

# The dilemma between social values and economic aspects of sport business: The impact of F.C. Juventus relegation on demand for Italian football

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## Aim of paper and research questions

On 25<sup>th</sup> of July the Federal Court of Italian Football Federation condemned Juventus F.C., A.C. Fiorentina, S.S. Lazio and A.C. Milan for a match fixing scandal concerning 39 matches of the season 2005/2006. In particular Juventus F.C. has been relegated to the lower league (Serie B). Many commentators argued that the jury has been too mild and that a proper sanction would have been a ban on Juventus to play in the professional league. The rationale for the relegation has been individuated in the importance of Juventus, also a listed company in Italian stock market, for the entire League. The absence of Juventus from the competition would have been a financial disaster due to the subsequent loss in media interest for the league. As a matter of fact Juventus came back in Serie A in the season subsequent the relegation and its absence from the main league was temporary. The aim of the paper is to investigate the dilemma between sport values and sport economic interest by presenting the results on the impact of Juventus relegation on the stadium demand for football in Italy for Serie A and Serie B.

The research question is: In what direction and how much did Juventus relegation affect the football demand on stadium in Italy? Some conclusion on long term value creation strategy and CSR policies for football clubs are then considered.

## Literature review

We conduct our analysis following the conceptual framework of natural experiment (Wooldridge, 2002: 417-418). We estimated a demand equation with the logarithm of attendance as dependent variable. The included regressors measure the sporting and the economic aspect of football business (see Dobson & Goddard, 2006: 317-372 for an extensive review of the literature on econometric analysis of football attendance). The results add to the debate on the dilemma between social values sport and economic aspects of sport and give the way to the implementation of CSR to sport business in order to avoid criticism about the lack of care for social aspects (Mc Alister & Ferrell, 2002; Garriga & Melè, 2004; Matten & Crane, 2005).

## Research design and data analysis

We estimated a fixed effect panel data model on the 42 professional teams in Italian Serie A and Serie B for the seasons 2004-2005, 2005-06 and 2006-07. We used a two stage least square estimator because of endogeneity caused by the possible simultaneity between the dependent variable (attendance) and the percentage of wins at home (the 12<sup>th</sup> man effect). The model is:

$$\log att_{it} = u_i + \beta_1 winperch_{it} + \beta_2 riot_{it} + \beta_3 addedval_{it} + \beta_4 goalsscoredh_{it} + \beta_5 dumseriea_{it} + \beta_7 away_{it} + \beta_8 \log cap_{it} + \beta_9 juvb_{it} + \varepsilon_{it}$$

## Results

The results confirm the hypothesised relationship for the dummy variable. F.C. Juventus relegation caused a 15% change on attendance for Italian football in the considered seasons. The presumable increase in the attendance for Serie B matches with Juventus did not overturn the loss in the attendance in the Serie A matches.

## Discussion and conclusion

F.C. Juventus relegation from Serie A caused a decrease in the matches attendance and banning the team would have result in a more serious damage for the Italian professional football. Many thought that a more severe penalty should have been inflicted and that the importance of Juventus shielded the club. The dilemma between economic aspect and social values of sport is at the heart of the sport commercialisation. Professional football teams are often seen by the general public as economic entities which disregard the social values of sport and look at the profit as their unique goal. In order to improve their image some CSR policies should be adopted by the teams involving social relevant stakeholders like children or disabled people. CSR strategies could prove effective to involve the clubs in the care of social aspects of sport. The Federation should follow its mission by enforcing the respect of the rules by any teams. By the way, there are conducts that have to be condemned despite any economic impact because they disrupt the educational role of sport.

## References

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