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## THE MARKET OF FOOTBALL CLUB INVESTORS IN AN ERA OF AUSTERITY: THEORY AND EMPIRICAL EVIDENCE FROM PROFESSIONAL EUROPEAN FOOTBALL

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Synopsis:

This paper reviews theoretical studies and empirical evidence from professional European football analyzing the market of football club investors. 20 years after the Bosman judgement, European football is facing another market transformation including the entry of strategic investors and domestic and foreign private majority investors.

Abstract:

Research question:

The European market for football club investors is undergoing a significant transformation with German clubs opening up for strategic investors, French clubs being taken over by private majority investors, and English top-league clubs experiencing an influx of foreign investors. Economic and legal politics have played an important role in the deregulation of closed member associations, and are now pivotal again in the re-regulation through UEFA's Financial Fair Play.

Research methods:

This paper adopts the approach by Frick (2007) to analyze the market-transforming impact of the entry of football club investors. The paper summarizes the history and current market situation in the 'Big 5' European leagues. Descriptive league- and club-level analyzes motivate the importance of football club investors and regulatory reforms for European professional football. Available theory and empirical evidence is reviewed along three key stages of market development (incorporations, private investors, foreign investors). Future research is recommended based on identified research gaps and appropriate samples.

Results and findings:

An increasing number of theoretical and empirical studies devote themselves to the market of football club investors. Four distinct, but closely related research

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fields have emerged which cover: (1) the application of property rights theory on European football clubs to analyze the impact of incorporations of financial success; (2) the financial and sporting impact of public listings of European football clubs; (3) theoretical studies on money injections by private investors; and (4) the impact of foreign investors on profitability and sporting success.

Implications:

The article identifies a lack of empirical studies and suggests some research gaps that would deserve further attention. The impact of money injections by private investors should be analyzed through empirical studies. The peculiar phenomenon of foreign investors acquiring debt-ridden European football clubs is a promising new research field in this period of financial austerity.

References:

Frick, B. (2007). The Football Players' Labor Market: Empirical Evidence from the Major European Leagues. *Scottish Journal of Political Economy*, 54(3), 422–446.