of 5.6%pa; this at a time when the average growth rate in Europe's economies was 0.5% (UEFA, 2013) (see Figure 7.1).



Source: UEFA (2013)

As has been well documented media companies have acted as a catalyst in this transformation. The English Premier League (EPL) has led the way: its three-year domestic rights deal with BSkyB and BT which began in season 2013/14 is worth £3.2bn pa - a 71% increase on the previous deal - with a further £2m approximately from overseas rights. By way of contrast the annual rights fee in 1992/93, the first season of the EPL, was £42.8m[1]. Continued growth in broadcasting income is apparent in other countries too, most notably Germany where its domestic rights deal, also effective from 2013/14, is worth €2.5bn over four seasons; the annual rights of €628m representing a 52% increase on the previous deal of €412m (EPFL, 2012). This rapid escalation of rights has had a transformative effect on the structure and organisation of domestic leagues like the EPL and transnational competitions like the UEFA Champions' League, as well as on the financial relationship between league and competition organisers and clubs.

Yet despite unparalleled growth in income, a much less palatable picture of the business of football can also be painted. Even among those elite leagues which have benefitted most from the structural and economic transformation of football, too often revenue growth has not led to profit for individual clubs, with many reporting substantial losses and accumulating high levels of debt. The financial performance and position in leagues and clubs in smaller countries is starker still.

The most recent UEFA Club Licensing Benchmark report provides insight into the position Europe-wide: 63% of Europe's top division clubs reported operating losses;

38% of its clubs were in negative equity positions, i.e. where their liabilities exceed their assets; while auditors expressed concern as to the validity of the going concern assumption at 1 in 7 clubs (UEFA, 2013). Unsurprisingly the explanation for such poor performance figures lies in the level of clubs' salaries and social charges. While the percentage of turnover expended on salaries had stabilised at 65% (of which 81% - €6.9bn in 2010/11 - was attributable to players), it was still the case that 88 clubs (out of a total of 679) had a ratio greater than 100% (UEFA, 2013). Perhaps most concerning of all, however, is the number of clubs throughout Europe which have suffered insolvency events.

At this juncture football finance appears to be something of a contradiction – unparalleled income leading to unparalleled financial difficulties. However, this may be less paradoxical than it first appears. Arguably it is the presence of such high levels of income at the elite level of European professional football, coupled with the sport's structure – open leagues, sporting merit-based promotion and relegation, transnational as well as national competitions – that encourage clubs to overinvest in playing talent in the first place (Dietl, Franck and Lang, 2008; Franck, 2010; Solberg and Haugen 2010).

The economic and financial transformation of professional football has been accompanied by a marked increase in the quantity of academic literature focusing on professional football. Previously the majority of papers, often influenced by literature on American professional sports, concentrated on particular aspects of the economics of professional football, including uncertainty of outcome, competitive balance, the

objectives of organisations and labour market issues. (For a detailed historical review of literature on the economics of football, see for example, Cairns, Jennet and Sloane, 1986; Dobson and Goddard, 2011; Gerrard, 2006a, 2006b). In recent years prominent areas of work include: attendance demand (see, for example, Buraimo, 2008; Forrest and Simmons, 2006); competitive balance and uncertainty of outcome (see, for example, Alavy *et al*., 2010; Groot, 2008; Pawloski, 2013; Pawloski and Anders, 2012); the relationship between broadcasting and match attendance (see, for example, Allan and Roy, 2008; Cox, 2012); labour market issues (see, for example, Goddard and Wilson, 2009; Kleven, Landais and Saez, 2013; Pedace, 2008); performance evaluation and technical efficiency studies (see, for example, Barros and Leach, 2007, 2006; Barros, Garcia-del-Bario and Leach, 2007); stock market and event studies (see, for example, Bell et al, 2012; Benkraiem, Le Roy and Louhichi, 2011; Scholtens and Peenstra, 2009; Zuber et al, 2005); and the implications of managerial turnover in football on such factors as performance (d'Addona and Kind, 2014; Audas, Dobson and Goddard, 2002; Bell, Brooks and Markham, 2013; Bruinshoofd and ter Weel, 2003; de Dios Tena and Forest, 2007; Hughes et al, 2010; Koning, 2003). Literature has also emerged in the related areas of finance and governance, as well as to a lesser extent accounting. Topics addressed here include the relationship between governance and financial performance (see, for example, Dimitropoulos, 2011; Dimitropoulos and Tsagkanos, 2012); narrative disclosure in financial statements (see, for example, Morrow, 2005; Slack and Shrives, 2008); accounting for transfer fees and player asset valuation and recognition (see, for example, Amir and Livne, 2005; Risaliti and Verona, 2013) and financial reporting implications arising from Financial Fair Play (Morrow, 2014).

Having provided some introductory context on the current financial position of professional football and a brief overview of academic literature on football economics and finance, the remainder of this chapter will focus on two key themes that have emerged in recent years and in which there is overlap between finance, economics and also governance: 1) financial crisis and failure; and 2) ownership, governance and accountability.

FINANCIAL CRISIS AND FAILURE

Given the financial context set out above, it is unsurprising that a great deal of attention has been paid lately to financial crisis and failure in professional football: its meaning; its causes; and its consequences. Indeed a number of prominent journals, notably the *Journal of Sports Economics* and the *International Journal of Sport Finance,* have devoted special issues to the topic. In the first of these the focus was on reviewing the financial crises in football in several European countries, searching for common explanations of these crises and identifying solutions (JSE, 2006), while the latter addressed reasons for the coexistence of rapidly escalating revenues and liabilities and strategies to ameliorate these developments (IJSF, 2010).

Faced with severe financial difficulties, in recent years an increasing number of football clubs have entered into corporate rescue processes. For example, in Spain, twenty two clubs have taken advantage of the Ley Concursal, a Bankruptcy Act introduced in 2004,

under which administrators appointed to a club devise a five year economic plan and arrange repayment of their debts, often only 50% of the sum originally owed (Barajas and Álvarez-Santullano, 2012; Barajas and Rodríguez, 2010). In the UK it has been common for British clubs to enter administration. While most commonly this has involved lower league clubs, top division clubs have also suffered. For example, when Portsmouth entered administration for the first time in 2010 it did so as an EPL club, while Scottish Premier League (SPL)[2] club Rangers is perhaps the highest profile European club yet to have ended up initially in administration, but ultimately liquidation (Morrow, forthcoming).

The process of administration as a rescue mechanism for insolvent companies in the UK was introduced in the 1986 Insolvency Act, amended in the 2002 Enterprise Act. Under administration a person is appointed by either the courts, creditors or directors to manage the insolvent company's affairs, business and property for the benefit of its creditors. Essentially the administration process seeks to provide a breathing space to allow the organisation to be rescued as a going concern, while negotiation takes place with creditors over the level of debt owed to them. Often administration results in a change of ownership of the organisation.

The evidence around administration in English football has been considered in detail by Beech, Horsman and Magraw (2008, 2010). Focusing on the period since 1962, the authors have created a database of 96 instances of insolvency events involving 79 separate clubs. Their work to date suggests that there are five different types of football

club insolvency events, these arising from: 1) failure to cope with relegation; 2) failure to pay taxation and National Insurance liabilities; 3) the conversion of soft debt, commonly from a benefactor, to hard debt; 4) loss of ownership of a stadium; and 5) repeat offenders. While noting that their work in this area is on-going, they offer two disquieting conclusions: first, that too few clubs have developed sustainable business models which would help them to avoid insolvency, and second, their impression that insolvency has become a legitimate tactic in some clubs' business strategy. In such cases often one of the main losers is the public purse, or more accurately the UK's tax authorities, Her Majesty's Revenue and Customs (Hamil and Walters, 2010).

Szymanski (2012) has also undertaken an extensive empirical study of insolvency in English football, drawing on information disclosed in clubs' financial statements over a 37 season period from 1973/74 to 2009/10. His conclusion is that the popular belief that administration is caused by clubs living beyond their means in order to achieve an improved league position is inaccurate. In contrast to Beech, Horsman and Magraw (2010) he concludes that administration is caused by external negative shocks, either to a club's productivity (e.g. bad luck on the field of play) or to demand (e.g. a substantial diminution in media rights). Szymanski (2012) further argues that the paucity of clubs in administration which then become insolvent is a consequence of three factors: 1) the enduring support of at least some of a club's supporters, this ensuring a club in administration continues to generate revenue; 2) that a club can always adjust its wage structure to match its current status; and 3) that because commonly community interest-type restrictions are placed upon the disposal of land on which a club's main asset, its

stadium, sits, the only viable use of an insolvent football company's assets is continuation as a football club[3].

The first and third of these factors highlight key questions about contemporary professional football club businesses, namely what is their nature and what are their objectives? These two factors identified by Szymanksi are consistent with the argument that professional football is not an activity guided only by financial logics, but rather one in which multiple stakeholders interact and are steered by broader social considerations and logics as well as financial ones (Gammelsæter, 2010; Gammelsæter and Senaux, 2011; Morrow, 2003). Even in those clubs which have been most spectacularly mismanaged, resulting in the greatest negative economic and social consequences, society in the shape of a football club's communities often deem the organisation (as distinct from its owners and managers) as worthy of support at all costs. The support offered to Rangers - the football club rather than any of its myriad of owners - by its supporters during its spectacular financial collapse and ongoing governance crisis is a case in point (Morrow, forthcoming). Storm (2012) and Storm and Nielsen (2012) argue that this type of support can be explained by the fact that professional football clubs operate within soft budget constraints, drawing parallels in their work with the way in which state enterprises in socialist economies are always able to renegotiate additional subsidies. It is also the case that public interest in the collapse of Rangers and similar clubs arises not out of the financial significance of those clubs, but rather their perceived social and community value (Morrow, 2012). These are organisations where non-financial issues are as, if not more, important than financial

ones – they are too big to fail not in financial terms, but in social terms (Storm and Nielsen, 2012).

One of the long-recognised peculiarities of the economics of professional sport is the dependence that inevitably exists between clubs within any particular league structure (Neale, 1964; Sloane, 1971). At its simplest this dependence arises from the fact that any game and hence any league is by definition a joint product. This can manifest itself financially, both at the level of a league (e.g. through policy decisions such as the model of redistribution adopted for a collective media rights deals), and the level of a club, where peculiarly a home club benefits financially from selling a product, a match, to customers of its rivals. Hence clubs have a vested interest in the economic health of their rivals. Should a club be unable to fulfil its fixtures and meet its obligations, this has consequences for other clubs and for the integrity and commercial value of a league itself (Lago, Simmons and Szymanski, 2006). The risk of inter-dependence was illustrated vividly during the administration and ultimately liquidation of The Rangers Football Club plc. Drawing on secondary source material, Morrow (forthcoming) argued that over-emphasis on commercial logic within the SPL led to power being concentrated in two clubs, Celtic and Rangers, and to other clubs and the SPL itself becoming financially dependent on those clubs. Hence, in addition to the consequences for its own employees, supporters, creditors and the tax authorities, the collapse of Rangers also threatened the stability of other clubs and the league itself.

RESPONDING TO CRISIS

The crisis in football finance and concerns over weaknesses in the governance of the game have resulted in a number of parliamentary inquiries and reviews at national and transnational level, these focusing in part at least on football (see, for example, Arnaut, 2006; Culture, Media and Sport Committee Inquiry, 2011; DCMS, 2012). Governing bodies and leagues have also sought to respond to financial challenges in football, albeit belatedly in some cases. The most high profile response is UEFA's Financial Fair Play (FFP) regulations, introduced as part of its Club Licensing scheme (UEFA, 2012), and drawing heavily on existing licensing and financial regulation schemes in Germany and the Netherlands (Olsson, 2011). (From a UK domestic perspective the leading role played by the Football League in England in matters of financial regulation, initially through its Salary Cost Management Protocol and more recently its own version of FFP, should also be noted (Football League, 2012)).

UEFA's FFP regulations are about encouraging clubs to improve the management of their cost base; achieving a sustainable balance between income, spending and investments. Effective from 2013/14 but based on clubs' financial results from season 2011/12 onwards, all clubs which meet a certain minimum threshold in terms of income and expenditure are required to meet various criteria set out in the FFP regulations in order to be licensed to participate in UEFA's Europe-wide club competitions (UEFA, 2012, Article 57, 2(b)). The key requirement is that clubs should report a break-even position, calculated by comparing relevant income and costs, over a rolling three year (initially two year) period (UEFA, 2012, Articles 59, 60). In determining break-even, clubs need only include what are defined as relevant income and relevant costs: at its

simplest, clubs must match football expenditure with football income (UEFA, 2012, Article 58). In FFP, break-even is not an absolute position, but rather one which is subject to 'an acceptable level of deviation' (UEFA, 2012, Article 61). FFP makes no judgement on the merits of particular ownership structures (see section 7.3). However, the central requirement of break-even based upon a comparison of relevant income and expenses does limit the opportunity for club owners to make *ex post* contributions to cover losses or *ex ante* contributions other than in respect of specified investment activities such as youth development or infrastructure (Article 58(2); Annex X), as well as limiting their capacity to take on debt (Annex X; Müller, Lammert and Hovemann, 2012). While the break-even requirement has dominated coverage of FFP, other requirements in Club Licensing have also now been reinforced, in particular those concerned with clubs which have overdue payables either to their employees, the taxation authorities or to other clubs (UEFA, 2012, Articles 62, 65, 66).

Unsurprisingly FFP has become an increasingly important research topic in football finance and economics. To date articles vary in their research emphasis. The desirability of regulatory intervention in European football and of FFP in particular, has been questioned by some sport economists (Peeters and Szymanski, 2013; Vöpel, 2011). They argue that FFP regulation may in fact be dynamically inefficient, stifling competition and inadvertently serving to protect well established clubs from being challenged by other clubs, as a consequence of imposing a ceiling on deficits and restricting equity contributions by owners and others. Similarly Geey (2011) suggests that FFP will act as an effective barrier for mid-level teams, reinforcing the competitive advantage enjoyed by those clubs that generate the highest levels of revenue. FFP's

fitness for purpose has also been questioned. For example, Szymanski (2012) suggests that intervention initiatives of this type are misguided as they do not address the actual cause of football club insolvencies, focusing instead on perceived management failures.

Others however take a different view. Drut and Rabaland (2012) argue that in theory FFP should improve financial equality and contribute to a rebalancing of European competitions, even if differences in revenue will remain. Lang (2013) suggests that one interpretation of UEFA's FFP rules is that they are an attempt to minimise what may be perceived as a source of non-virtuous competitive balance, i.e. where an owner can apparently invest large sums of money in a club and buy success, in turn reducing wider acceptance of the integrity of the game. It is also argued by a number of authors that regulatory intervention can be regarded as theoretically justifiable due to the risk of negative externalities that one club's behaviour may cause for other clubs (as well as other stakeholders like communities, businesses and supporters) and the implications for the integrity of the competition (see, for example, Müller, Lammert and Hovemann, 2012; Storm, 2012; Storm and Nielsen, 2012).

Notwithstanding the extensive consultation process and stakeholder engagement that has preceded the introduction of FFP, it seems certain that issues will arise in its implementation and in its enforcement. From an academic perspective, interest therein is likely to increase markedly as the break-even regulation begins to be implemented and as UEFA's FFP enforcement approach becomes apparent.

OWNERSHIP, GOVERNANCE AND ACCOUNTABILITY

Markedly different ownership models and governance structures continue to be found between football clubs in different countries and within countries (Frank, 2010; Gammelsæter and Senaux, 2011; Garcia and Rodriguez, 2002; Hamil et al, 2010; Hamil, Walters and Watson, 2010; Morrow, 2003; Senaux, 2008).

In the UK the limited liability corporate structure continues to be most prevalent. For a relatively brief period in the 1990s a number of clubs became Stock Exchange listed companies, but by 2013 the number retaining some form of public listing had dwindled to a handful. Presently many of the major English clubs have a concentrated ownership structure in which power rests with a dominant owner or family, with several clubs currently under foreign ownership (Bi, 2015; Christian Aid, 2010; Kelly, Lewis and Mortimer, 2012; Nauright and Ramfjord, 2010). According to Carlin and Mayer (2000), concentrated ownership is beneficial to activities that require long-term, committed investors as it can provide both stability and certainty of purpose Ostensibly, several of these clubs have what has commonly been referred to as a benefactor owner – e.g. Roman Abramovich at Chelsea; Sheikh Mansour bin Zayed Al Nahyan at Manchester City. Here the assumption is that the dominant owner will act as a utility maximiser, taking decisions which are consistent with their utility preferences (Demsetz and Lehn, 1985). The likelihood that the pursuit of footballing success will contribute to an owner's utility, means that *ceteris paribus*, in the short-term at least, it is assumed that there is a greater likelihood of goal congruence between supporters and the owner

(Morrow, 2003). (This, of course, assumes that supporters are close to a homogeneous group and that moreover, supporters' primary motivation is football success).

However, less benign interpretations of the benefactor owner model and of concentrated ownership are to be found, in practice and in theory. For example, the financial problems at Scottish clubs Rangers, whose parent company was liquidated in October 2012, and Heart of Midlothian, which went into administration in June 2013, were caused in part at least by the behaviour of so-called benefactor owners. Reflecting on the period of excessive spending by the former owners of these two clubs, Sir David Murray and Vladimir Romanov, one interpretation is that their position as majority owners enabled them to exploit the commitment and loyalty of supporters; the shared desire for success being asserted and used to justify irrational and unsustainable financial behaviour.

An obvious problem with the concentrated ownership model is that stability is entirely dependent on the current owner being able and willing to continue to fund the club (Cooper and Joyce, 2013; Morrow, forthcoming). Where that is not the case any club's stakeholders are exposed to, and at risk from, the behaviour of that dominant owner, including decisions taken by the owner as to who is an appropriate new owner. To many, putting at risk a social and cultural institution which had been an integral part of its communities for more than 100 years might be considered the ultimate expropriation of a football club's stakeholders. In a report in 2009 on Money Laundering in Football, the Financial Action Task Force expressed its concern about the effects of the inherent

financial fragility of football clubs being exaggerated by the financial crisis, thus making it harder to find sponsors, concluding that 'there is a risk that clubs that are in debt will not ask many questions when a new investor appears' (Financial Action Task Force, 2009). The decision by Rangers former owner, Sir David Murray, to sell that club to Craig Whyte is perhaps a good illustration of this risk (Morrow, forthcoming).

In other English clubs with dominant ownership, the rationale for involvement is quite different to that apparent in benefactor clubs; more evidently concerned with financial matters, though not necessarily profit maximisation. Developing the work of King (1997) on new directors, Millward (2013) set out a number of ways in which current directors of English clubs may seek to enhance club revenue with a view to extracting profit, specifically through: i) the proliferation of deregulated television revenues; ii) the use of a football club as a vehicle through which to promote other business; iii) overseas stock exchange flotation; and iv) taking a club into the EPL via promotion.

In some cases, football clubs have been acquired through the use of leveraged buy-outs (LBO); most prominently the acquisition of Manchester United in 2005 by the Glazer family (see www.andersred.blogspot.co.uk) and the acquisition in 2007 of Liverpool FC by two American venture capitalists, George Gillett and Tom Hicks (Williams, 2012; Williams and Hopkins, 2011). In the case of Manchester United, the Glazer family borrowed funds to acquire its majority stake in the club, securing part of the loan against the club's assets, with the club itself taking on the debt. The fact that not all of the debt was secured, inevitably resulted in higher interest rates thereon. The result of

the LBO is that a substantial cost of the acquisition is effectively being met by those who provide cash flow to the organisation; its supporters, commercial partners and sponsors and media organisations. The dissatisfaction of many Manchester United supporters was compounded further by the club's subsequent flotation on the New York Stock Exchange. This saw the club raise $234m through the issue of 16.7m class A shares, these carrying only one tenth of the voting rights of existing shares in the company and no dividend rights (Mackenzie and Mackan, 2012). Only half of the proceeds of the issue were used to pay down the club's debts, the other half being returned directly to the Glazer family (Ozanian, 2012). Other governance concerns also emerged from the share issue prospectus and flotation, notably the setting up of a new holding company in the Cayman Islands, and Manchester United Ltd.'s status as an emerging growth company, one consequence of which is that for a five-year period it is not required to disclose full financial information (SEC, 2012).

At both Liverpool and Manchester United, supporter groups were active in demonstrating their dissatisfaction with the leveraged takeovers which as noted in effect resulted in supporters (and other stakeholders) paying for the takeover. Organisations like the Spirit of Shankly and Share Liverpool were prominent in opposing and helping unseat Hicks and Gillett at Liverpool FC (Williams, 2012), while the most visible anti-Glazer family ownership protests at Manchester United, the Green and Gold campaign, saw supporters invoke notions of the club's origins as Newton Heath.

While supporters are clearly a heterogeneous group, the nature and importance of relationships between supporters and their clubs in terms of identity, belonging, partisanship and activism, continues to distinguish football clubs from conventional business organisations. Easy to exaggerate supporter loyalty, it remains a vitally important asset to football clubs. Yet while decision makers in clubs and the popular press understand the desire of supporters to engage with their club and are in a position to profit from supporters' attachments to their clubs, the nature of the field within which clubs play means that genuine accountability is not easily achieved by supporters (Cooper and Johnston, 2012). That the Green and Gold campaign was never more than a protest highlights the challenges faced by supporters in seeking to hold club owners to account. The very centrality of a club to many people's identity, coupled with a fear of undermining the institution rather than a club's owners, means that market-based approaches such as exit (i.e. withdrawal of financial support) are rarely used as a means of controlling or disciplining behaviour in a football club.

In response to these types of issue, there has been increased interest in in the UK in alternative ownership structures, in particular forms of mutual or co-operative ownership such as exist at prominent European clubs like Barcelona and Real Madrid (Michie, 1999; Hamil, Walters and Watson, 2010). In the UK in part this interest has been driven by Supporters Direct, a body established in 2000 to promote the value of supporter and community engagement in clubs and to help supporter groups to secure influence and become a constructive voice in how their club is run (www.supportersdirect.org). As at the end of 2013: close to 70% of clubs in the top 5 divisions in England and in the top 4 divisions in Scotland had Supporters' Trusts in

place; over 30 clubs were owned by their supporters including Exeter City, Wrexham and Dunfermline Athletic; while numerous clubs including Swansea City have a director on the board.

A considerable volume of literature has also emerged related to the mutualisation of football, much of it directly related to or commissioned by Supporters Direct (Brown, 2013; 'Supporters Direct Briefing Paper' series – see, for example, Brown and McGee, 2011), as well as books and reports aligned to the work of Supporters Direct (Hamil *et al*., 1999, 2000, 2001; Michie, 1999; 'State of the Game' reports – see, for example, Michie, Oughton and Walters, 2006). Academic literature has also proliferated in this area, including both articles supportive of changed ownership and governance structures (see, for example, Michie and Oughton, 2005; Ward, Scanlon and Hines, 2012) along with more critical studies (Adams and Armitrage, 2002; Kennedy and Kennedy, 2007; Martin, 2007).

More recently greater emphasis has also been given to hybrid-ownership models such as those found in Germany. Traditionally German football clubs were structured as multi-sports associations, controlled and managed by their members (Wilkesmann, Blutner and Müller, 2011). However, since the late 1990s German clubs have been permitted to adopt the structure of joint stock companies as long as the original sporting association (*verein*) retains 50% plus one voting right in the new company. The purpose of this structure is to ensure that a club's members retain control over the club and to prevent a situation in which any individual or organisation could exercise control over more than

one professional club (Dietl and Franck, 2007). This structure has now been adopted by more than half of clubs in the country's top two divisions (Wilkesmann, Blutner and Müller, 2011). Considered by many as the ideal governance structure for football clubs (see, for example, Culture, Media and Sport Committee Inquiry, 2011), it is not, however, without its critics. Dietl and Franck (2007) suggest that the structure can lead to a governance vacuum. They argue that difficulties of involving a heterogeneous group of fans in decision-making and control can result in elected representatives seizing control to derive personal utility from their association with the club and its sporting success, while at the same time having no responsibility (beyond that of any member) for the financial performance and position of the club.

CONCLUSION

The business of professional football has changed dramatically in the last twenty five years. Yet, while much has altered, many of the topics explored by pioneering academic sport economists and financiers – competitive balance, inter-dependence, club or league as the economic unit etc. – still remain central to an understanding of the business of professional football today in terms of policy and practice. At the same time, however, football's financial transformation has brought other important issues to the fore, notably around the desirability and feasibility of forms of financial regulation, broader discussion of models of club ownership, and attendant challenges of accountability and governance. Financial Fair Play initiatives such as those being led by UEFA represent the most radical attempt yet to regulate football finances and to deal with the instability of football clubs in cognisance of football's specific social and sporting context. How

successful these will be, however, will only become apparent as implementation and enforcement takes place over the next few years.

References

Adams, A. and Armitage, S. (2004) ‘Mutuality for football clubs? Lessons from the financial sector’, *Studies in Economics and Finance*, 22: 26 – 41.

Alavy, K., Gaskell, A., Leach, S. & Szymanski, S. (2010) ‘On the Edge of Your Seat: Demand for Football on Television and the Uncertainty of Outcome Hypothesis’, *International Journal of Sport Finance*, 5: 75-95.

Allan, G. and Roy, G. (2008) ‘Does Television Crowd Out Spectators? New Evidence from the Scottish Premier League’, *Journal of Sports Economics,* 9: 592-605.

Amir, E. and Livne, G. (2005) ‘Accounting, valuation and duration of football player contracts’, *Journal of Business Finance and Accounting*, 32: 549-586.

Arnaut, J.L. (2006) *Independent Sport Review*. Final version. Online. Available at: http://www.ethicsandsport.com/public/uploads/files/documentatie/Independent%20European%20Sport%20Review%202006%20Full_Report_EN.pdf

Audas, R., Dobson, S. and Goddard, J. (2002) ‘The impact of managerial change on team performance in professional sports’, *Journal of Economics and Business*, 54: 633–650.

Barajas, A. and Álvarez-Santullano, M.M. (2012) ‘La calidad de la información financiera en el fútbol español’, *Estrategia Financiera*, 293: 30-35,

Barajas, A. and Rodríguez, P. (2010) ‘Spanish football clubs’ finances: crisis and player salaries’, *International Journal of Sport Finance*, 5: 52-66.

Barros, C.O. and Leach, S. (2007) ‘Technical efficiency in the English Football Association Premier League with a stochastic cost frontier’, *Applied Economics Letters*, 14: 731-741.

Barros, C.O. and Leach, S. (2006) ‘Performance evaluation of the English Premier Football League with data envelopment analysis’, *Applied Economics*, 38: 1449-1458.

Barros, C.O., Garcia-del-Bario, P. and Leach, S. (2007) ‘Analysing the technical efficiency of the Spanish Football League First Division with a random frontier model’, *Applied Economics*, 41: 3239-3247.

Beech, J., Horsman, S. and Magraw, J. (2010) ‘Insolvency events among English football clubs’, *International Journal of Sports Marketing & Sponsorship,* 11: 236-249.

Beech, J., Horsman, S. and Magraw, J. (2008) ‘The circumstances in which English football clubs become insolvent’, *Centre for the International Business of Sport working paper no. 4*, Coventry University.

Bell, A., Brooks, C. and Markham, T. (2013) ‘The performance of football club managers: skill or luck?’, *Economics & Finance Research: An Open Access Journal*, 1: 19-30.

Bell, A., Brooks, C. Matthews, D. and Sutcliffe, C. (2012) ‘Over the moon or sick as a parrot? The effects of football results on a club’s share price’, *Applied Economics*, 44: 3435-3452.

Benkraiem, R., Le Roy, F. and Louhichi, W. (2011) ‘Sporting performances and the volatility of listed football clubs’, *International Journal of Sport Finance*, 6: 283-297

Bi, Y. (2015) ‘Integration or resistance: the influx of foreign capital in British football in the transnational age’, *Soccer & Society*, 16: 17-41.

Brown, A. (2013) *Improving football governance through supporter involvement and community ownership,* London: Supporters Direct Europe.

Brown, A. and McGee, F. (2011), *Business advantages of supporter community ownership in football*, Supporters Direct Briefing Paper No. 4.

Bruinshoofd, A., and ter Weel, B. (2003) ‘Manager to go? Performance dips reconsidered with evidence from Dutch football’, *European Journal of Operational Research*, 148: 233–246.

Buraimo, B. (2008) ‘Stadium attendance and television audience in English league football’, *Managerial and Decision Economics*, 29: 513-523.

Cairns, J.A., Jennet, N. and Sloane, P. (1986) ‘The economics of professional team sports: A survey of theory and evidence’, *Journal of Economic Studies*, 13: 3-80.

Carlin, W. and Mayer, C. (2000) ‘How do financial systems affect economic performance?’, in X.Vives (ed.) *Corporate Governance*, Cambridge: Cambridge University Press.

Christian Aid (2010) *Blowing the whistle: Time’s up for financial secrecy*. A Christian Aid Report, May.

Cooper, C. and Johnston, J. (2012) ‘Vulgate accountability – insights from the world of football’, *Accounting, Auditing & Accountability Journal*, 25: 602-634.

Cooper, C. and Joyce, Y. (2013) ‘Insolvency practice in the field of football’, *Accounting, Organizations and Society*, 38: 108-129.

Cox, A. (2012) ‘Live Broadcasting, Gate Revenue, and Football Club Performance: Some Evidence’, *International Journal of the Economics of Business*, 19: 75-98.

Culture, Media and Sport Committee Inquiry (2011) *Seventh Report. Football Governance* (HC792-1).

DCMS (2012) *Football Governance: Response to the Culture, Media and Sport Committee Inquiry* (HC792-1).

d’Addona, S., & Kind, A. (2014) ‘Forced manager turnover in English soccer leagues: A long-term perspective’, *Journal of Sports Economics*, 15: 150-179.

de Dios Tena, J., & Forrest, D. (2007) ‘Within season dismissal of football coaches: causes and consequences’, *European Journal of Operational Research*, 181: 362–373.

Demsetz, H. and Lehn, K. (1985) ‘The structure of corporate ownership: Causes and consequences’, *Journal of Political Economy*, 93: 1155-1177.

Dietl, H.M. and Franck, E. (2007) ‘Governance failure and financial crisis in German football’, *Journal of Sports Economics*, 8: 662-669.

Dietl, H.M., Franck, E. and Lang, M. (2008) ‘Overinvestment in team sport leagues: A contest theory model’, *Scottish Journal of Political Economy*, 55: 253-368.

Dimitropoulos, P. (2011) 'Corporate governance and earnings management in the European football industry, *European Sport Management Quarterly*, 11: 495-523.

Dimitropoulos, P. E. and Tsagkanos, A. (2012) 'Financial performance and corporate governance in the European football industry. *International Journal of Sport Finance*, 7: 280-308.

Dobson, S. and Goddard, J. (2011) *The economics of football*, Cambridge: Cambridge University Press.

Drut, B. and Raballand, G. (2012) 'Why does financial regulation matter for European professional football clubs?', *International Journal of Sport Management and Marketing*, 11: 73-88.

EPFL (2012) Record revenues for Bundesliga. Online. Available at: www.epfl-europeanleagues.com/dfl_record_revenues.htm (accessed 10 January 2014).

fcbusiness (2013), Manchester United supporters win fight to award Old Trafford Asset of Community Value status. Online. Available at: http://fcbusiness.co.uk/news/article/newsitem=2573/title=manchester+united+supporters+win+fight+to+award+old+trafford+asset+of+community+value+status (accessed 10 January 2014).

Financial Action Task Force (2009) *Money Laundering in Football,* Paris: FATF/OECD.

Football League (2012) *Financial fair play in the Football League*. Online. Available at: http://www.football-

league.co.uk/page/FLExplainedDetail/0,,10794~2748246,00.html (accessed 10 January 2014).

Forrest, D. and Simmons, R. (2006) ‘New issues in attendance demand: The case of the English Football League, *Journal of Sports Economics*, 7: 247-266.

Franck, E. (2010), Private firm, public corporation or members’ association governance structures in European football, *International Journal of Sport Finance*, 5: 108-127.

Gammelsæter, H. (2010)‘Institutional pluralism and governance in ‘commercialized’ sport clubs, *European Sport Management Quarterly*, 10: 569-594.

Gammelsæter, H. and Senaux, B. (eds.) (2011) *The organisation and governance of top football across Europe: An institutional perspective*, Abingdon: Routledge.

Garcia, J. and Rodriguez, P. (2002) ‘The determinants of football match attendance revisited: Empirical evidence from the Spanish Football League’, *Journal of Sports Economics*, 3: 18-38.

Geey, D. (2011) ‘The UEFA Financial Fair Play rules: a difficult balancing act’, *Entertainment and Sports Law Journal*, 9(1). Online. Available at: http://www2.warwick.ac.uk/fac/soc/law/elj/eslj/issues/volume9/number1/geey/

Gerrard, B. (ed.) (2006a) *The Economics of Association Football* – Volume I, Cheltenham: Edward Elgar.

Gerrard, B. (ed) (2006b) *The Economics of Association Football* – Volume II Cheltenham: Edward Elgar.

Gibson, O. (2015) 'Premier League TV rights grow to £5.1bn but case for redistribution strengthens', *The Guardian*, 11 February.

Goddard, J. and Wilson, J. (2009) **'**Racial discrimination in English professional football: evidence from an empirical analysis of players' career progression', *Cambridge Journal of Economics*, 33: 295-316.

Groot, L. (2008) *Economics, uncertainty and European football: Trends in competitive Balance*, Cheltenham: Edward Elgar.

Hamil, S., Michie, J., Oughton, C. and Warby, S. (eds.) (2001) *The changing face of the football business: Supporters Direct,* London: Frank Cass.

Hamil, S., Michie, J., Oughton, C. and Warby, S. (eds.) (2000) *Football in the Digital Age: Whose Game is it Anyway,* Edinburgh: Mainstream.

Hamil, S., Michie, J. and Oughton, C. (eds.) (1999) The business of Football: A game of two halves? Edinburgh: Mainstream.

Hamil, S., Morrow, S., Idle, C., Rossi, G. and Faccendini, S. (2010) 'The governance and regulation of Italian Football', *Soccer & Society,* 11: 373-413.

Hamil, S. and Walters, G. (2010) 'Financial performance in English professional football: 'an inconvenient truth'', *Soccer & Society*, 11: 354-372.

Hamil, S., Walters, G. and Watson, L. (2010b) 'The model of governance at FC Barcelona: balancing member democracy, commercial strategy, corporate social responsibility and sporting performance, *Soccer & Society*, 11: 475-504.

Hughes, M., Hughes, P., Mellahi, K., & Guermat, C. (2010) ‘Short-term versus long-term impact of managers: Evidence from the football industry’, *British Journal of Management*, 21: 571-589.

IJSF (2010) *International Journal of Sport Finance*, Special issue on the financial crisis in European football, 5(1).

JSE (2006) *Journal of Sports Economics*, Special issue on the crises in European football, 7(1).

Kelly, K., Lewis, R. and Mortimer, T.R. (2012) ‘In football we trust?’ *International Journal of Business and Social Science,* 3: 243-254.

Kennedy, D. and Kennedy, P. (2007, ‘Supporter trusts and Third Way politics, *Sport in Society: Cultures, Commerce, Media, Politics,*10: 285-303.

King, A. (1997) ‘New directors, customers, and fans: the transformation of English football in the 1990s’, *Sociology of Sport*, 14: 224-240.

Kleven, H.J., Landais, C. and Saez, E. (2013) ‘Taxation and international migration of superstars: Evidence from the European football market’, *American Economic Review*, 103: 1892-1924.

Koning, R. (2003) An econometric evaluation of the effect of firing a coach on team performance, *Applied Economics*, 35: 555–564.

Lago, U., Simmons, R. and Szymanski, S. (2006) ‘The financial crisis in European football: an introduction’, *Journal of Sports Economics*, 7: 3-12.

Lang, M. (2013) *Economic effects of UEFA's Financial Fair Play regulations*. Final report to UEFA.

Mackenzie, M. and Mackan, A. (2012) 'Man Utd shares kick off with slow run', *The Financial Times*, 10 August. Online. Available at http://www.ft.com/cms/s/0/62c56e2c-e2fe-11e1-a78c-00144feab49a.html#axzz25mP4dDzV, (accessed 10th January 2014).

Martin, P. (2007) 'Football, community and cooperation: A critical analysis of Supporter Trusts in England', *Soccer & Society*, 8: 636-653.

Michie, J. (1999), *New mutualism: A golden goal*?, London: The Co-operative Party.

Michie, J. and Oughton, C. (2005) 'The corporate governance of professional football clubs in England', *Corporate Governance: An International Review*, 13: 517–531.

Michie, J., Oughton, C. and Walters, G. (2006) *The state of the game: The corporate governance of football clubs 2006*. Birkbeck College Football Governance Research Centre Research Paper 2006/03.

Millward, P. (2013) 'New football directors in the twenty-first century: profit and revenue in the English Premier League's transnational age, *Leisure Studies*, 32: 399-414.

Morrow, S. (forthcoming) 'Power and logics in Scottish football: The financial collapse of Rangers FC', *Sport, Business, Management: An International Journal.*

Morrow, S. (2014) *Financial fair play: Implications for financial reporting*, Edinburgh: ICAS.

Morrow, S. (2012) ‘The financial collapse of Rangers: lessons for the business of football’, *Perspectives*, 33: 15-18.

Morrow, S. (2005) *The business of football: Image management in narrative communication*, Edinburgh: The Institute of Chartered Accountants of Scotland.

Morrow, S. (2003), *The people’s game? Football, finance and society*, Basingstoke: Palgrave.

Müller, J., Lammert, J. and Hovermann, 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: 117-140.

Nauright, J. and Ramfjord, J. (2010) ‘Who owns England's game? American professional sporting influences and foreign ownership in the Premier League’, *Soccer & Society*, 11: 428-441.

Neale, W.C. (1964) ‘The peculiar economics of professional sports’, *Quarterly Journal of Economics*, 78: 1-14.

Olsson, L.C. (2011) ‘Decisive moments in UEFA’, in H. Gammelsæter and B. Senaux (eds) *The organisation and governance of top football across Europe: An institutional perspective*, Abingdon: Routledge.

Ozanian, M. (2012) ‘Manchester United IPO changes make Glazers richer and fans angrier’, *Forbes*, 31 July. Online. Available at: http://www.forbes.com/sites/mikeozanian/2012/07/31/manchester-united-ipo-revised-to-make-glazer-family-wealthier/ , (accessed 10 January 2014).

Pawloski, T. (2013) 'Testing the uncertainty of outcome hypothesis in European professional football: A stated preference approach, *Journal of Sports Economics,* 14: 341-367.

Pawloski, T. and Anders, C. (2012) 'Stadium attendance in German professional football – the (un)importance of uncertainty of outcome reconsidered, *Applied Economics Letters*, 19: 1553-1556.

Pedace, R. (2008) 'Earnings, performance, and nationality discrimination in a highly competitive labor market as an analysis of the English professional soccer league, *Journal of Sports Economics*, 9: 115-140**.**

Peeters, T. and Szymanski, S. (2012) 'Vertical restraints in soccer: Financial Fair Play and the English Premier League', *University of Antwerp Research Paper,* 2012-028.

Risaliti, G. and Verona, R. (2013) 'Players' registration rights in the financial statements of the leading Italian clubs. A survey of Inter, Juventus, Lazio, Milan and Roma', *Accounting, Auditing and Accountability Journal*, 26: 16-47.

Scholtens, B. and Peenstra, W.(2009) 'Scoring on the stock exchange? The effect of football matches on stock market returns: an event study', *Applied Economics*, 41: 3231-3237.

SEC (2012) *United States Securities and Exchange Commission, FormF1, Manchester Ltd*. Online. Available at: http://www.sec.gov/Archives/edgar/data/1549107/000104746912007026/a2210109zf-1.htm#bg71301a_main_toc, (accessed 10 January 2014).

Senaux, B. (2008) ‘A stakeholder approach to football club governance’, *International Journal of Sport Management and Marketing* 4: 4-17.

Slack, R. and Shrives, P. (2008) ‘Social disclosure and legitimacy in Premier League football clubs: the first ten years’, *Journal of Applied Accounting Research*, 9: 17–28.

Sloane, P. (1971) ‘The economics of professional football: the football club as a utility maximiser’, *Scottish Journal of Political Economy*, 17: 121-146.

Solberg, H.A. and Haugen, K.K. (2010) ‘European club football: why enormous revenues are not enough?’, *Sport in Society*, 13: 329-343.

Storm, R. (2012) ‘The need for regulating professional soccer in Europe: A soft budget constraint approach argument’, *Sport, Business and Management: An International Journal*, 2: 21-38.

Storm, R. and Nielsen, K. (2012) ‘Soft budget constraints in professional football’, *European Sport Management Quarterly*, 12: 183-201.

Szymanski, S. (2012) ‘Insolvency in English professional football: Irrational exuberance or negative shocks?’, Working Paper No. 12-02, *International Association of Sports Economists & North American Association of Sports Economists*.

Szymanski, S. and Smith, R. (1997) ‘The English football industry: profit, performance and industrial structure, *International Review of Applied Economics*, 11: 135-153.

UEFA (2013), *The European Club Footballing Landscape. Club Licensing Benchmarking Report financial Year 2011*, Nyon: UEFA.

UEFA (2012), *Financial fair play and club licensing regulations, Edition 2012*, Nyon: UEFA.

Vöpel, H. (2011) 'Do we really need financial fair play in European club football? An economic analysis', *CESifo DICE Report 3.* Online. Available at: http://hwwi-rohindex.de/fileadmin/hwwi/Publikationen/Externe_PDFs/1210201.pdf , (accessed 10 January 2014).

Ward, S., Scanlon, T.J. and Hines, T. (2012) 'Mutuality, ownership and professional sports: Football', *Nonprofit and Voluntary Sector Quarterly*, 4: 763-780.

Williams, J. (2012) 'Walking alone together the Liverpool Way: fan culture and 'clueless' Yanks', *Soccer & Society*, 13: 426-442.

Williams, J. and Hopkins, S. (2011) ' "Over here": Americanisation and the new politics of football club ownership', *Sport in Society: Cultures, Commerce, Media, Politics*, 14: 160-174.

Wilkesmann, U., Blutner, D. and Müller, C. (2011) 'German football: Organising for the European top', in H. Gammelsæter and B. Senaux (eds.) *The organisation and governance of top football across Europe: An institutional perspective*, Abingdon: Routledge.

Zuber, R.A., Yiu, P., Lamb, R.P. and Gandar, J.M. (2005) 'Investor–fans? An examination of the performance of publicly traded English Premier League teams', *Applied Financial Economics*, 15: 305-313.

[1] Moreover, the growth shows no sign of slowing down. In February 2015, the English Premier League (EPL) announced an extraordinary new three year domestic media rights deal beginning in 2016/17 worth £5.136bn; a 70% rise on the previous three year domestic deal (Gibson, 2015).

[2] The top level in Scottish football is now called the Scottish Professional Football League Premiership.

[3] For example, it was reported in August 2013 that Trafford Council has granted a request by the Manchester United Supporters' Trust to designate Old Trafford as an Asset of Community Value, meaning that supporters would require to be informed if the club had any proposals to dispose of the asset (fcbusiness, 2013).