

## THE BUDGETING ISSUE IN THE ARGENTINE VOLLEYBALL LEAGUE

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### Abstract

#### Aim of abstract

The distribution of qualified players among teams of a sport league is of utmost importance both for competition and market-ing success. It is important to analyze whether a free labor market can lead to this kind of distribution or if it is necessary to provoke a uniform distribution through a body of agreements and regulations.

#### Practice description

The leverage that a system of technical handicap produces in teams, which is comprised of (a) team accumulated qualification, (b) number of players of maximum scoring, and (c) number of foreign players per team.

#### Context description, actors involved

The Argentine League is the premier national volleyball competition and one of the best professional leagues of the FIVB. This league has been ruled by an association of clubs (ACLAV) since 2003, which has decided to suspend the abovementioned handicap system after three consecutive seasons. The characteristics of its members, the peculiar market of players, and the difficulty to make decisions to reduce the club's economic deficit, represent a stimulating case study.

This league is formed by twelve franchises acting as organizers and contestants. Its Board of Directors constitutes the executive body ruling over the basic issues of the institutional agenda: key regulations, league size, relationship with the national federation, and distribution of corporate income.

These teams do not constitute a uniform institutional model. Although the affiliation conditions require a non-profit legal status, different mechanisms provoke alliances among clubs, companies, and provincial governments. Consequently, this "Clubs Association" is not totally true to its denomination, involving several franchise structures and financial sources.

This situation generated great economic unbalance between teams and a dangerous lack of results transitivity.

According to Neale (as quoted in Heineman, 1998), foreseeable results produce harmful monopoly effects for any sport competition. When competitive success is

monopolized by the same teams, the outcome is an indifferent and monotonous league for the people. Rothenberg (1956) and Jones (1969) showed that competitive balance is usually developed independently from distributive rules. Their arguments were based on the existence of a meeting point where recruiting becomes unnecessary according to the law of decreasing performance. This situation provides for the natural relocation of exceeding players into marginal teams, provided there is an important population of athletes.

Although this theory could be applied to other sport leagues, this has not been the case in Argentina. First, the local volleyball market is small in size and the few qualified players choose to play in European clubs. Based on the weakness of the national currency (against the Euro) and the little direct income generated by the teams, it is almost impossible for this league to retain qualified players. Then, with salaries out of control, only a few franchises can hire good athletes, while the rest of the clubs pay overprice for low-qualified players.

Each of the clubs contributed to the economic unbalance, trying to equal or exceed the leaders' bids, despite their increasing debt. So far, the Board of Directors of ACLAV has not been able to find a solution to the financial deficit of their own clubs, generated by the characteristics of the abovementioned market.

#### Implications and learning

The abovementioned mechanism of team leveling was implemented in this league between 2004 and 2006, providing for results transitivity and the financial balance of affiliated clubs. Since it was discontinued, just one team won all the league's championships, the budgeting deficits were quintupled, while the repercussion in the media and the number of spectators decreased sensibly. To conclude, unregulated and unequal budgets inhibit league's balance, eliminates the results transitivity, and generates a harmful effect on competition.

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