A Longitudinal and Comparative Analysis of Competitive Balance in Five European Football Leagues

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Aim
This paper aims to provide empirical evidence on competitive balance in the 'big five' European football leagues; namely the English Premier League, French Ligue 1, German Bundesliga, Italian Serie A and Spanish La Liga.

Theoretical Background and Literature Review
The notion of teamwork, and the managing of teams, is a particular challenge in many fields (Carlstrom (2012) cites pubic organisations as one example). Our paper uses the theory of teamwork (and performance management of teams) in the context of professional team sport (notably, football) to frame our discussion surrounding competitive balance. In respect of competitive balance there are two distinct strands of academic literature as outlined by Fort and Maxcy (2003): (1) analysis of competitive balance (ACB) literature, which focuses on what has happened to competitive balance over time or as a result of changes in the business practices of sports leagues; and, (2) literature on competitive balance that analyses its effect on fans, i.e. which tests the longstanding uncertainty of outcome hypothesis (UOH). It is the first of these approaches (i.e. ACB) that this research is concerned with. Within European football, past evidence on competitive balance (from an ACB perspective), presents an inconclusive picture (e.g. Ramchandani, 2012).

Methodology
Our paper utilises recognised measures of competitive balance (e.g. Mitchie & Oughton, 2004) Herfindahl Index of Competitive Balance (HICB)) to measure levels of concentration (within-season competitive balance) and dominance (between-season competitive balance) in the selected leagues over 22 seasons between 1995/96 and 2016/17. The research also examined specific aspects of competitive balance that are likely to be of interest to both fans and league authorities: competition for the title and competition for survival. Pearson's correlation coefficient (r) was used to examine the pattern of overall competitive balance (HICB), competitiveness for the title and survival within each league over time. A one-way ANOVA was conducted to establish whether differences between leagues were statistically significant. Post hoc tests were also undertaken for statistically significant differences.

Results and Discussion
Our analysis points to a statistically significant decline in competitive balance in all leagues apart from Italy and this decline is strongest in the case of Spain. There does not appear to be any discernible trend when considering competition for survival over time within the five leagues. However, in the case of France, Germany and Spain, there has been a moderate, statistically significant, decline in terms of competition for the title. The evident decline in overall league competitive balance over time particularly in the case of La Liga is in conflict with the fundamental premise of a sport league in terms of the 'joint' nature of production and the requirement for competition within leagues. When comparing competitive balance between leagues some statistically significant differences emerged. Specifically, we found that competitive balance in the top tier of French football has been generally better than the corresponding divisions in England and Italy. Ligue 1 was also found to be more balanced

relative to Serie A when considering the level of competition for survival. Furthermore, Ligue 1 tends to be dominated by more teams in comparison with all the other leagues examined.

Conclusion and Implications

The UEFA president himself, Aleksander Ceferin, stressed recently that "the biggest challenge [to develop football in Europe] over the next few years will be competitive balance" (Inside World Football, 2017). The findings of our study provide new insights on this topic and emphasise the challenge facing UEFA in respect of competitive balance in the five dominant European football leagues. Given the perceived importance of competitive balance, there are three main recommendations for league authorities to consider. First, league organisers should revisit the respective broadcasting distribution systems with a view to making them more equal and in line with the revenue sharing agreements present in US professional sports. Second, an alteration of the regulations on transfer fees, player wages and/or the number and value of commercial deals that an individual club can sign. Third, a cap on ticket prices at a certain level or the introduction of a flat fee across the board with a view to closing the revenue gap between clubs. Whilst these suggestions are controversial, they are not outside the scope of possibility. However, the practical problem with these recommendations is that given the industry context league organisers may not even think that they have a problem to solve. Despite the statistical evidence suggesting a moderate decline in competitive balance over time, the actual leagues themselves - and the majority of their member clubs - are posting their highest revenue figures of all time, driven primarily by the increases in broadcasting deals in recent years. Notwithstanding this point, the findings here are important at governance level given UEFA's directive that competitive balance is a key challenge for the industry moving forward.

References

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