

Assessing UEFA's Financial Fair Play as a Multi-Dimension Regulatory Concept

– A Pan-European Survey from the Supporters' Perspective –

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CHEMNITZ

Motivation

FFP as a Multi-Dimension Regulatory Concept

The concept ultimately hopes to achieve the **following fundamental objectives**:

- To improve the **financial stability** of professional football clubs to ensure the smooth running of the competitions
- To protect professional football **clubs' creditors** (e.g. players or other clubs)
- To regulate the influence of **external funding** (from investors, lenders or benefactors) on on-field competition

→ **To protect the long-term viability of European club football**

Motivation

- **Fans** are the relevant target group finally assessing the attractiveness and **long-term viability of European** club football
- The intention of our research is:
- to assess the supporters' perspective on UEFA's Financial Fair Play concept
 - to provide a feedback regarding the multi-dimension regulatory concept
 - to give recommendations for further improvements

Theoretical Background

Theoretical Background

- Governing bodies of professional sport leagues act as some kind of sports government (including legislature, judiciary and executive)
- League failure as a theoretical foundation for governing intervention (Lammert, Hovemann, Breuer & Daumann)
- Justification of regulating professional sport leagues e.g.:
 - Negative externalities
 - Public goods

Methodology

Methodology

- Empirical instead of a normative approach to assess the Financial Fair Play concept
- Because of the European relevance we conduct the survey on a pan-European basis in six different languages (English, French, German, Italian, Russian and Spanish)
- We have considered all 53 European football nations
- Our survey is supported by the European fan associations Football Supporters Europe and Supporters Direct
- Furthermore we have contacted via email and telephone
 - all members of the European Club Association, the European Professional Football Leagues and all national associations
 - For the big 5 nations: every club from the first division and leading football magazines

Methodology

- Fan institutions, clubs, leagues, national associations and magazines have promoted the survey via email-newsletters, web page entries or written articles
- Conduction as an online survey
- Extent of the survey: 80 different items
- Application of a Likert-Scale because of the easiness of its execution and its international pervasiveness

First Selected Results

Content overview

Different parts of the survey:

- current situation in European professional football
- objectives of the Financial Fair Play concept
- overall assessment of the Financial Fair Play concept
- personal interaction with football and demographic information

Results - Return

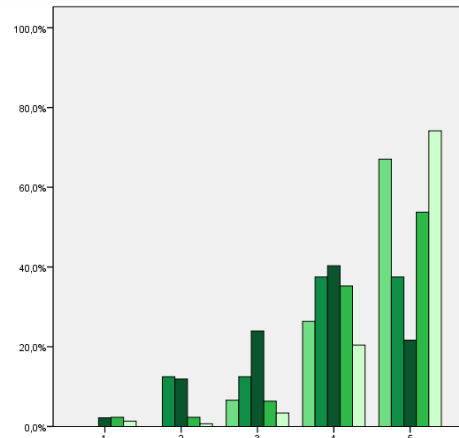
Return:

- Responses from 43 different European Countries
- Amongst others:
 - England 93
 - France 10
 - Germany 745
 - Italy 175
 - Spain 147
 - Austria 54
 - Lithuania 39
 - Romania 60
 - Scotland 41
 - Slovakia 42
 - Slovenia 54
- 1627 completed questionnaires

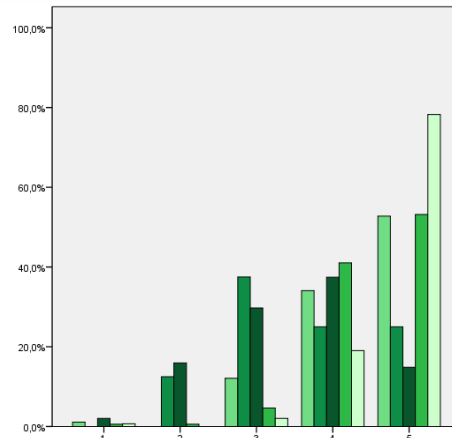
Results – Descriptive Statistics regarding the respondents

	Minimum	Percentile 0,25	Mean	Median	Percentile 0,75	Maximum	Standard Deviation	N
Frequency of match attendance	1	2,00	4,39	5,00	7,00	7	2,083	1627
Interest in Champions League	1	4,00	4,20	5,00	5,00	5	1,012	1641
Interest in Europa League	1	3,00	3,42	3,00	4,00	5	1,057	1641
Interest in own national league	1	5,00	4,64	5,00	5,00	5	,812	1641
Interest in other national leagues	1	2,00	3,29	3,00	4,00	5	1,149	1636
Number of favorite clubs	1	1,00	1,31	1,00	2,00	3	,536	1634
Frequency of CL participation	1	1,00	1,80	1,00	3,00	4	1,132	1548
Frequency of EL participation	1	1,00	1,81	2,00	2,00	4	,873	1539
Frequency of CL/EL participation	1	1,00	1,23	1,00	1,00	4	,589	1530
Age	12	23,00	32,38	30,00	39,00	99	11,684	1629
Gender	1	2,00	1,94	2,00	2,00	2	,233	1632
Highest educational qualification	1	3,00	3,60	3,00	5,00	5	1,290	1632
Nationality Big5 or not	0	,00	,72	1,00	1,00	1	,451	1632

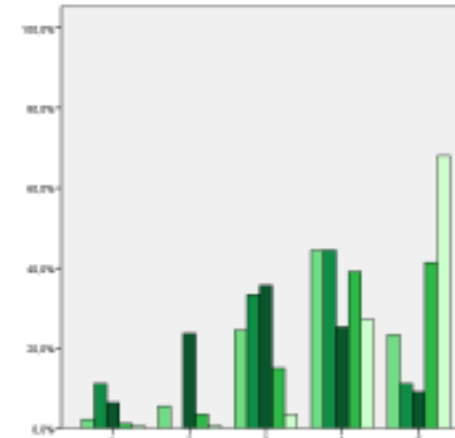
Results – Current Situation in European Professional Football



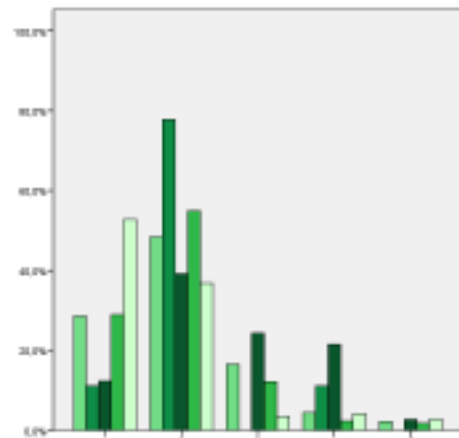
Expenses > revenues



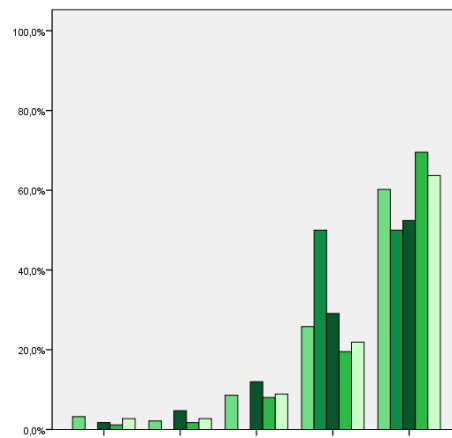
High level of debt



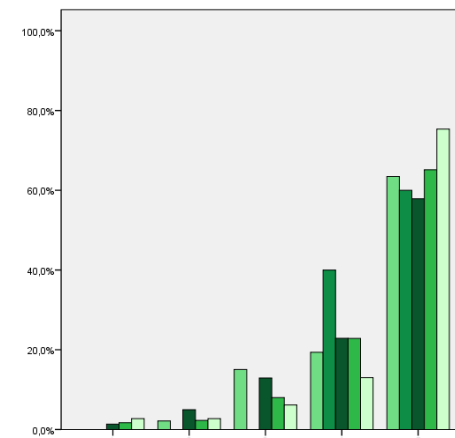
Financial difficulties



Financial stability



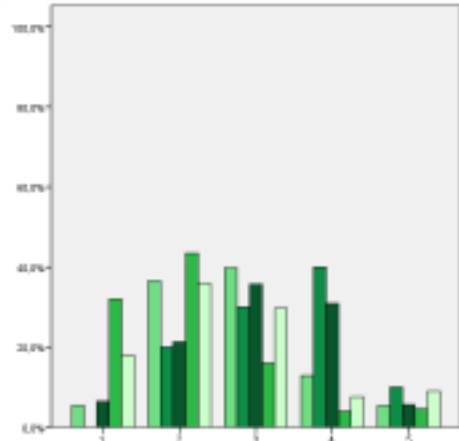
Salary payments too high



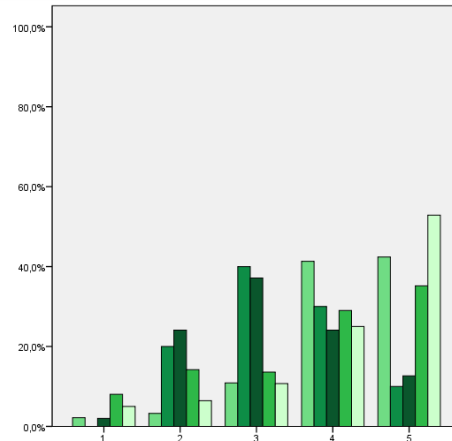
Transfer payments too high

England
 France
 Germany
 Italy
 Spain

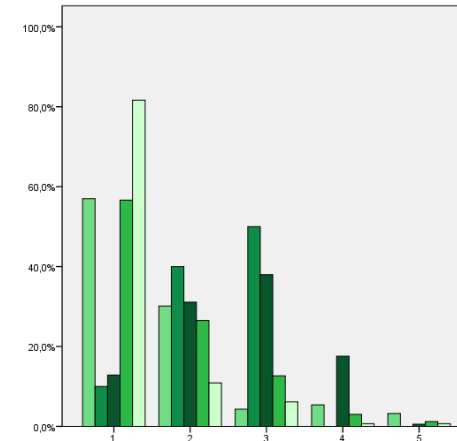
Results – Current Situation in European Professional Football



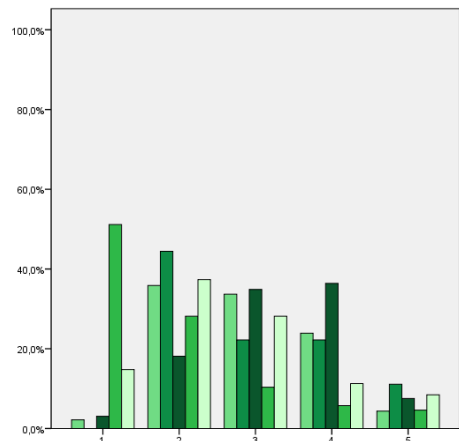
Investment in youth development



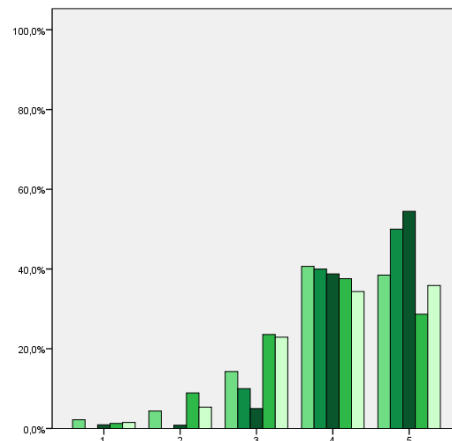
Influence of ext. funding – nat.



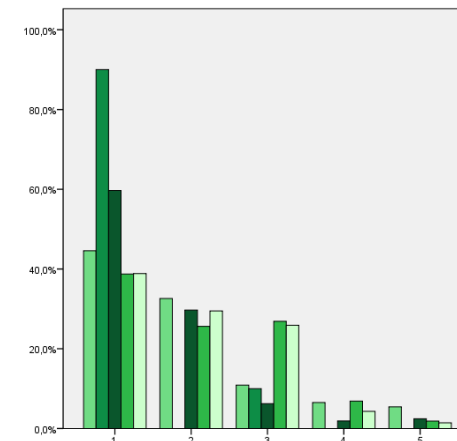
Equality of fin. opportunity – nat.



Investment in infrastructure



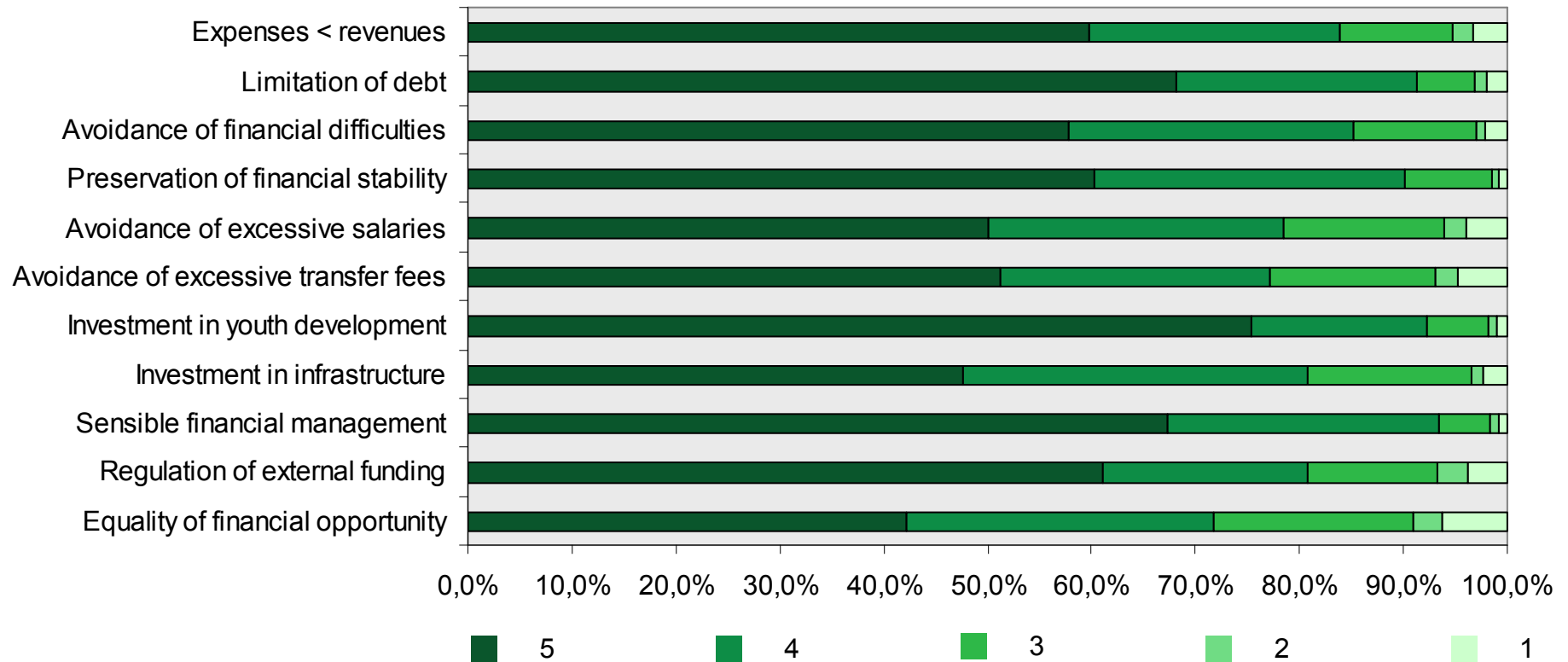
Influence of ext. funding – internat.



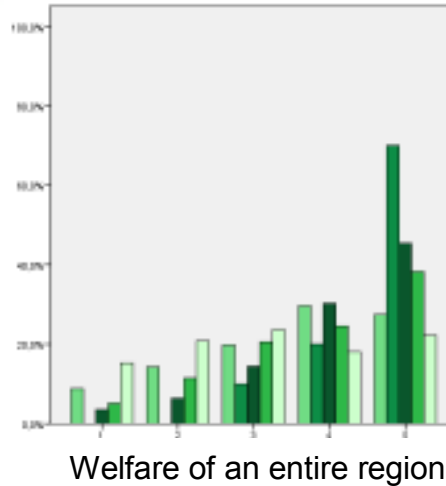
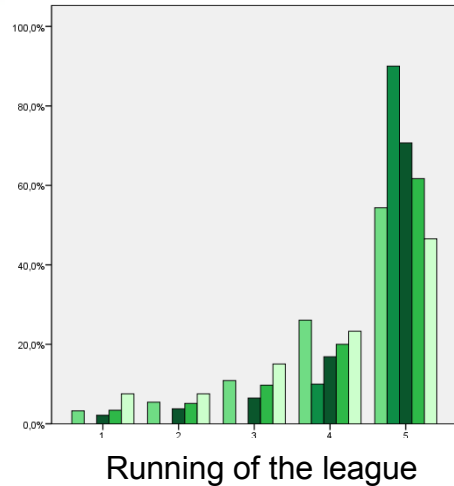
Equality of fin. opportunity – internat.

England
 France
 Germany
 Italy
 Spain

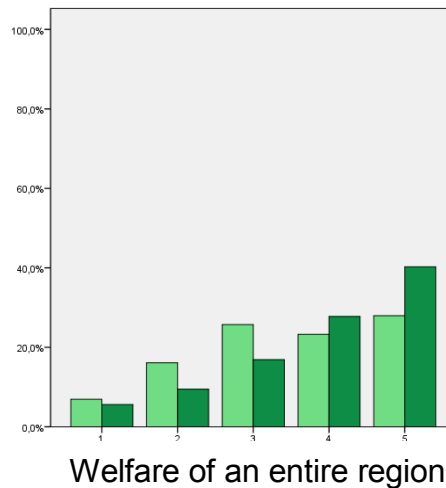
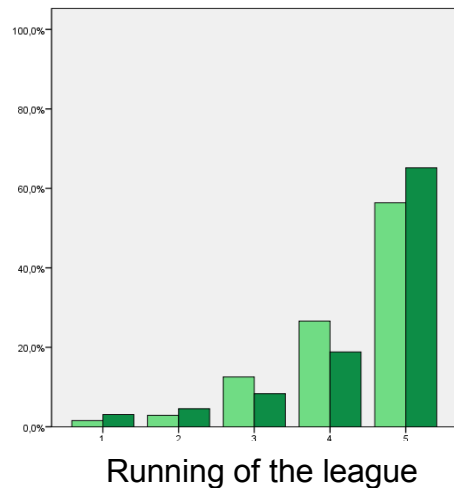
Results – Opinion on the Objectives of Financial Fair Play



Results – Objectives of Financial Fair Play and beyond – Insolvency and Consequences

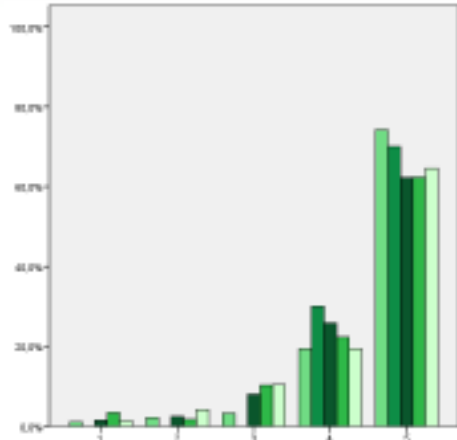


■ England ■ France ■ Germany ■ Italy ■ Spain



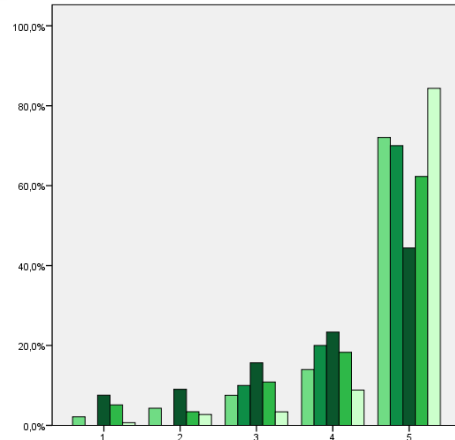
■ Not Big 5 ■ Big 5

Results – Objectives of Financial Fair Play and beyond – Transparency and Control



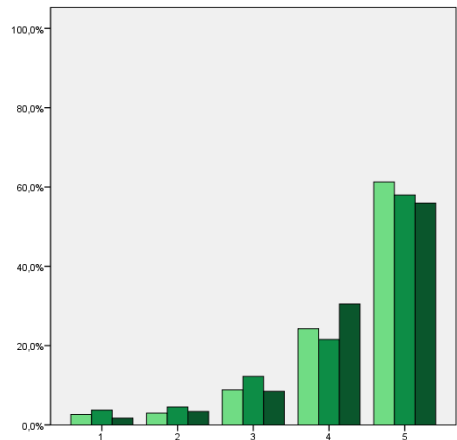
Disclosure of fin. position to UEFA

England France



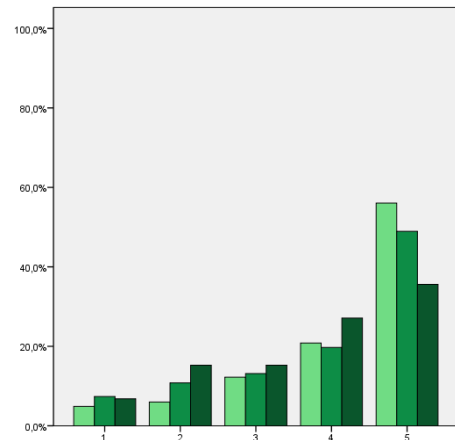
Disclosure of fin. position to fans

Germany Italy Spain



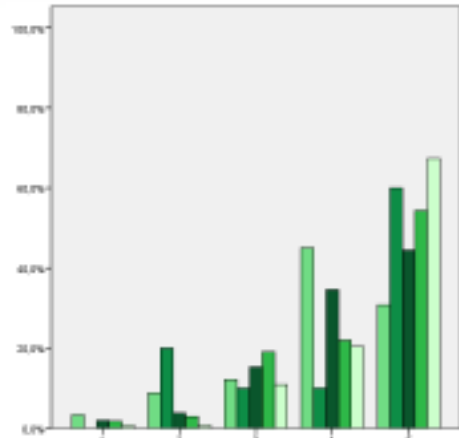
Disclosure of fin. position to UEFA

One favorite club More than one favorite club No favorite club

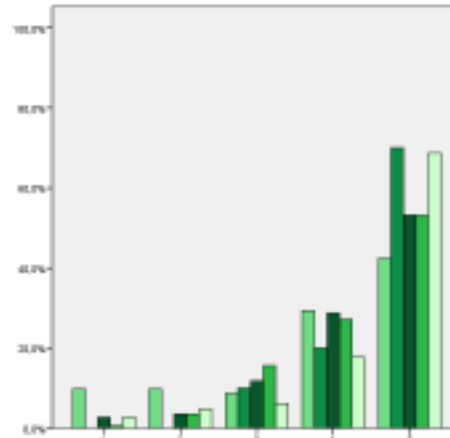


Disclosure of fin. position to fans

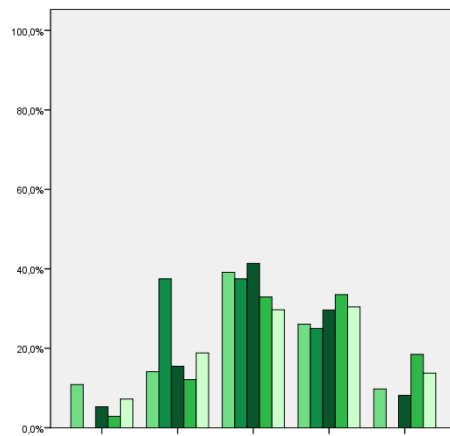
Results – Objectives of Financial Fair Play and beyond – Investments and Youth Development



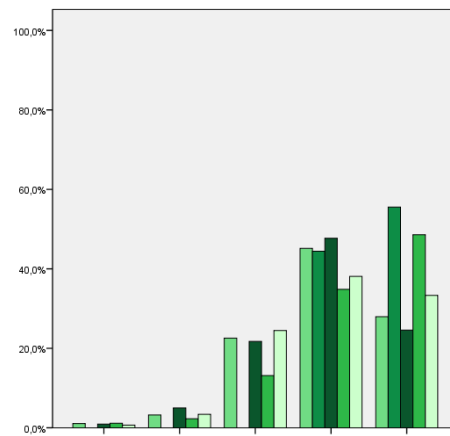
Identification of home-grown players



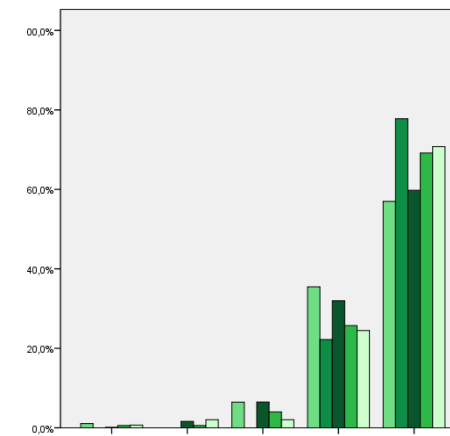
Identification with home-grown players



Investment in transfer fees



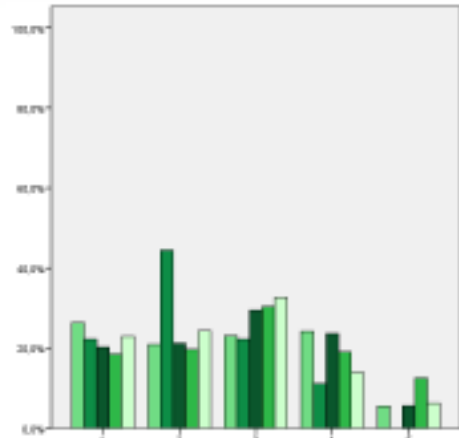
Investment in infrastructure



Investment in youth development

England
 France
 Germany
 Italy
 Spain

Results – Objectives of Financial Fair Play and beyond – Influence of External Funding



Quality of football games

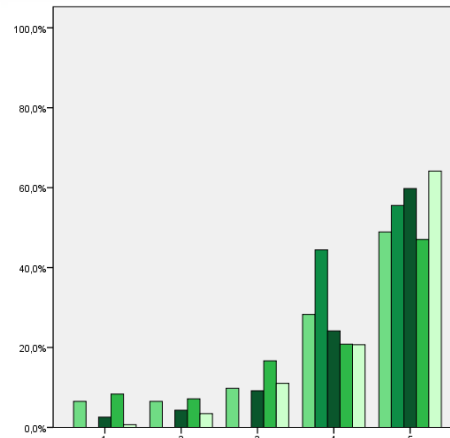
England

France

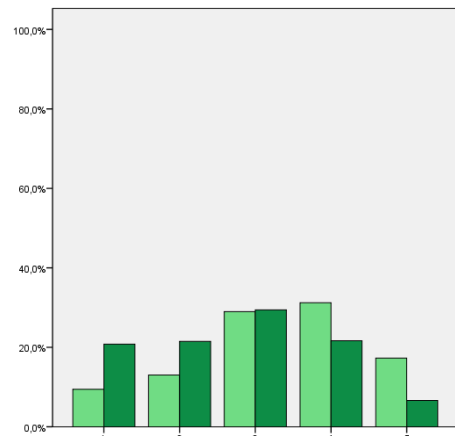
Germany

Italy

Spain



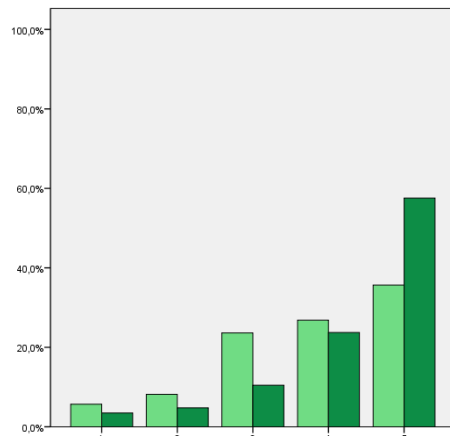
Fair on-field competition



Quality of football games

Not Big 5

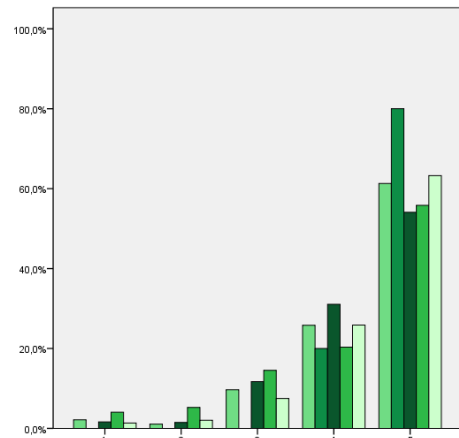
Big 5



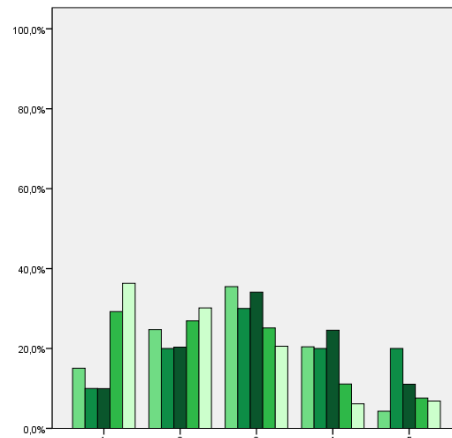
Fair on-field competition

Results – Objectives of Financial Fair Play and beyond – Competitive Balance

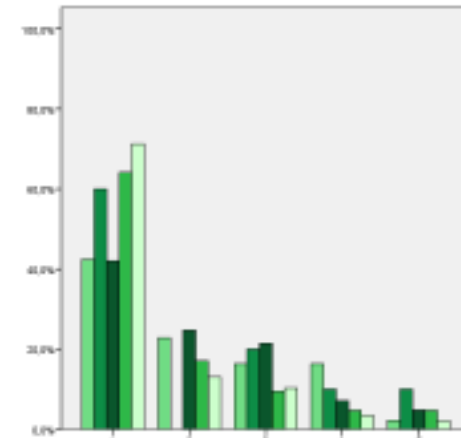
Attractiveness of a game between...



Two equally strong clubs



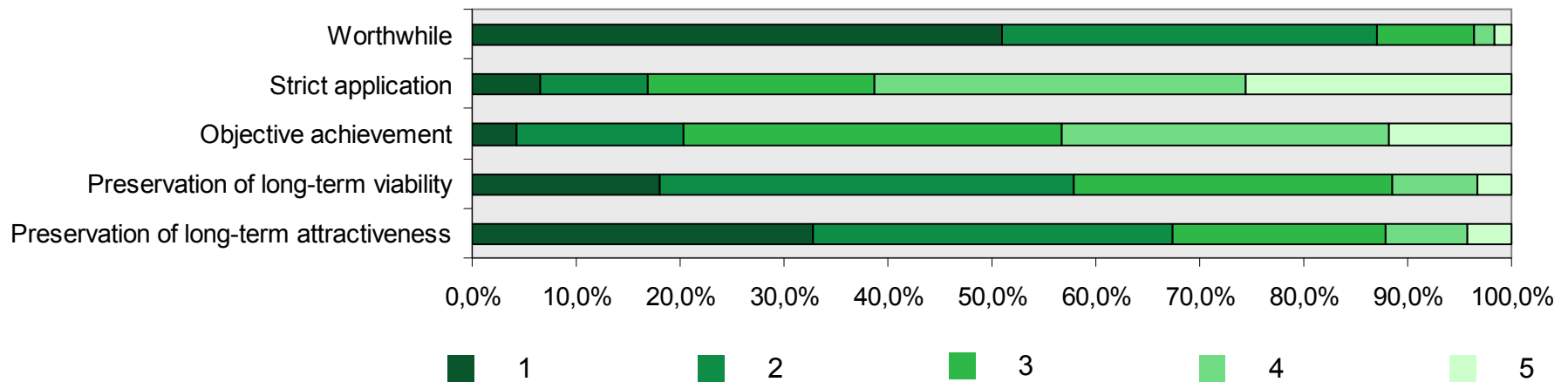
A strong and a weak club



A very strong and a very weak club

England
 France
 Germany
 Italy
 Spain

Results – Overall Assessment of the Financial Fair Play Concept



Representativeness

Representativeness

Distribution of the responses on fans with different favorite clubs

	Different favorite clubs in the first division	Different favorite clubs in other divisions
England	12	19
France	6	2
Germany	16	26
Italy	10	4
Spain	10	3

Robustness

Robustness

- No important differences for fans with one favorite club, more than one favorite club or no favorite club
- No important differences for a grouping based on frequent or occasional watching of football at the ground
- No important differences for a grouping for fans, whose favorite club takes part in European competitions or not
- No important differences for fans with different educational qualification

Conclusion

Conclusion

- Fans considerably perceive the problems of European club football leading to the birth of the Financial Fair Play concept
- Fans strongly support the objectives of the concept
- From the fan perspective further or expanding regulatory aspects seem to be promising to protect the long-term viability of European club football
- The overall assessment is generally positive except of the believe that UEFA will not apply the rules strictly and therefore the objective achievement will be low

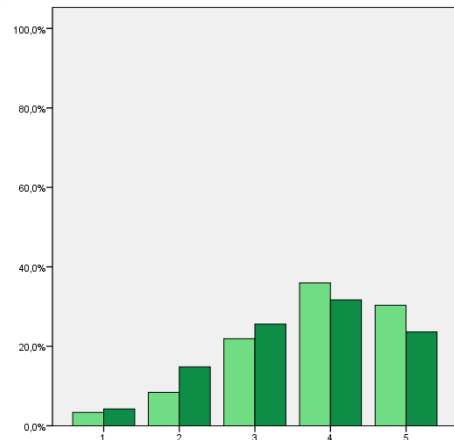
Thank you for your attention!

Theoretical Background

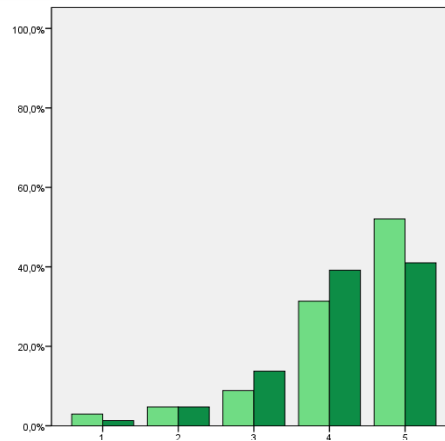
For example: Financial stability of participating clubs

- Mechanism of hyperactivity (Alchian & Demsetz, 1972) and rat race (Franck, 1995) in professional sport leagues
- A breach of financial stability has negative effects for a club itself
- In addition to that it causes negative externalities (substantial damage for the reputation and the marketing of a sport league)
- If the utility function of a club would only contain the own negative effects it would rather be tempted to take a risk – leads to underproduction of financial stability
- This would lead to inefficient results for the league as a whole.
- Implies the role for the governing body of a professional sport league to release enforcing regulations

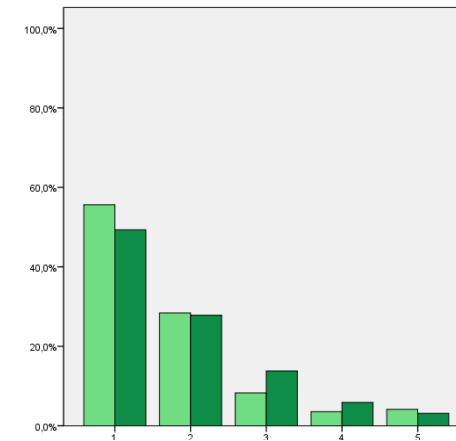
Results – Lower and Higher Interest in the UEFA Competitions



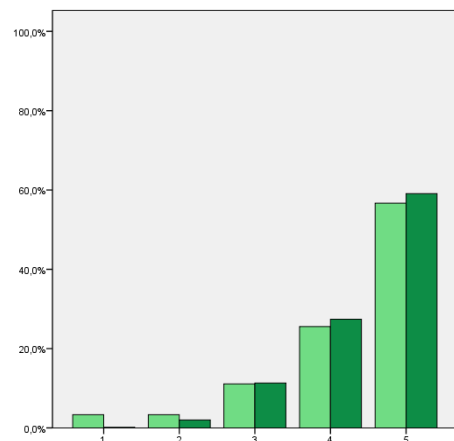
Financial difficulties



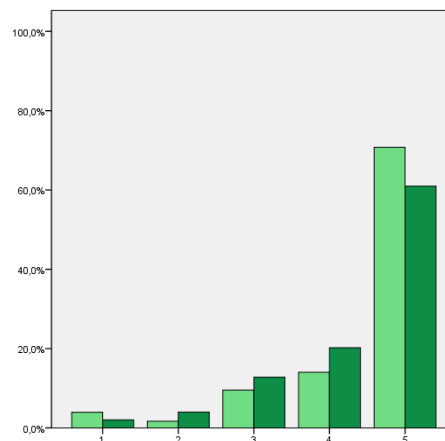
Influence of ext. funding – internat.



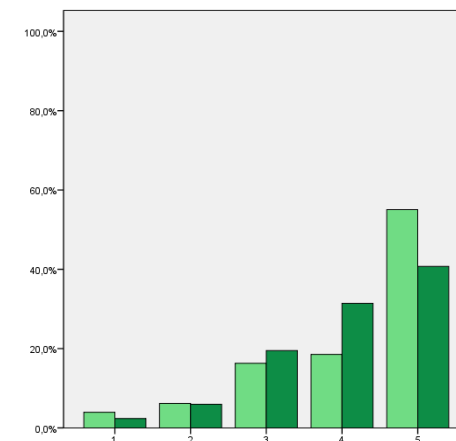
Equality of fin. opportunity – internat.



Avoidance of financial difficulties



Regulation of ext. funding



Advantageousness of equality of fin. opportunity

■ Lower Interest in UEFA competitions

■ Higher Interest in UEFA competitions