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## **RUGBY LEAGUE THE FAMOUS AMERICAN SPORT: THE EFFECT OF RESTRUCTURING ON COMPETITIVE BALANCE AND DEMAND FOR THE SUPER LEAGUE**

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Synopsis:

Abstract:

AIM: In 1994 the Rugby Football League (RFL) made the executive decision to follow the Premier League through restructuring to exploit commercial revenue, aiming to provide financial stability. This involved applying the profit maximising American model of league structure, resulting in; merging three leagues into two, the Super League and Championship; market restrictions such as a salary cap introduced; and a new hematic construction instead of the promotion and relegation system (Sloane, 1971). However, the RFL has since changed its mind following the 2013 Policy Review reinstating promotion and relegation to control movement between the original three tier structure; Tier 1 Super League; Tier 2 Championship; Tier 3 League 1 (RFL, 2015). This preliminary study aims to establish what effect the structural change had on competitive balance and demand, determining whether they were correct to change in the first place and ultimately revert back.

LITERATURE REVIEW: League profitability and sustainability is contingent on competitive balance, which, refers to the equilibrium between clubs within a league, ensuring limited dominance and equal chances of success (Borooah & Mangan, 2012). Sloane (1971) develops the utility and profit maximizing constructs pertaining that American leagues focus on increasing profits and European leagues focus on on-field success. Thus, American leagues are more concerned with increasing and maintaining competitive balance to increase and stabilise demand, increasing profits providing a sustainable league (Rottenberg, 1956). Unlike the European leagues that are willing to sacrifice profits to increase success on the pitch. Therefore, the American model of a sports league, impose various market restrictions to maintain

competitive balance; salary caps, talent distribution, hematic league structures, revenue sharing, franchise ownerships to name a few. Scholars have studied the effects of such restrictions on league competitiveness for years with limited success (e.g. Daly & Moore, 1981; Horowitz, 1997; Eckard, 2001; Lee & Fort, 2005). Williams (2012) and Howarth & Robinson (2008) provide insight to the effects of imposing market restrictions on Rugby Union and Rugby League respectively. However, there is limited research documenting the effects of applying an American model to British sport..

**METHODOLOGY:** This study builds upon research from Howarth & Robinson (2008) who analysed the impact of introducing a salary cap into Rugby League, and Booth (2004) focusing on restriction changes within Australian Rugby League. Firstly, seasonal attendance and league table data was collated from 1990 – 2014. To understand the competitive balance trends over this period a tripartite method was used to understand the uncertainty of outcome (UoO). Quirk & Fort's (1992) adaption of the Standard Deviation of Win/Loss Percentage (SDWP) developed by Noll (1974) and later applied by Scully (1974) was used to understand the seasonal UoO,. In line with Howarth & Robinson (2008) the C5 Index of Competitive Balance was applied to identify oligopolistic domination over time and Herfindhal Index of Competitive Balance to understand inter-league domination (Michie & Oughton, 2004). This was then compared to total and average attendance figures for representative seasons to understand league demand. Finally, financial data sourced from Companies House for each season was collected to provide the final dimension of this study. SPSS has been used to provide statistical evidence of the effects.

**RESULTS, DISCUSSION AND IMPLICATIONS/CONCLUSIONS:** Final conclusive results are not available at the time of abstract submission but authors will guarantee that the results will be ready for presentation at the conference (expected completion June 2015). That said, initial results indicate competitive balance worsened immediately after implementing the structural change, yet interestingly, after 8 years all SDWP, C5ICB and HICB all stabilised with some improvements. Further analysis is ongoing.

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