



Power and logics in Scottish football: The financial collapse of Rangers FC

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Review

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Abstract

Purpose – To demonstrate the implications of power imbalance and over-emphasis on commercial logic on the structure and governance of Scottish football.

Design/methodology/approach – An in-depth analysis of secondary sources is used to identify the logics at play in Scottish football and to explore implications of the liquidation of Rangers for the structure of the game.

Findings – Over-emphasis on commercial logic has led to power being concentrated in two clubs, Celtic and Rangers, and to other clubs and the league itself becoming financially dependent on those clubs. The collapse of Rangers thus threatened the stability of other clubs and the league. The case highlights the challenge of reconciling competing logics and the role played by previously peripheral actors in bringing about change in the field.

Research limitations/implications – The on-going nature of the case, related investigations and legal process meant that it was not possible to supplement the secondary source material with primary evidence.

Practical implications – It demonstrates the multi-faceted nature of elite contemporary football and of the challenges faced by leagues and governing bodies in accommodating logics and multiple stakeholder interests. It also highlights the need for more effective financial regulation of corporate football clubs and their officials and emphasises the importance of inclusive stakeholder governance.

Originality/value – It highlights the risks inherent in football business in small markets dominated by one or a few clubs. It highlights the role that previously peripheral actors can play in bringing about change within a field.

Introduction

For one hundred and forty years, Rangers, has been one of the most recognisable and successful clubs in world football: winners of the European Cup Winners' Cup in 1968; UEFA Cup finalists in 2008; Scottish League Champions on 54 occasions; a club with an average home attendance of over 45,000 in season 2011/12 (Esplin and Walker, 2011). Despite this, The Rangers Football Club plc (hereafter Rangers) was placed into administration on 14th February 2012. In the months since then its status as a Scottish institution has been reflected in extraordinary media and public interest in its affairs. On the 14th June 2012 a Company Voluntary Arrangement (CVA) proposed by the club's administrators was rejected by the company's main creditor, Her Majesty's Revenue and Customs (HMRC), resulting in the club's principal assets being transferred to a new company (newco) and liquidators appointed. The administration period has focused attention not only on the chaotic financial mismanagement and governance failures at Rangers in recent years, but also on the economic structure, logics and governance of Scottish football.

Theoretical Background and Method

Over the last three decades or so, institutional theory has become one of the dominant approaches to understanding organisations (Greenwood *et al.*, 2008). A key concept of institutional theory is the organisational field, referring to organisations that in total constitute a recognised area of institutional life. Over time field-level studies have moved from emphasising the importance of conformity to the norms and expectations of the institutional environment, to more contextual-based approaches which examine the actions of actors within a field in light of their institutional circumstances. Central to this are institutional logics; broad cultural beliefs and rules that structure cognition and fundamentally shape decision making

and action in a field (Friedland and Alford, 1991; Thornton, 2002; Thornton and Ocasio, 2008).

Sport, with its distinct structures and stakeholders, provides an excellent empirical setting in which to consider institutional perspectives (Washington and Patterson, 2011). Some sports such as professional sports leagues in the US are seen as being committed to one institutional logic, namely the commercialisation of team sport as an entertainment industry dedicated to the maximisation of returns (Quirk and Fort, 1999). Other sport fields like European football are seen to have competing or co-existing institutional logics which also emphasise the importance of sporting reward, of social and community well-being, of connectivity to the amateur game: in short of the specificity of football (sport) (Gammelsäter and Senaux, 2011). Yet at the same time, the increased prominence of a commercial logic emphasises financial stability and certainty, thus questioning things like the merit-hierarchy structure predicated on promotion and relegation and achievement-based entry to the Europe-wide competitions which are seen as distinctive features of the European model of sports (Gerrard, 2004; Meier, 2008; Szymanski, 2004). As Gammelsäter and Senaux note: ‘if there is a core logic of European football, it must be oxymoronic, simultaneously combining but also balancing the incongruous qualities of solidarity and inequality and of cooperation and competition’ (2011, 277).

Several studies have addressed competing logics in sport fields and of how these can provide the foundation for conflict and change over time, including change in a field’s dominant logic. In a study of rugby union in England, O’Brien and Slack (2003) observed that institutional change, the professionalization of the game, was accompanied by a shift in logic; a traditional amateur logic being replaced by a dominant professional logic. In contrast in a study of French football, Senaux (2011)

suggested that increased commercialisation led to the emergence of a new logic that supplemented rather than replaced the original prevailing logic. This, it was argued, led to institutional pluralism; a situation in which there is more than one set of rules for the game. Challenges involved in seeking to change the rules of a game were evidenced in a previous study focusing on Scottish football (Morrow, 2013 forthcoming). While that country's two dominant football clubs - actors that were most privileged by domestic institutional arrangements - argued that the consequence of an increasingly explicit financial logic within European football was the need for further institutional change in the structure of the European field, other competing logics continued to be of greater significance, in particular the continuing centrality of national embeddedness and the importance attached to supranational bodies in the specific setting of sport. In mainstream literature, change within organisational fields has also focused on the role of peripheral actors, organisations that are embedded within a field but less privileged by its existing institutional arrangements (Leblebici *et al.*, 1991); and of the importance to these actors of seeking to reconcile contradictory institutional arrangements (Seo and Creed, 2002).

Key to any consideration of logics and behaviour within an organisation field is power. While difficult to define, the consequences of power are easily recognizable: those who possess power are able to bring about the consequences they desire (Salancik and Pfeffer, 1977). Power is not necessarily conceptualised as a static resource belonging to a person or position, but rather can be relational; a function of dependencies that arise between parties within a field (Bondy, 2008), resulting in power imbalances within that field.

This paper makes extensive use of secondary source material to provide the context of the study: the economic and sporting structure of the Scottish football field, the

administration and liquidation of Rangers FC plc and the issues arising therefrom. This material includes: financial statements of Scottish Premier League (SPL) clubs; financial reports on the SPL; the rules and regulations of the Scottish Football Association (SFA) and SPL; publicly available reports and investigations carried out into aspects of the Rangers case; the Creditors' Report and proposal for a Company Voluntary Arrangement prepared by the administrators of Rangers, Duff & Phelps; statements issued by key participants in the story; and extensive newspaper and website coverage. The Rangers story has been reported on an almost daily basis across the traditional media, in political and current affairs magazines (see, for example, Knight, 2012; McKenna, 2012; Morrow, 2012) and in new media including independent websites and blogs which have come to prominence during the administration period, most notably Rangerstaxcase.com, awarded the Orwell prize for political writing for best blog.

The on-going nature of the case, in particular continuing legal and other regulatory investigations, mean that it is not possible to supplement this secondary source information with, for example, primary interview material. However, the volume and depth of secondary material available on this seismic event in Scottish football provided a fascinating opportunity to use the Rangers story to illuminate the structure, governance, power imbalances and logics in the Scottish football field. The paper begins by providing an overview of the complex circumstances surrounding the administration and liquidation of Rangers. This is followed by a section on the context of Scottish football. The paper continues with an analysis of power in Scottish football and of the logics at play therein, highlighting in particular the role that commercialism has played in creating the present crises. The paper concludes by

examining the resolution put forward for Scottish football, focusing on the role played by so-called peripheral actors.

The Rangers Failure – An Overview

On 14th February 2012, Duff & Phelps were appointed administrators of Rangers following a petition to the Court of Session by the club's then owner, Craig Whyte. The company had previously acted as an advisor to Whyte in connection with his takeover of the club; a relationship that was alleged to amount to a conflict of interest (Daly, 2012). Whyte had purchased Rangers in May 2011 from Sir David Murray for the sum of £1, along with an agreement that the club's debt of £18m to the Lloyds Banking Group, as well as securities the bank held over the club's principal tangible assets, would be assigned to Whyte's companies and then repaid. Although Whyte provided proof of funds to the satisfaction of Murray (SFA Judicial Panel, 2012, para. 30), it transpired that funds used to clear the club's bank debt were in fact provided by a football finance agency, Ticketus (Herald, 2012a). Since 1999 it had provided advance working capital to Rangers on an annual basis, being compensated from the proceeds of subsequent season ticket sales. In this case it provided £24.4m which it believed gave it the right to a significant number of season tickets at Ibrox for the next three seasons (Duff & Phelps, 2012a).

Duff & Phelps, questioned the validity of Ticketus' claim in the Court of Session, the end result of which was that sum **being** included in the list of creditors, and subsequently the CVA, prepared by the administrators. Ticketus **indicated that it would pursue** Whyte and companies he controlled in respect of guarantees provided to it (BBC Sport, 2012f), while the Crown office asked Strathclyde Police to start a criminal investigation into Whyte's takeover and the club's subsequent financial management (BBC, 2012c).

The list of creditors was prepared on the basis of the club’s maximum possible liability and thus in addition to the obligations to HMRC (£9m) and Ticketus, included sums potentially due in respect of tax cases which arose during Murray’s ownership of Rangers – an agreed settlement figure of £4m in respect of a so-called ‘small tax case’ (arising from a discounted options tax scheme for payments made to two overseas players) and a provision of £75m in respect of what came to be known as ‘the big tax case’ (Duff & Phelps, 2012a). This case centred on an Employee Benefits Trust (EBT) set up by the then Rangers’ parent company, the Murray Group, as a vehicle to reward senior administrative staff and some top players. No PAYE or National Insurance was paid by the club or by the recipient in respect of loans paid from the Trust and its use was successfully challenged by HMRC. The club appealed and the case was referred to a First Tier Tribunal hearing. One benefit of the EBT was that it made the club markedly more attractive to higher quality players. Related to the use of EBTs the SPL initiated an independent investigation into whether Rangers had used dual contracts in conflict with the rules of the SPL, which require all payments to players to be made in accordance with a single contract of employment (SPL, 2012a, D9.3). The First Tier Tribunal, which met initially in October 2010, finally released its decision two years later on 29th October 2012; the delay in part at least arising because the Tribunal of three individuals was unable to reach a unanimous view, with a dissenting view being provided by the Chartered Accountant member of the Tribunal. The majority verdict allowed the appeal in principle, accepting the argument that the sums received by most recipients were loans rather than absolute entitlements, and hence HMRC’s assessment should be reduced substantially with only some payments subject to taxation (First Tier Tax Tribunal Tax Chamber, 2012). Following this decision, an e-petition was launched requesting HM Treasury to examine the conduct of HMRC in terms of the investigation into

Rangers FC and in particular the leaking of confidential information (<http://epetitions.direct.gov.uk/petitions/42143>), while lawyers for Sir David Murray called for a criminal investigation into how details of his tax affairs became available in the public domain (STV, 2012c). HMRC subsequently indicated that it was also seeking leave to appeal the tribunal decision (Herald, 2012d). The appeal was launched on 4th February 2013 and the case will now be heard at an Upper Tier Tax Tribunal (Williams, 2013). In its decision published on 28th February 2013, the SPL commission, chaired by Lord Nimmo Smith, found the board of directors of Oldco Rangers under the Chairmanship of Sir David Murray, guilty of deliberately failing to disclose payments to players and others via EBTs, imposing a fine of £250,000 on Oldco (in liquidation) (SPL Commission, 2013, para. 109). However, it also concluded that Rangers had gained no significant competitive advantage from using EBTs and that players paid via them were correctly registered (SPL Commission, 2013, para. 106).

During the administration period the SFA set up an independent inquiry into Rangers' business dealings. It found that Whyte was not a fit and proper person to own a football club, resulting in the SFA charging Whyte and Rangers with seven breaches of its rules (Regan, 2012). A Judicial Panel, appointed to hear the case against Rangers, imposed a fine of £160,000 and a 12 month embargo on the club registering new players over the age of 18 (Murray, 2012); a sanction which resulted in an outcry from the Rangers manager and many of its supporters (BBC Sport, 2012h; STV, 2012b). An appeal was launched by the club's administrators who argued that the club should not be held responsible for Whyte's actions, but this was rejected (Appellate Tribunal, 2012). The administrators indicated that they did not believe the transfer embargo to be competent and outside the powers of the tribunal

and sought a judicial review of the decision in the Court of Session in Edinburgh (BBC, 2012a). The Judge ruled in favour of the club and set aside the decision, passing it back to the SFA to reconsider the sanction, but also noting that his judgement did not mean the club would escape with a lighter punishment (BBC, 2012b).¹

When Rangers was put into administration it was deducted 10 points by the SPL (SPL, 2012a, Rule A6.8). During that period it became apparent that it was a matter for the board of the SPL as to whether a newco Rangers, i.e. a new company acquiring the assets of the old company in contrast to Rangers emerging out of administration on completion of a CVA, could be permitted immediate entry back into the SPL (McConville, 2012). Public reaction to this information coupled with its own concerns about the fitness of its rules, saw the SPL bring forward financial fair play proposals for consideration, including a 75% reduction in SPL pooled media and commercial payments for a period of three seasons to any club re-launched as a newco (BBC Sport, 2102d). Having initially deferred any decision to allow clarity to emerge over the situation of Rangers (McLaughlin, 2012), the SPL members finally decided at a meeting on 30th May 2012 that they would not in fact decide what to do in the event of a newco applying for entry to the SPL; agreeing instead that any such application would be considered on its merits by all SPL members collectively should it arise, along with any sanctions it wished to impose (Grant, 2012).

After a number of false starts, on the 29th May 2012 the administrators presented a CVA to creditors, based upon their acceptance of an £8.5m bid in the form of a loan to be repaid along with interest by 2020, from a consortium headed by Charles Green (BBC Sport, 2012e; Duff & Phelps, 2012b). In addition, a binding agreement was put

in place with Green under which the assets of Rangers would be transferred to a newco in return for a sum of £5.5m if the CVA was rejected. Unsurprisingly the quantum of the CVA was not disclosed due to material and on-going uncertainty over the club's liabilities and court action initiated by the administrators in respect of Whyte's purchase of the club (Duff & Phelps, 2012b). On 12 June 2012, HMRC indicated that it would not support the CVA, in line with its policy of not voting in favour of a CVA where a company has a history of non-compliance in terms of its tax obligations, but also reflecting the CVA's limited financial terms (Duff & Phelps, 2012c). Moreover this allowed it to appoint liquidators and to pursue those involved previously with Rangers through the courts, without impacting directly on any newco football club.

The consequences of this decision were highly significant for Rangers. The first priority for Green was to make an application for Rangers newco to be granted permission to retain its membership of the SPL and to enter into discussions on the terms of any such deal. Even if it had been granted continued SPL status, as a minimum newco Rangers would not have been permitted to participate in European football for three seasons. In addition the club had to initiate discussions with the SFA about whether newco Rangers could retain its SFA registration, against a backdrop of the Appellate Tribunal still considering the appropriate sanction to be imposed on the club. The implications were no less serious for the other clubs as will be set out in the following sections.

The Context of Scottish Football

The SFA is the governing body of the sport in Scotland, overseeing all aspects of the game including its professional leagues, the SPL (12 clubs) and the Scottish Football League (SFL) (three divisions of 10). Its governance and structures were radically

altered at its 2011 AGM, following recommendations made in reports on the future of Scottish football prepared by former First Minister of Scotland, Henry McLeish (McLeish, 2010). The SFA now has a main Board consisting of seven members, including an independent non-executive director, which focuses on corporate strategy and top-line decision-making. The main Board is supplemented by two operational boards, one focusing on the professional game, the other the non-professional game (SFA, 2012b).

The SPL was formed in 1998, a break-away league from the SFL. Its objectives include to:

- Build a league competition with standing and recognition throughout Europe;
- Represent and safeguard the interests of its members;
- Maximise the commercial value of SPL football by fully exploiting commercial rights and properties (SPL, 2012b).

Scottish football has a long history of domination by Celtic and Rangers. The two clubs have often been referred to as ‘The Old Firm’, a phrase first used in 1904, in recognition of the commercial and financial benefits arising out of their rivalry and their dominance of the Scottish game (Murray, 1988). On only 18 occasions has a club other than Celtic or Rangers been crowned champions of the top division, the last time being 1984/85. In the fourteen years since its inception, the SPL has been won seven times each by Celtic and Rangers, with the other club being second in all but one season. Until now neither Celtic nor Rangers had ever played other than in the top division of Scottish football.

These two clubs have also dominated financially (see Figure 1), generating approximately 70% of SPL turnover. Peaks and troughs in the turnover of Celtic and

Rangers are largely explained by participation in the UEFA Champions' League. Attendance **have been** concentrated in these two clubs (see Figure 2), with between 55 and 60% of all SPL spectators attending either Celtic or Rangers home matches. One consequence of this footballing and financial supremacy **was** that it provoked widespread discussion, emanating from both the clubs directly and the Scottish media, about the need for and prospects of structural change within British and European football as a way of dealing with the perceived structural weakness of Scottish football (Morrow, 2013 forthcoming).

[Insert Figure 1 here]

[Insert Figure 2 here]

The changed economics of football and the increased importance of media income to clubs in large countries have been seriously detrimental to Scottish football and its clubs. For example, the most recent SPL media deal sees approximately £18m pa shared between 12 clubs, compared to over £1bn shared between the FA Premier League clubs (Deloitte, 2012). Unsurprisingly therefore, the primary source of income for SPL clubs is not media income but gate receipts. Among major European clubs, Celtic and Rangers continued to draw a disproportionate share of their turnover directly from gate receipts - between 45-60% compared to between 13% and 28% in the big five European leagues (Deloitte, 2010). At the same time, other SPL clubs **have benefitted** directly from higher attendances for their home matches against either Celtic or Rangers, **reflecting both the visiting supporters and increased home and neutral support**. By far the majority of other clubs (n= 10) **have enjoyed** their highest attendances against either Celtic or Rangers, the exception tending to be derby matches between the Edinburgh clubs, Hearts and Hibernian (see Figure 3).

[Insert Figure 3 here]

Returning to media income, the other SPL clubs **have also benefitted** from a share of the central SPL television deal. Figures provided to SFL clubs suggested that Rangers participating in the SFL Division Three would result in a net loss of broadcasting income of £14.7m (Darroch, 2012). While media income has contributed between 5-10% to the turnover of Celtic and Rangers, it has constituted more than 30% of turnover for some of the smaller SPL clubs. More pertinently each of the broadcasting contracts (with Sky, ESPN and Sportfive) had termination clauses should either Celtic or Rangers not be involved in the SPL (Darroch, 2012). This is unsurprising when one considers the audience figures for SPL matches. Figures 4 and 5 are based upon season 2010/11 audience figures for the period to the end of March 2011. These demonstrate emphatically the continuous pulling power of games between Celtic and Rangers, and thereafter games involving either club.

[Insert Figure 4 here]

[Insert Figure 5 here]

Logics and Power in Scottish Football: Discussion and Implications

The collapse of Rangers raised fundamental questions over the core logic of Scottish football. One issue in particular crystallised the debate: whether and to what extent Rangers should be further punished **when it emerged** from administration as a newco, either alongside a CVA or as a consequence of liquidation? Unsurprisingly the possibility of a newco Rangers being welcomed back into the SPL was not well received by many supporters. An online survey of 16,500 supporters, found that 95.5% of supporters believed that should not happen. Moreover 52.2% indicated that

they would boycott all fixtures were it to happen, while 32% would boycott only matches involving Rangers (SPL Fan Surveys, 2012).

Table 1 sets out some opinions from some of the key stakeholders involved in the SPL, those who would have been required to make a decision on how Rangers should be treated post-administration and/or liquidation, on the issues which they saw as influencing their decision-making. These comments were made between the 5th and 24th of May 2012, prior to the confirmation that Rangers was to be liquidated and hence prior to any request for membership from the newco. Table 1, therefore, presents the views of some key individuals in the SPL on the prevailing logic within the league in cognisance of the financial and sporting context set out in the previous section, while the newco application remained a hypothetical issue.

[Insert Table 1 here]

Ostensibly Table 1 demonstrates the existence of competing logics in the SPL. The emphasis on financial logic is, of course, not new in European football as top football clubs and leagues, national and transnational, have become increasingly dependent on commercial actors and benefactors, which in turn has altered the structure of power and institutional logics (Gammelsæter and Senaux, 2011, 286). This emphasis is also evident in the changing structure of leagues in recent decades. The SPL itself is a good example of mimetic isomorphism, its establishment being Scottish football's attempt to mimic the actions of the commercially successful FA Premier League in England. The financial logic prevalent in the SPL reflects the fact that its inception was rooted in the financial self-interest of those clubs that agreed in 1998 to break away from the SFL. Each new SPL club was guaranteed 2 home matches per season against both Celtic and Rangers, while the expectation was that broadcasters

and other sponsors would be more interested in financially supporting a competition which involved an increased number of matches between Celtic and Rangers. Hence, Rangers supporters contributed income directly to other SPL clubs via gate receipts (see Figures 2 and 3) and indirectly via improved media deals (see Figures 4 and 5). The historical resource dependency of other clubs on Celtic and Rangers is emphatically clear. Any threat to those income sources presented a risk to the viability of some Scottish clubs, already struggling to survive financially. For example, those figures available for the 2011 financial year end indicated that four clubs were technically insolvent, i.e. their liabilities were greater than their assets, while net debt exceeded turnover at five clubs. For the most part the other SPL clubs had become needy organisations, dependent directly and indirectly on Celtic and Rangers for resources; in some cases those resources being necessary for their very survival. The unplanned removal of Rangers invokes the risk of a financial crisis for Scottish football where, similar to a banking contagion, the problems faced by one individual club threaten the stability of other clubs (Lago *et al.*, 2006).

Concomitantly, Celtic and Rangers' cognisance of the financial benefits gained by other clubs through their participation in the SPL meant that they were in a powerful position to make demands of the other clubs in terms of the distribution of income and decision making within the SPL (Bondy, 2008). As a result the operating and governance structures of the SPL became heavily skewed towards their interests. The basis of redistribution of collective media and commercial rights specified in the SPL's rules resulted in 32% of the annual income being shared between the clubs that finish in the top two places in the SPL (SPL, 2012a, C4.3.2); invariably Celtic and Rangers. A three-tier voting structure had operated in the SPL: resolutions on operational decisions like introduction of a winter shutdown required an Ordinary

Resolution and the backing of at least 8 clubs (out of 12) but major policy decisions required close to a consensus: e.g. changes to the commercial rules of the SPL such as the distribution of income required a Qualified Resolution and the support of at least eleven clubs; while any change to the structure of the SPL required a Special Qualified Resolution requiring the support of at least 10 clubs (SPL, 2010, Article 2). Effectively, therefore, Celtic and Rangers acting together have carried the power of veto.

Hence, financial logic became dominant within this field. This resulted in a power imbalance, with power concentrated among a very small number of primary actors (Celtic and Rangers), along with a small number of external media companies which had an implicit partnership with the Old Firm, at the expense of other actors like the remaining SPL clubs and supporters. Forced into a debate about effective regulation and fairness, the clubs were fully cognisant that prioritising integrity and fairness would be to act against their clubs' own financial interests. The SPL's collective response to the crisis was limited to the introduction of new financial fair play regulations from season 2012/13. Other proposals like sanctioning a newco club or altering the voting structure were deferred, as clubs struggled to come to terms with the complexity of the situation facing them and its consequences. However, at its simplest, this case highlights that in some, albeit extreme situations, it is not possible for different logics to co-exist within a field and that conflict can only be resolved if one logic constrains another. Any decision taken by SPL member clubs to punish but not prohibit the newco option would be solely a financial decision; far removed from the notions of the specificity of sport articulated by the European Union. At the same time, the SPL is also a case study of flawed governance and conflicts of interest: the league members are its clubs; its board is made up of representatives of its

dependent member clubs, those same people charged with regulating and disciplining other member clubs.

Reclaiming the Game – Power on the Periphery?

At a special meeting of the SPL held on July 4th 2012 the SPL clubs voted by a majority of 10-1 – bizarrely the vote in favour coming from Rangers itself, the abstention from Kilmarnock FC - to reject the application from Rangers newco for a place in the SPL (Herald, 2012c). By the time of the meeting, the decision was a foregone conclusion as a sufficient number of clubs had already made public the fact they would vote against the newco. It is clear that a number of factors contributed to the SPL clubs’ decision, including strongly-held views of some club directors and chairmen on: the need for fairness and integrity; the need for Rangers’ behaviour to be punished; and the perceived lack of contrition by some individuals connected with Rangers. One factor, however, was central to their decision, namely pressure and expectations brought to bear on clubs by their supporters.

While there is widespread acceptance of football club businesses as stakeholder organisations, with supporters identified as key stakeholders therein (see, for example, Brown *et al.*, 2006; Brown *et al.*, 2008; Hamil, 1999; Hamil and Morrow, 2011; Morrow, 2003; Senaux, 2008), at the same time the commercialisation of football has left many supporters feeling increasingly marginalised. Despite this, the multi-faceted nature of supporters’ relationship with the club they support means that historically they have been reluctant to use market-based approaches such as exit (i.e. withdrawing their financial support) as means of controlling or disciplining behaviour in their club. Under some conditions, forms of social control may offer an alternative to economic-based approaches. Typically if society deems an organisation unworthy of continued support, it will withhold that support and the organisation

will cease to exist (Sama and Shoaf, 2005). Recent examples include the disappearance of both the accounting and auditing firm Arthur Andersen in the wake of the Enron debacle, and the British tabloid newspaper, The News of the World, as a result of the phone-hacking scandal. In these situations the organisations are deemed to forfeit their licence to operate. The anti-Glazer family ownership protests at Manchester United, the Green and Gold campaign, in which supporters invoked notions of the club's origins as Newton Heath was an attempt to use social control in a football setting. However, the very centrality of the club to many people's identity and the fear of undermining the institution rather than the owners meant that without supporters also being willing to invoke economic sanctions to restrain the club, the end result was no change.

The Rangers case raises grave concerns about issues as wide-ranging as social and ethical responsibility and integrity, and as narrow as unfair competitive advantage and fair play in sport. The indiscriminate on other clubs and on the image of Scottish football perhaps best explains the response of other SPL clubs' supporters and to their inclination to combine social control and pressure with the threat of economic sanctions in the form, for example, of non-renewal of season tickets, as way of ensuring discipline. This was progressed in two ways: first, as a result of more inclusive forms of stakeholder governance, communication and accountability through which clubs engaged directly with their supporters prior to finalising their newco decisions; and second, through supporters use of social media as a way to articulate their concerns, to engage their communities and to influence the agenda of the mainstream media. While the extraordinary circumstances surrounding Rangers may have been the catalyst for change in the field, supporters' involvement can be seen as an endogenous explanation of change, enabling previously peripheral actors

to take steps to alter the institutional arrangements and logics prevailing in the field. In any field, power is not fixed and neither is the nature of the relationships therein. In this situation, the involvement of supporters and, in effect their building of a coalition of interest within the field, strengthened relationships between sources of dependence, and acted as a way of challenging long-standing, powerful interests (Benson, 1975; Morrow and Idle, 2008; Podolny and Page, 1988). The threat of market-based discipline, coupled with social control arising from widespread dissatisfaction about the perceived failure of a putative Scottish institution to fulfil its basic social and corporate obligations and the implications of its behaviour in terms of sporting fair play, have resulted in a situation where institutional change became both necessary and possible.

Like other governing bodies, the SFA had acquiesced previously to the (financial) demands of the major clubs, in accepting and authorising the setting up of the SPL. Its role in the Rangers situation has been paradoxical. From one perspective it has looked like an impotent bystander, in particular over its unwillingness and/or inability to intervene during the takeover of Rangers by Craig Whyte, citing its lack of resource (Forsyth, 2012b). But from another perspective arguably the case has allowed it to begin to re-impose itself as the body at the summit of the Scottish football governance pyramid, showing a renewed willingness to lead and to govern. Following the McLeish report (2010), the SFA set about modernising aspects of its governance and discipline procedures, revising its Articles of Association, to establish an independent Judicial Panel through which to carry out its Disciplinary Procedures (SFA, 2011, Article 65). One reason for so doing was to deal with potential conflicts of interest in the governance of Scottish football of the type discussed above with regard to the SPL as well as at the SFA itself (Thomson, 2012). The initial recommendation

of that Panel, reiterated by the Appellate Tribunal, was that sanctions including a 12-month transfer embargo be imposed on the club due to weaknesses in its financial management and governance. Perhaps of greater significance, however, are the facts that a) the Panel noted that it had considered the ultimate sanction available to the ultimate governing body of the game in Scotland, namely withdrawing the club's SFA membership (SFA Judicial Panel, 2012) and, b) that throughout the various appeal stages the SFA has resolutely reminded observers of the Panel's independence and that the SFA, and its clubs, are bound by its decisions. While ostensibly Rangers' decision to successfully challenge the sanctions in the civil courts may seem to undermine the hierarchical power of the SFA, at the same time the SFA's decision not to appeal the court's judgement but instead to refer the case back to the Panel – a decision supported by FIFA – sought to reaffirm its status as the final arbiter in football authority.

One unwelcome consequence of the SPL clubs' decision to reject newco Rangers was to pass the question of how to resolve conflicting logics in Scottish football onto the SFL; its clubs now faced with an application from the newco to join. Working together the three governing bodies made the case, albeit belatedly, for a collective response to the situation, arguing that forcing newco Rangers into the SFL Division Three could lead to a financial crisis for Scottish football, arising out of a marked reduction of media and commercial income for SPL clubs and resultant diminution in SFL clubs' income as a result of the SPL being unable to pay its settlement fee to the SFL, a legacy of the inception of the SPL. Admitting newco Rangers into SFL Division 1 was proposed by the SFA Chief Executive, Stewart Regan, as essentially the least bad option. This solution would ensure the continued support of the SPL's broadcast partners and also included the SPL making a payment of £1m to the SFL

for the broadcasting rights for Rangers games in SFL Division 1. The proposal was also accompanied by Memorandum of Understanding between the three bodies, setting out proposals to alter the structure of Scottish football from 2013/14, increasing the number of clubs in the SPL to 14, a merger of the SFL and the SPL and the introduction of a pyramid system for all SFA licensed clubs from 2014/15 onwards (Fisher, 2012). At the same time newco Rangers would be required to accept responsibility for football debts and fines incurred under the previous regime.

However, many SFL clubs were extremely unhappy at the situation they were placed in by the SPL and its clubs and by the arguments and language used by of SFA Chief Executives, Stewart Regan, and SPL Chief Executive, Neil Doncaster (see, for example, Herald 2012b), and this proposal was comprehensively rejected by a majority of 25-5 at a meeting of SFL clubs in Glasgow on 13 July 2012 (Jordan, 2012). As a result newco Rangers was invited to participate in SFL Division 3 in season 2012/13. At this juncture the precise implications of explicitly prioritising sporting logic over commercial logic and on the sustainability of Scottish football of course remain to be seen. However, early evidence suggests that the financial situation is not as challenging for SPL clubs as had been feared, largely due to the decision of its broadcast partners to continue supporting the league, as well as the rights to show five SFL Division 3 games involving Rangers. In terms of attendance, of the ten SPL clubs who also played in the SPL last season at the mid-point of season 2012/13 five clubs report an increased average attendance and five a decreased average attendance compared to the average for the complete 2011/12 season; equivalent to an overall drop among these clubs of close to 4% (www.scotprem.co.uk). But at the same time the increased attendances enjoyed by

SFL clubs when hosting Rangers has had a very positive financial impact on those clubs, resulting in some redistribution of income throughout Scottish football.

Looking ahead it is essential that the crisis and the response of clubs, supporters and the wider public thereto act as a catalyst for managed change in the structure and organisation of Scottish football. Taken together with the vitally important role played by supporters in having their voices heard, the hope is that in future fewer actors in Scottish football will be found on the periphery and that greater cognisance is taken of the distribution of power and the importance of logics in the football field.

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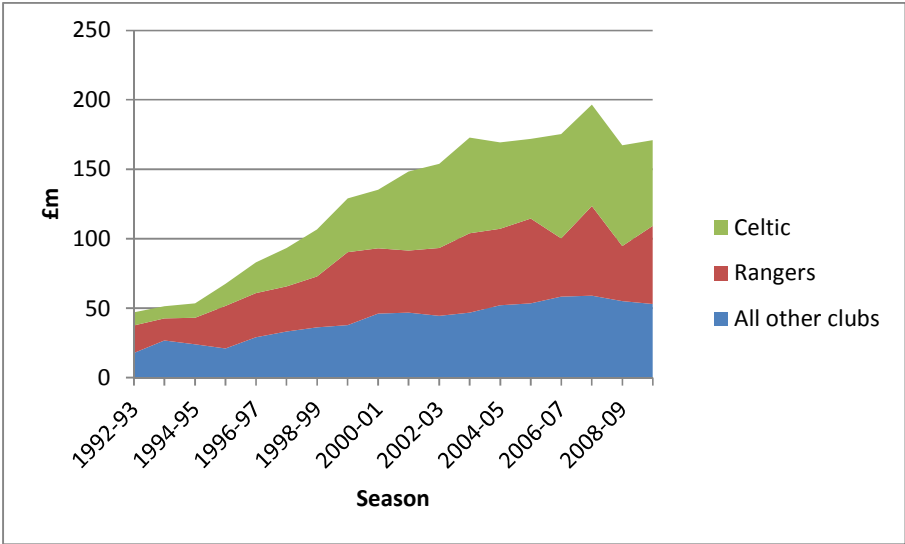
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¹ Ultimately, acceptance of the transfer embargo was made a condition of the transfer of the SFA membership between the old Rangers FC and Sevco Scotland Ltd, the newco set up by Charles Green (SFA, 2012c).

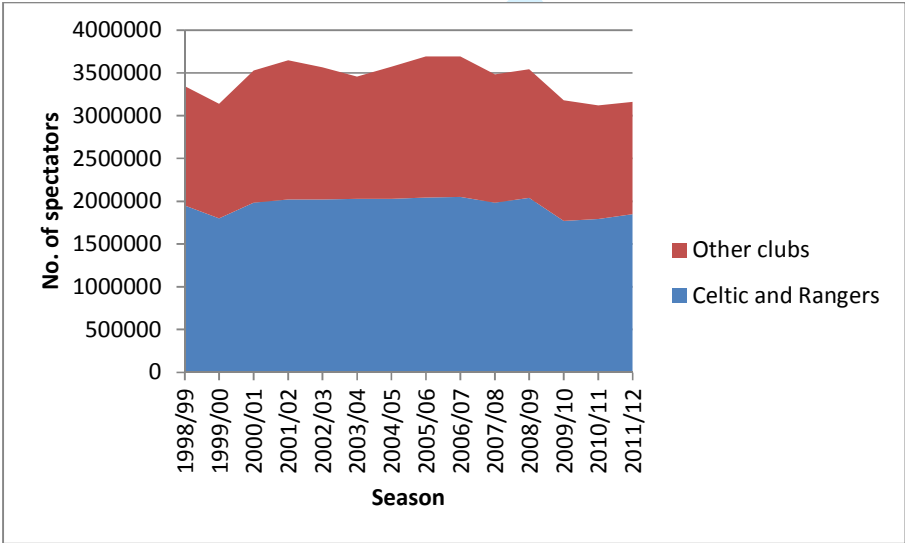
For Peer Review

Figure 1: Turnover in the SPL



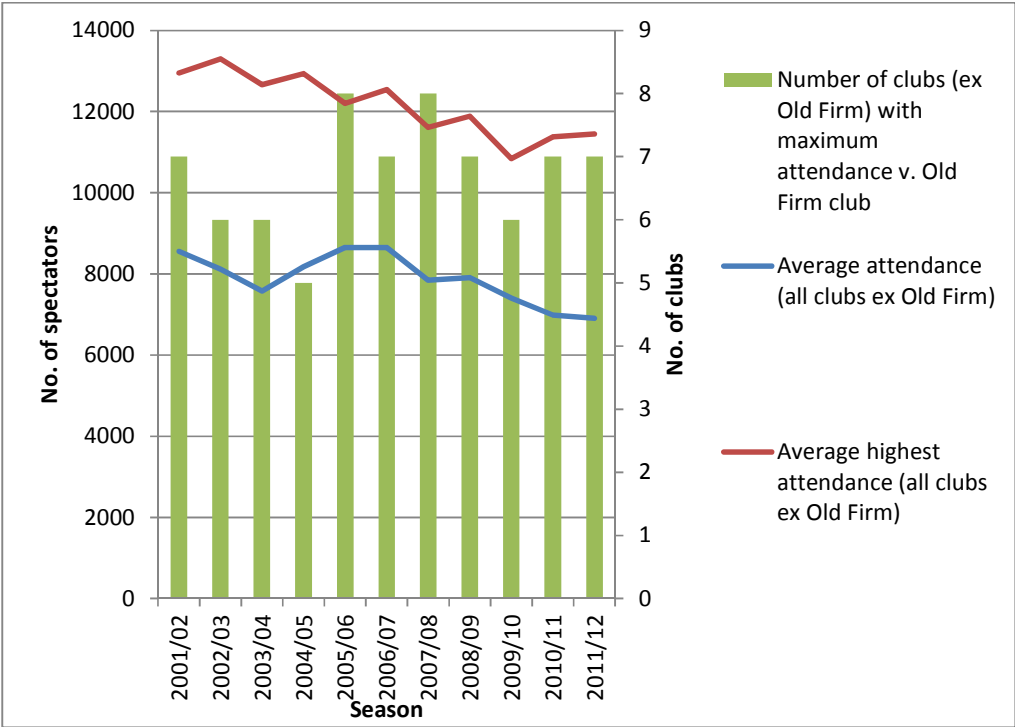
Source: PWC (various years)

Figure 2: Attendances - SPL and Celtic & Rangers



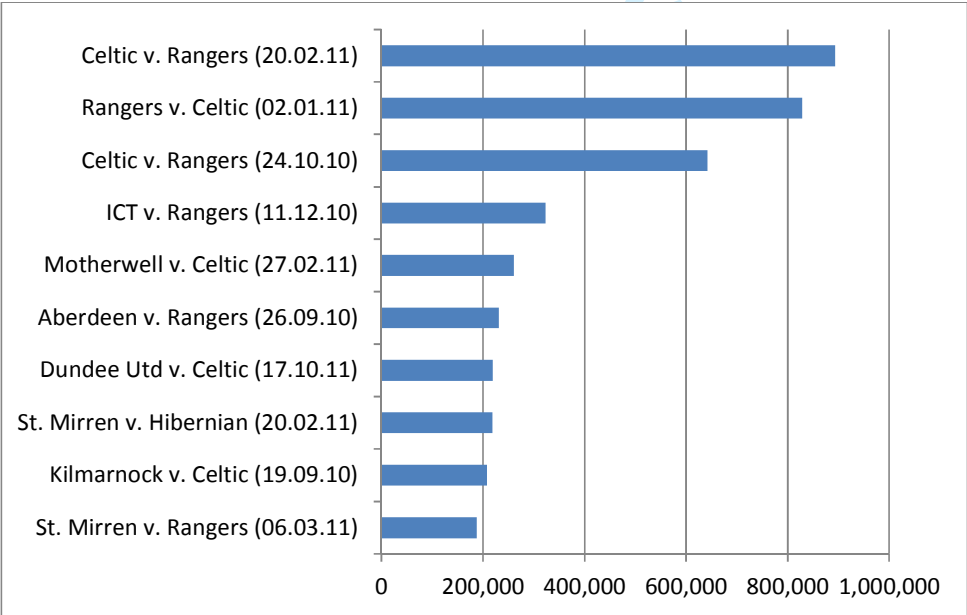
Source: www.scotprem.co.uk

Figure 3: Estimating the Old Firm impact on home attendance



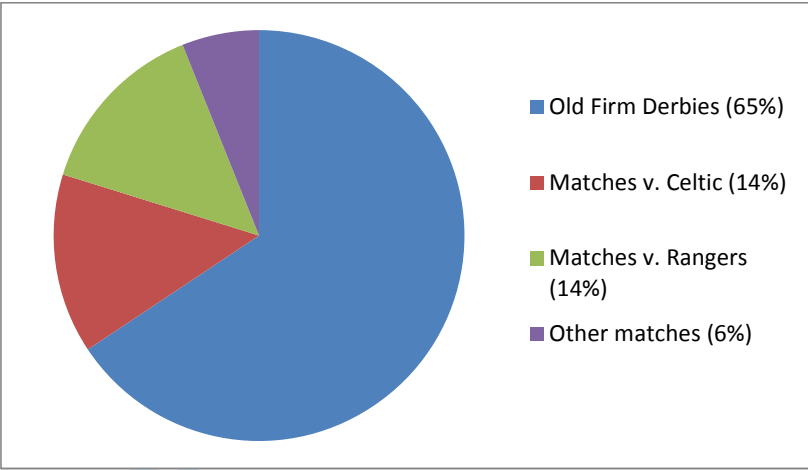
Source: www.scotsprem.co.uk

Figure 4: Average Live Match Audience August 2010-March 2011/ Top 10



Source: IFM (2011)

Figure 5: Average audience August 2010-March 2011– share by fixture



Source: IFM (2011)

Table 1: Prevailing logics in the SPL

	Sporting logic	Equivocal / undecided	Financial logic
Rod Petrie Chairman of Hibernian FC	It is important to us that the integrity of the competition that we take part in is maintained to the highest standards. It's not a question of any sum of money in return for that integrity (McLauchlin, 2012)		
John Yorkston Chairman of Dunfermline Athletic	[that a newco Rangers, if it ever comes into existence, should be denied a share in the SPL] is what I'll be arguing for, but I do understand that others will look at the financial side, and that will have more sway than sporting integrity (Forsyth, 2012a).		
Neil Doncaster Chief Executive of the SPL		sporting integrity ... [was] very, very important ... [but owners are] concerned with the survival of their clubs (Macdonald, 2012)	
Peter Lawwell Chief Executive of Celtic plc		We will do what is in the best interests of Celtic [FC] and our supporters, consistent with upholding the interests and reputation of Scottish football (BBC Sport, 2012c)	
Stewart Milne Chairman of Aberdeen FC		We will continue to give this matter our full attention and do what we believe is in the best interests of Aberdeen [FC] and Scottish football and will communicate this to our supporters at the appropriate time (Daily Record, 2012)	
Steven Brown Chairman of St Johnstone FC		If I've got a vote then I certainly will not let Rangers in without sanctions. ... I think Rangers themselves and the majority of supporters accept that they're going to have to get some form of punishment (STV, 2012a).	
Statement from Motherwell FC		We do not believe we can separate the sporting integrity of our league from the sustainable future of our club; the two go hand in hand (BBC Sport, 2012g)	
Stephen Thompson Chairman of Dundee Utd FC		We are in a very, very difficult situation and at a crossroads for Scottish football. I understand how all the fans feel [admitting a newco Rangers to the SPL would damage	

		sporting integrity beyond repair] and I have great sympathy for them. But I have a legal responsibility to run Dundee United and a legal responsibility as a director of the SPL. We've got to think about our own clubs and about the whole of Scottish football. It is impossible. ... We've got to think about the fans: without fans you don't have a club. But you have all the contracts, we don't know where Sky and ESPN sit in all this. If we did it might make the decision a bit easier (BBC Sport, 2012b)	
Michael Johnson Chairman of Kilmarnock FC			Members see the commercial benefits of having Rangers, even as a newco. The clubs are mindful of a sporting integrity aspect but the commercial benefits may outweigh that (BBC Sport, 2012a).