



**Logic of Appropriateness in Football  
Commercialization:  
The Case of UEFA Champions League**

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This document represents part of the author's study programme while at the Institute of Social Studies. The views stated therein are those of the author and not necessarily those of the Institute.

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## **Dedication**

I dedicate this study to my mother, Laura Spanò, who never miss to lend me her support .

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## List of Acronyms

ECSC	European Coal and Steel Community
FIFA	Fédération Internationale de Football Association
SAS	Sociedades Anonimas Deportivas
TEAM	Television Event and Media Marketing
UEFA	Union of European Football Associations



## Abstract

Can football be minimized to a lucrative business where stakeholders are suitable representation of the *homo economicus* following efficiency of cost benefit analysis? Or is there an active role underneath the incredible flows of capital characterizing this sport? This paper aims to investigate on the process of football commercialization in order to find possible examples of non-economic rationality behind what is nowadays identified as a lucrative business rather than a sport. In order to do so the paper firstly traces what the literature identified as the main drivers of football commercialization. Then relying on theoretical arguments offered by Neo Functionalism and New Institutionalism, football commercialization is presented under two contrasting interpretations reflecting different logics behind human and institutional agency: logic of consequentiality and logic of appropriateness. If the former describes football and related stakeholders as naturally inclined to develop under profit maximization rationales, the latter includes the possibility for human and institutional agency to follow logics of legitimacy rather than efficiency. Applying both interpretations to illustrative case of the UEFA Champions League the research will argue that football commercial development is not the outcome of pure economic rationality automatically vesting individuals' action but rather the product of a complex interaction among different actors animated by different rationales. Main findings from the research report how the literature on football commercialization seems to ignore the presence of adaptation mechanisms led by football governing bodies to embrace external financial impulses inside the game dynamics in a socially legitimized way.

## Relevance to Development Studies

The spread of football commercial dynamics has vigorously increased in the last two decades (Conn, 1997). The recent emergence of new domestic leagues, such as the Indian Super League or the Chinese Football Association Super League, is explicative in presenting how football related business (e.g. professionalism, broadcasting rights deals and supranational competitions) is rapidly expanding in areas previously not akin to such interests and even poorly developed. By comparing different approaches identifying originating causes and underlying rationales characterizing the process of football commercialization, this research aims to understand and trace possible threats and opportunities related to the development of a lucrative business around a sporting activity such as football, in both Europe as in developing countries. Findings presented in this research aim to contribute to understanding the mechanisms behind actors' strategies and institutional negotiations in implementing international football competition. Particular attention is given to the UEFA Champions League, which has been replicated in emerging economies, like China. Thus, researching on football offers an insight on individuals' and institutions' rationality in the context of football commercialization expansion to further encourage the debate on this topic.

## **Keywords**

Football commercialization, Champions League, New Institutionalism, consequentiality, appropriateness, institutions.

# Chapter 1

## Introduction

Football is acknowledged to be the most globalized among sports. Since the constitution of formal rules in Britain in the 19<sup>th</sup> century, the “*Beautiful Game*” rapidly seduced feet of industrializing Europe and its colonies, to the point that today’s football governing body, the Fédération Internationale de Football Association (FIFA), boasts more members (209) than the United Nations (193). However the attractiveness of the game does not rely solely on the contagious enthusiasm it has been able to evoke in different areas of the world, but also on the enormous economic potential it carries with itself. The relevance of this characteristic has been particularly evident in the last two decades, during which the extension of commercial activities related to football experienced a remarkable growth.

Yet, despite such increase in magnitude, the presence of commercial oriented dynamics in football is by no means a new phenomenon. Bale (1978) and Lewis (1997) had shown how embryonic forms of profit maximization behaviour were already present in the industrializing England of the nineteenth century when the emergence of informal professionalism encouraged clubs to rely on stadium entry fees as mean to accrue financial resources and be able to hire better players. However, great relevance is given to the development of satellite technology and the diffusion of pay-tv services that during the nineties concurred to the emergence of a solid partnership between football clubs and broadcasting companies. The strong financial interdependence between these two fronts is widely recognized in the literature (see Morrow, 1999; Dobson & Goddard, 2011) as a pivotal point in football commercialization, as it consolidated the shift in football’s logic of action: not anymore devoted to pursuing sporting success but rather to the maximization of profits.

The process of European Economic Integration and the subsequent inclusion of football under the European Law is another relevant factor stressed by academics. Along these lines, Parrish (2011) explores the strong correlation between football regulation and financial development of the game, through a socio political analysis of the struggle between sporting regulatory and business deregulatory coalition. Relevance is also given to the growing tendency for clubs to evolve according to these institutional decisions. In particular, Walsh & Giulianotti (2001) studied the process of clubs corporatisation, reporting how football clubs’ behaviour has shifted from sporting interests to a logic more and more aligned with transnational companies.

From the outset, the dominant explanation provided in the literature seems to exhaustively explain the process of football commercialization, but a closer look reveals an inherent tendency for the narrative to rely on more economic arguments. This becomes evident in the fact that both, actors and institutions are often understood as profit/efficiency seekers rather than motivated by other non-economic factors. In this light, this research has been based on the question: is there any alternative explanation of football commercialization beyond the dominant understanding permeating the literature? If so, how relevant is it to truthfully capture what has driven this process of commercialization?

The puzzle this research aims to solve is theoretically rather than empirically driven. This does not mean that the present work will mainly deal with theory, but rather that it attempts to address the question of football commercialization from a more theoretically driven perspective. In this sense, subscribing to the dominant interpretation means overshadowing the possible presence of other aspects that may have equal (and even more) relevance in explaining the phenomenon of football commercialization. Considering football commercialization as the gradual unfolding of financial interests may thus provide an overly deterministic perception of the phenomenon and further advocate for the commodification of football.

For this reason the paper suggests a more articulated interpretation of football commercialization based on the concept of appropriateness. Actors and institutions are here considered as legitimacy seekers scrutinizing a variety of factors to identify what appropriate behaviour they are expected to follow. Contrarily to the dominant view, this alternative interpretation allows the narrative to be enriched with the analysis of cultural aspects (such as tradition and symbolism) in order to provide a more comprehensive understanding of football commercialization. The study starts by framing the mainstream narrative provided in the literature into a critical theoretical interpretation to then challenge its understanding with an alternative argumentation. The theoretical comparison will be instrumental to demonstrate the presence of two opposite logics underlying actors' and institutions' behaviour: the logic of appropriateness and the logic of consequentiality. Both of them are applied to the case of the UEFA Champions League in order to provide a concrete example of the how these logics operate. Main findings from the analysis of the case suggest how, contrarily to the mainstream narrative presented in the literature, the process of commercialization should not be considered as solely driven by actors' strategic pursue of private interest, but can be directed as well from the perception of what actors understand as legitimate behaviour.

The research paper is organized as follows: chapter one presents a literature review on football commercialization. The narrative is structured in different sections recalling the main drivers of football commercialization identified in the literature, namely: emergence of professionalism; rise of broadcasting and media business; the insertion of the EU law in football regulations and the consequent corporatisation of clubs. The second chapter provides an overview of the mechanisms behind the consequential interpretation of football commercialization and contextualize the aim of the research. In chapter three the research discusses Neo Functionalism and New Institutionalism frameworks, umbrella approaches of this research. Within New Institutionalism three different approaches are presented: Rational Choice; Historical; and Sociological Institutionalisms. The fourth chapter proceeds with an interpretational analysis of the UEFA Champions League. A brief historical background on the origins of the competition leads to two separate and contrasting perspectives on the rationales behind the competition: *consequential* and *appropriate*. The last chapter will sum up the findings of the paper and outline possibilities for further research.

## Chapter 2

### Literature Review

This chapter is structured in different sections following the major drivers of football commercialisation. It focuses on those elements that have encouraged the connection between capital and the evolving frame of football commercialisation, as identified in the dominant literature<sup>1</sup>. It is thus necessary to start by defining the concept of commercialization. A branch of the literature associates the term with the process by which a new product, technology or service is introduced in the market. A formal definition, regarding exclusively football related commercial dynamics is offered by Giulianotti (2002). The author, drawing from Anderson's definition of commodification as "*an object or social practice acquires an exchange value or marketed centre meaning*" (Giulianotti, 2002: 26), sees the dynamics related to the emergence of commercial means in football coining the term "*hypercommodification*". With this term, the author accounts for the explosive growth of football market values of top clubs' turnovers, professional players' wages and gate revenues, as well as he embraces the commodification of non-play aspects of the game and particularly the escalation in value of clubs' merchandising, broadcasting rights deals and international competitions' prizes (Giulianotti, 2002).

#### 2.1 From Amateurism to Professionalism

Authors like Dunning (1999); and Hargreaves (1986), have contextualized the initial interaction between the game and capital within the industrializing British society of the late nineteenth century. At that time only the British elites were able to access football in an amateur fashion. This was mainly due to the fact that the first legitimately recognized football institution was composed only by upper class members. Established in 1863, the British Football Association (FA), strongly influenced by the idea of athleticism and sport ethic, already codified in games like cricket (Murray and Murray, 1998), rejected the idea that football could be played as means for living and outdistanced the working classes from accessing the game.

According to Hargreaves, first commercial pressures on football regulation were "*significantly implicated in the [...] growing economic and political power of the bourgeoisie [which] challenged the amateur gentleman hegemony*" (Hargreaves, 1986: 7). Such pressures were associated to the increasing practice of imposing admission fees to spectators at the entrance of the stadiums. For football clubs this represented a lucrative strategy not only to cover their solvency problems but also to gain some extra revenues allowing them to informally hiring players.

Authors report how several football matches were played "*for money or other prizes by teams with an agreed number of players on each side*" (Swain, 2008: 568) already twenty years before professionalism's legalization in 1885 (see Swain 2008 and Gisbon & Pickford 2013). The spread of professionalism becomes then an interesting element to be considered while tracing back commercial trends in

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<sup>1</sup> It is worth noting that the following review is by and large focussed on English football, as England is commonly identified as the geographical core of football commercial modifications.

football tradition. Investigating on the roots of informal professionalism in England in the first decades of the nineteenth century, it is possible to distinguish two different interpretations: cultural and economic.

According to Swain the spread of professionalism can be described as “*an extension of existing local cultural practices*” (Swain, 2008: 567) that characterized the “Lancashire triangle” situated in the south of England between Darwen, Balckburn and Bolton. During 1830s “*betting, running and playing football for money and other prizes were central to the continuity of a rich local sporting culture*” (Swain, 2008: 571). Football was played not for honouring ideals held by the upper classes but rather for individuals’ own profits. Moreover, giving the possibility to working class members to challenge each other on a weekly basis for substantial football prizes represented a concrete opportunity to earn additional income. As Swain reports “*£ 10 in 1878 [were] worth over £ 695 in 2007 values, prizes that if won on weekly basis would mean that the athlete could be virtually free from manual work*” (Swain, 2008: 572).

An alternative analysis of the relevance of professionalism for football development is offered by Bale (1978) and Lewis (1997). Rather than highlighting the cultural heritage, the authors compared the spread of professionalism to the diffusion of a new technology “*new in both time and space*” (Bale, 1978: 189). Bale presents the gradual adoption of professionalism as a “*form of market penetration of a new product (or in this case, a service), or the market extension of an industry*” (Bale, 1978: 191), argument that stands in contrast with the theory presented by David (1985), according to which new technologies are most likely to face strong adaptation resistances from the system, before being eventually implemented or rejected. Bale underlines how professionalism benefitted of a rapid diffusion despite a historically established sporting culture of cricket and the dominance of ethical amateur sport dogmas.

In addition, Lewis (1997) notes how informal practicing of professionalism and the consequent enhancement of rivalries and competition among clubs was determinant in making the game popular among paying spectators. Dunning & Sheard (2005) report how, throughout 1870s and 1880s, the number of players that used to participate in regular contents for money prizes rose considerably. Popularity and financial interests related to gate revenues were keys in encouraging institutions towards the legitimation of professionalism (Lewis, 1997). However, the promotion of football as a commodity was still fiercely opposed by the amateur driven FA, who reputed the commercial connotation of professionalism to be detrimental and morally damaging for the true image of the game.

A crucial point in the demise of amateurism is commonly identified in the extraordinary performance of a professional team, the Blackburn Rovers, who reached the FA Cup final in 1882 (Lewis, 1997; Bale, 1978; Swain, 2008). Although the amateur team Old Etonians defeated the team, the spectacular rise of a professional club to such a high stage of the competition dramatically improved the consideration of professionalism among lower and middle classes, to the point that the FA was forced to legally recognize professionalism in 1885. In the following years the growth in numbers of professionals led to the implementation of the English Football League (FL), a four leagues competition with promotion and relegation system, which from 1888 included only professional teams.

What does the rise of professionalism mean in the broader debate on football commodification? Bale (1978); Lewis, (1997); Swain (2008) and Dunning (1999) seem to agree that commercial practices connected to informal professionalism have considerably contributed to raise rivalries and competitiveness among football clubs. Simplicity of game rules together with the common cultural and social identification in local football clubs, have also played a part in attracting an ever increasing number of paying spectators to the pitch. The resulting increase in the amount of financial resources from gate revenues had a crucial role in establishing a solid economic network of football stakeholders (professional players, agents, scouts, financing businessmen, better, and spectators). It could be argued that such initial injection and circulation of financial resources was thus a crucial catalyst in the shift of actors' rationale from sporting to profit maximization rationales.

## 2.2 Media Development and Broadcasting Business

Another relevant feature delineating game's commercial identity is individuated in the financial interdependency between television and the football (Jenraud & Kesenne, 2006; Forrest, Simmons and Szymansky, 2004; Dobson & Goddard, 2011; Brown, 2000; Maguire, 1999). This relationship is presented by Calmund (1999) with the metaphor of the Siamese Twins, while Brown (2000) rightfully describes European football as the most representative example of such symbiotic relationship.

It seems that the current advancement of a symbiotic relationship between television and sport has reached a level in which “*sport has become crucial to television's business model [while] concomitantly the money earned from television rights has become vital income for football clubs*” (Morrow, 2003: 13). However the relation between television and football has not always been that idyllic and the literature presents different stages of integration. Dobson and Goddard (2011) for example, report an initial scepticism among both clubs and institutions regarding the broadcasting business. It has been argued that if football matches were had been able to reach every home television this could have had detrimental effects on stadium attendances<sup>2</sup> and therefore clubs' gate revenues. This initial friction resulted in the imposition of ban for broadcasting activities in 1931 which however held only until 1938, when the state-owned British Broadcasting Corporation (BBC) got the authorization to transmit the international match between England and Scotland (Dobson & Godard, 2011). At that time broadcasting companies used to fund their services with advertisements and by asking flat rate licenses to television owners. Moreover, the weak competition in the broadcasting market allowed the BBC together with the Independent Television (ITV) to operate an informal cartel to keep fees for the purchase of broadcasting rights at low levels (Dobson & Goddard, 2011; King, 2002). Revenues from broadcasting business, collectively sold by the FL to broadcasting companies, were equally distributed among clubs. The value of rights grew steadily passing from a total of £ 120.000 and a share of £ 1,300 per club in 1968 to a total of £ 534.000 distributed on the base of £ 5,800 per club in 1979 (Goldberg & Wragg, 1991).

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<sup>2</sup> For additional information of econometric analyses of broadcasting effects on stadium attendance see Kuypers (1996), Baimbridge (et al., 1996), Garcia and Rodriguez (2002) and Forrest (et al., 2004).

Despite increases in revenues in the next decades, the turning point in media broadcasting markets came only in the nineties with “*the development of pay-TV, satellite, cable and pay-per-view [which] increased the revenue generation into the hundreds of million*” (Hoen & Szymansky, 1999: 209). This was mainly due to the entrance of two private satellite broadcasters, SKY and British Satellite Broadcast (BSB) (successively merged in BSkyB), which by the end of eighties, raised market competition for broadcasting rights purchasers, with a consequent sharp rise in rights fees and the shift in broadcasting monopoly (Dobson & Goddard, 2011). As reported by Forrest (et al., 2004) the shift occurred together with the creation of English Premier League (EPL) in 1992. The growing malcontent expressed by the “Big Five<sup>3</sup>” clubs, forced to share minimal broadcasting revenues with the rest of the FL clubs (92 clubs in total divided in 4 leagues) despite their enormous contribution in terms of spectators share. This led to the publication of the FA’s *Blueprint for Future Football* in 1991. The document stated the creation of an autonomous twenty-two teams (now twenty) promotion and relegation competition, the EPL, able to collectively negotiate its own broadcasting rights separately from the remaining three leagues of the Football League (Forrest et al., 2004). EPL’s first broadcasting negotiations saw the triumph of BSkyB and the outbidding of ITV while BBC was included in partnership. The satellite company signed a five years deal (from 1993 to 1997 included) for a total cost of £ 304 million (Millward, 2013).

The solid business partnership between clubs and broadcasting companies became so well grounded that last year’s Annual Review of Football Finance presented by Deloitte (2013) reported that “*domestic broadcast deals, largely relating to BSkyB and new market entrant BT for the live television rights, will generate around £3.4 billion over the three seasons from 2013/14 (up about 60% on the previous cycle)*” (Deloitte, 2013: 7). Similarly, transnational sale of broadcasting rights, which in 2008/2009 season has reached 211 countries, experienced rising trends too. The sale of EPL rights to foreign countries was so unharmed by the global recession to the point that for the 2010 to 2013 season the amount of the fee reached £ 1.4 billion (Millward, 2013).

The spread of a commercially driven process emerging from the consolidation of the interdependence among football and television during the nineties is another typical argument proposed in the literature. For instance, Horsman (1998) argues that popularity and simplicity of the game, seen as the traditional connotation deeply rooted in European societies and tribal association character of supporters, have been instrumental to shape football as the perfect tool for introducing satellite services in the market. Is it not by chance that the current head of BSkyB, Ruper Murdoch, was the first to admit the strategic business instrumentality of football, defining it the “*battering ram*” through which new pay-tv technologies would have been marketed in Europe.

On a similar vein Carter reports how during the nineties referring to football as business was considered as a “*cliché*” (Carter, 2006). He further argues that “*with little regulation, the game was almost an exemplary model of capitalism, and at the top of football’s pyramid, a ‘consolidation’ process emerged with a small number of clubs dominating the market?*” (Carter, 2006: 123). This dominance is presented by Holt (2006) as the result of the direct proportionality between values of broadcasting agreements and market size of clubs selling the rights. Differences in market sizes reflect different magnitudes in the numbers of broadcasting deals therefore leading to consistent income differentials within and among national

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<sup>3</sup> The big five were Manchester United, Liverpool, Tottenham, Everton and Arsenal



leagues: “*such discrepancies in income [...] heightened by relationship between football and television, have, [...] affected competitive balance of national leagues*” (Holt, 2006: 24). The same position is shared by Michie & Oughton (2004) and Dejonghe & Van Opstal (2010) who report how after 1992 the competitive balance has decreased not only in England but in Italy and Spain as well.

The decrease in competitive balance becomes evident by looking at the high concentration of clubs that won the title in European leagues during the last ten years. The winning of the EPL title has been shared by three clubs out of twenty: five time winner Manchester United with £ 101 million revenue from broadcasting rights in 2014; two times winner Manchester City with £ 88.4 million; and three times winner Chelsea with £ 83.9 million; in Italy as well competition has been concentrated among three clubs: four time winner Juventus with € 166 million; five times winner Internazionale with € 81 million; and one time winner Milan with € 140.9 million; similar situation in Spain with the seven time winner Barcellona with € 188.2 million; three time winner Real Madrid € 188.3 million; and one time winner Atletico Madrid with € 52 million (Deloitte, 2014).

In contrast with theorists of football and media interdependence, Platts & Smith (2010) sustain that processes of commercialization and the widening of the financial gap within English national league can be rather traced back to commercial and institutional contingencies of the post-1945 period. The authors claim that “*declining match attendances, wage inflation and [the FA prevention] of live televised football matches [...] to maintain financial parity*” (Platts & Smith, 2010: 646) were already generating financial inequalities between clubs and within leagues.

Summing up, if a branch of the literature argues that “*there can be little doubt that television, or more especially satellite television, has been the most important contributory factor in the new business era of football*” (Morrow, 1999: 4), on the other side, authors like Brown (2000) respond that it would be erroneous attribute to the technology a crucial role in football commercialization. What should be considered is rather “*the use made of technological developments [...] by sport clubs and companies [...] which is reshaping the European football landscape raising competition and social issues?*” (Brown, 2000:132). For this reason, the massive injection of capitals in football can be seen as an outcome of a growing interdependence with media companies, which needs to be further contextualized in the process of integration Europe was experiencing in those years (Brown, 2000; Platts & Smith, 2007; Dunning, 1999).

## 2.3 European Integration

As Hoehn & Szymasky point out “*the commercialization of football has gone hand in hand with an increased involvement of the law in the business of sport*” (Hoenn and Szymansky, 1999: 210). Is therefore not surprising to see how part of the dominant literature focuses on the commercial consequences generated by the European integration, and precisely the inclusion of football under the European Union (EU) jurisdiction (King, 2002; Niemann et al, 2011; Parrish, 2011).

King (2003) identifies the first contact between the EU law and football, in the stipulation of the Single European Act (SEA) in 1986, and in the consequent creation of a single European market. The fact that national institutions had to cede part of their authority to a supranational governing body with a strong market oriented connotation had strong repercussion on the competitiveness

levels among and within national leagues (King, 2003). Such altered level of competitiveness allowed the same European institutions to access the regulation of sporting activities but with a major concern for stabilizing and controlling competitive balance.

In a similar vein Parrish (2002; 2003; 2011) explores the gradual insertion of the EU law in football regulation as the outcome of the struggle between two coalitions operating inside the EU system: the *regulator* or *football business* coalition and the *protectionist* or *sporting autonomy* coalition. Composed by stakeholders such as clubs; players; media companies; investors and agents, the former coalition encouraged the EU to recognize football as strongly potential economic activity that have not to be restricted, and rather look more closely to its stakeholders necessities by including them in the decision making process. The latter, embracing governing bodies such as FIFA and UEFA, strongly rejected market based definition of sport and ask the EU to respect autonomy and specificity of sport. This position is based on the idea that football operates in a different market as compared to other industries, drawing on the promotion of competitive balance; education and training; safeguard of sporting competitions, which would not be tolerated in traditional markets (Parrish, 2011). The author further underlines how the different level of competitiveness among coalitions, struggling to obtain favourable terms of budget allocation and regulatory settlements, and their relate influence in decision-making process can represent valuable instruments to better explain the unfolding of EU regulation in football (Parrish, 2002). Emphasis is given to the ruling of a number of cases from the European Court of Justice (ECJ), which played a major role in encouraging the development of commercial dynamics in football.

In the *Walrave and Koch v UCI* case ruled in 1974, and *Dona v Mantero* in 1976, for example, the ECJ declared that professional sport, with the exception of the national team selections, was subject to Community Law only in the case economic impact occurred (Parrish, 2002; 2003; 2011). Contesting the specificity of football as sector based on sporting rather than economic motives, this sentence reinforced the commercial connotation of football, fostering the development of profit oriented rationales. However, it was only with the ruling of the *Bosman* case from the ECJ in 1995 and the consequent regulation of the transfer market system in European football, that the insertion of the European Commission in the scrutiny of the previously autonomous regulation of the sporting activity was justified (Parrish, 2003; Holt, 2006; Walsh & Giulianotti, 2001; Platts & Smith, 2007). In line with the European Commission free market principles, the regulation of the transfer system in the post-Bosman resulted in a liberalised and more flexible labour market, allowing players at the expiring of their contract to move freely between clubs without compensation fees to be paid between old and the new club. Additionally, the quota system, allowing only to a restricted number of foreign players to play in both domestic and international competition was widened, allowing clubs to field up to five foreign players (Parrish, 2011). As Parrish argued: “*Bosman confirmed the market-oriented logic which the EU was applying to sport*” (2003: 253)

According to Dejonghe & Van Opsal (2010) the post Bosman regulation system was built on assumptions proposed in Rottemberg study on U.S. baseball labour market (1956) and followed the Coase theorem (1960) according to which in a world without transaction costs, private and social costs will be equal. Then, free movements of players were expected to have not significant effect on their distribution. However by allowing for professional players’ free movement in the labour market, the system shifted, depriving football clubs of their monopsony power over players. The

shift in bargaining power from clubs to players resulted, on the one hand, in a need for clubs to increase wages and contracts' length in order to keep players on their side and outdistance appealing offers from other competing clubs (Dejonghe & Van Opsal, 2010; Morrow, 1999; Szymansky and Kuypers, 1999) while on the other, shaped the figure of players as mercenaries moving from club in pursuit of a higher wage (Walsh & Giulianotti, 2001)

Deloitte (2005) reports how between 1995-1996 and 2002-2003 wages increased considerably in all the top five European Leagues: in Spanish *Liga* from € 175 million to € 608 million (17% annual growth); in German *Bundesliga* from € 172 million to € 492 million (14% annual growth); in Italy from € 256 million to € 845 million (16% annual growth); in France from € 161 million to € 450 million (14% annual growth) and in England from € 243 million to € 1,209 million (22% annual growth) (Deloitte: 2005). The understanding of football as an economic activity subject to EU laws on competition had a major role in shaping football structure. The growth in wage inflation resulting from the implementation of the post-*Bosman* football labour market regulation gave further resonance to the role of financial availability to succeed on the pitch. This in turn resulted in a shift in football clubs rationality, not anymore devoted to sporting success but rather subjugate to free market imperatives of profit maximization. The representation of football commercialization as it has been described lacks, however of an analysis of clubs' role in commercialization. What concrete changes they have been through to adapt themselves to a continuously changing environment? This cannot be explained considering the shift in stewardship and structure experienced by football clubs during the nineties as a result of the EU regulations, which follows.

## 2.4 Corporatization of Football Clubs

This last section deals with clubs' response to the commercially oriented regulations implemented by the EU. Reference is made to the growing identification of football with a proper business logic strongly interrelated with media services and marketing industries leading to a transformation of clubs' structure into a more corporatized form (Caiger & Gardiner, 2000). According to Walsh & Giulianotti (2001) the process of corporatisation of football clubs can be traced back to the shift in clubs stewardship, from more democratic associations to corporate limited companies<sup>4</sup>. Mainly due to clubs' need to conform to free market imperatives and move freely in a highly competitive market, this process encouraged the transformation of “grounded football clubs into what a neo-Marxist would describe as a free floating “commodity signifier” (Walsh & Giulianotti, 2001:56). This feature contributed to shape football clubs from ethnocentric examples of transnational corporations, keeping their symbolic linkages to a certain home locations (e.g. name, stadium, and colors), to a more polycentric entity exploiting transnational marketing possibilities distant from the headquarters (Giulianotti, 2004).

In a similar vein, Walsh (2000) focuses on the shift in football rationality as a consequence of these structural changes. If according to Sloane (1971) clubs were originally to be considered as utility maximisers with the aim of remaining solvent while pursuing sporting success, the change to limited companies encouraged clubs to maximize profits for shareholders therefore altering their nature of

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<sup>4</sup> In England the shift occurred with the sport law of 1984 (Walsh & Giulianotti, 2000); in Spain the Sport Law of 1990 imposed clubs with financial losses to be converted into joint stock companies (Sociedades Anonimas Deportivas, SAD)(Holt, 2006). In France the same change occurred in 1999 (Senaux & Gammelsaeter, 2011)

genuine sporting body (Holt, 2006). This can be seen in the growing practice of clubs to perform activities such as merchandising, branding, and clubs' cartelization, mainly oriented to expand name and resonance of the club as so to attract a higher number of followers and therefore, increase their own market power.

A significant source of profits for clubs relies in the activities of merchandising, which are defined as activities "*dealing with fan items*" (Rohlmann, 2002: 426 as found in Buhler, 2006). Giulianotti (2004) explains how for corporate football clubs, merchandising is mainly based on the branding of their symbols or logos. This operation brings a dual financial benefit: it represents a valid revenues source for clubs with the sale of fan items like replica shirts or gadgets, as well as it represents an indirect form of advertisement for the clubs, as supporters or consumers will carry the logo of the officially branded item. Therefore, supporters favouring a specific club would be wishing to expose their loyalty exhibiting clubs products while corporate clubs exploit such supporters brand loyalty for financial means (Giulianotti & Robertson, 2004).

Keeping supporters loyal to colours and symbols of the clubs is of crucial relevance for clubs, as marketing constitutes a significant portion of their revenues. For this reason European clubs generally adopt strategies to market themselves as global brands, in both their own domestic market (shops and more stadiums recalling the structure of a shopping centre) as well as in exotic localities reached thanks to the abroad sale of broadcasting rights. Kerr & Emery (2011) report the example of dislocated Liverpool "satellite supporters", explaining how media coverage has been instrumental in create a loyal foreign consumer base for the sale of merchandising items, with considerable impact on clubs' finances.

Lastly the process of clubs' *cartelization* developed as a result of the widening of political and economic power of European top clubs. The most representative example is the G14. Constituted in 2000, the G14 was an institutionally unrecognized organization gathering together fourteen (later eighteen) of the wealthiest clubs in Europe in order to defend their economic interest against the European law. The G14 have been successful in dismantling after the solution of the controversies with UEFA on player releases rules and calendar match fixtures and replaced in 2008 with the new European Club Association (ECA) including 144 clubs and devoted to safeguard their interests as autonomous body (Parrish, 2011). The cartelization symbolizes the shift from a meritocratic competitive framework to a new framework that safeguards competitiveness only for richest clubs. In the words of Walsh & Giulianotti (2001), cartelization represents the concrete superseding of competitiveness from financial wealth.

## Chapter 3

### Literature Review Analysis

The previous chapter has browsed through those aspects identified as major drivers for the emergence of a commercial driven mind-set in football organization, regulation and management. What the dominant narrative seems to systematically stress is a common cause/effect pattern underlying the chronological development of football commercialization. Presented in such way, the narrative may result straightforward, but by no means exhaustive. Albeit is true that taking each one of the listed factors helps in explaining the growing association of the game with commercial rationales, this does not automatically translates into a reliable understanding. What the mainstream literature on the topic seems to lack is of a unifying framework under which the abovementioned contingencies can be clustered and weighted according to their relevance.

That being so, this chapter proceeds to theoretically contextualize the dominant narrative on a functionalist reasoning, under what Rational Choice Institutionalism theorists define as logic of consequentiality. Following this theoretical argumentation, it could be argued that repeated contacts between football and capital have shaped the rules of the game in such way that individuals' behaviour resulted irreversibly inclined to refocus their efforts towards expected benefits and valuation of costs, before implementing their operational strategies. Interpreting commercialization in this way however, it is assumed that those structural changes football has gone through since its first institutional regulation have been passively experienced by actors, without any possibility for them to reflect on and operate accordingly.

This research argues that if commercialization has developed as such, it is not exclusively because an underlying profit seeking logic has gradually expanded and passively captured actors' rationality, but it can rather be explained by a complex adaptation mechanism. Along these lines, football institutions can be seen as active interpreters of a persistent financial impulse towards commercialization. According to this perspective, there might be cases in which the emergence of new experiences or impulses, in a historically set institutional order, is barely perceptible. In other words, the institutional framework cannot provide on its own, a satisfactory response on what is appropriate and or not for actors to follow.

In the case of football this situation may be represented with the invasion of market oriented rationales in an already existing institutional framework based on traditions. Although the contrast of principles can be conducive for addressing confrontations, at the same time it can motivate institutions to searching, leaning and rethinking their identity, in order to interpret and adapt external impulses through change. This alternative interpretation is drawn from what Sociological Institutionalism theorists March & Olsen (2004) define as logic of appropriateness. According to this logic, actors are described as legitimacy seekers dealing with the regulation and internalization of commercialization, rather than profit maximisers unfolding their strategic behaviour in a predefined operational landscape. Commercialization cannot longer be seen as dominated by a single and coherent functional logic, but rather as a complex development of several and not necessarily interdependent processes and experiences in a variegated environment, even when the outcome

might suggest to have followed a consequential logic. By deepening the comprehension of the various processes, this research aims to explore an alternative and complementary interpretation of football commercialization. An exhaustive understanding of football commercialization cannot exclusively rest on the dominant logics of rational behaviour and consequentiality, but it has rather to comprehend the process of adaptation that institutions undertake to interpret changes in the surrounding environment in an appropriate and legitimate way. Researchers should thus, not focus solely on answering questions such as: what organizational and institutional alternatives were possible at the time? What values accounted most? What were the consequences of the preferred choices? Did those choices had the best expected consequences? But rather include questions like what situations actors found themselves into? What kinds of actors were involved? What kinds of behaviour were they expected to keep in a given situation? (See table 1).

Dimension	LOGIC OF CALCULATION	LOGIC OF APPROPRIATENESS
Label	Anticipatory action	Obligatory action
Recognition	1. What are my alternatives?	1. What kind of situation is this?
Preferences	2. What are my values?	2. Who am I?
Evaluation	3. What are the consequences of alternatives for my values?	3. How appropriate are different actions for me in this situation?
Choice	4. Choose alternative with best consequences	4. Do what is most appropriate.
Keywords	Heuristics, search, learning, updating expectations, behavioral biases, sequential attention to targets, adaptive aspirations, risk preference, risk & benefits of information.	Matching rules to situations, problematics of choice lying in definition of salient identity and classification of situation, Situation recognition, socialization, institutionalization, imitation.

TABLE 1 LOGIC OF CONSEQUENTIALITY AND LOGIC OF APPROPRIATENESS (BECKER & STIEGLITZ, 2008)

# Chapter 4

## Methodology and Analytical Framework

### 4.1 Methodology

The methodology used in the paper draws on Diermeier & Krehbiel (2003) model of institutional analysis. According to the procedure described by the authors the research will cover four steps. Step one defines those *behavioural postulates* actors are expected to follow within Neo Functionalism and New Institutionalism frameworks. As specified by the authors, a key element is to allow equilibrium concepts to be applicable to many collective choice problems (Diermeier & Krehbiel, 2003: 128). Step two will then isolate *institutions'* features, define why they matter and explore the linkages between institutions and expected outcomes. These first two *exogenous* steps shall provide the reader with axioms and assumptions for later analysis discussed in this chapter. Step three infers about actors' *behaviour* and related *outcomes*. Institutional modelling, in this context, pertains only to predicted outcomes and behavioural regularities according to the postulates previously identified. Last, step four empirically assesses the prediction of the model and weights the derived *implications*. These last two steps constitute the derivations and implications part of this research, which contrarily to the initial steps can be seen as *endogenous*. These are discussed in chapter 5.

In line with the methodology sketched above, this chapter presents the theoretical argumentations from Neo Functionalism (NF) and New Institutionalism (NI). Browsing through NF's expansion mechanisms and behavioural theories from three different NI perspectives - Rational Choice Institutionalism (RCI), Historical Institutionalism (HI) and Sociological Institutionalism (SI) - theories functional to interpret the historical contingencies and logics behind actors' behaviour in football commercialization

### 4.2 Neo Functionalism

As it emerged in the mid-1950, Neo Functionalism is a theory of regional integration mainly devoted to explain the integration of Western Europe. It can be traced back to the seminal work of Haas' (1958) and Lindberg's (1963), which drawing from Schuman and Monnet's method of integration, focus on the early years of the European Coal and Steel Community (ECSC) and the process of European Economic Integration. Aside some differences regarding the definition of integration, both authors conceive integration as a process rather than a condition. They also perceive integration as involving certain degree of institutional building. Lastly, both authors give relevance to the shift in expectations and activities of political actors. Haas further argues the possibility to export the mechanics of integration to other similar settings. Both authors stress the role of non-state actors, and in particular, to those organizations and groups of interest that emerge from the partial decentralization of supranational responsibility from state members.

Regional integration, described as a rare and conflictive process, is most likely to generate increasing regional pressures over member states, if developed in a democratic manner. In this context, states

find themselves compelled to transfer authority to the regional organization they concurred to create. Democratic actors will eventually become more prone to shift their expectations and preferences to the region rather than the central state, therefore stimulating economic integration. Neo Functionalist theorists subscribe to this thinking, arguing that the sectors where such regional entities are committed to accomplish relatively small tasks are most likely to generate unexpected and beneficial effects which spill over interdependent sectors. According to the theoretical requirements of this research, in the next section NF theory will be explained in relation to its central thesis: the logic of spill-over.

### ***The Logic of Spill-Over***

Spill-over can be described as a snowball mechanism by which economic integration processes within one sector tend to spread over other sectors. According to Lindberg the spill-over logic can be defined as process in which “*a given action, related to a specific goal, creates a situation in which the original goal can be assured only by taking further actions, which in turn create a further condition and a need for more action and so forth*” (Lindberg, 1963:10). Following Lindberg’s interpretation, authors provide different definitions, types and mechanism of spill-over<sup>5</sup>. For reasons of expedience though, this section will mainly concentrate on Schmitter’s (1969) version of the spill-over hypothesis. The author explains spill-over as a process by which members of a collective group, sharing a common objective, might be unsatisfied by unexpected results of their operational strategy, up to the extent that they would decide to re-arrange the strategy searching for alternative ways to fulfil their needs and cope with their disappointment. The process entails two possible choices for the members of the integration scheme: they can either decide to direct their collaboration towards another, previously excluded interdependent sector—therefore widening the *scope* of their strategy; or to intensify their commitments in the sector where they already operate—thus increasing the *level* of efforts in the original sector; or even a combination of the two (Schmitter, 1969).

The possibility for the spill-over process to expand is tied to two factors: “*the underlying interdependence of functional tasks... [and]... creative talents of political elites*” (Schmitter,1969: 162). In the first case, previously ignored functionality among different but interdependent sectors, might be strong enough to affect the interest of organizational groups and include them in the pursuing of a predefined collective objective. In the second case, the creativity of regional administrators may exploit their disappointment to widen their organizational tasks. Regardless which of the factors accounts the most; once spill-over mechanisms are triggered they are most likely to increase in scale.

A common critique advanced to the Neo Functional understanding of spill-over is its excessive linear-looking approach, which does not seem to consider the resultant political struggles, presenting the process as automatic and unconscious. Schmitter (1969) however contrasts this view through the concept of *automaticity*. The author explains how higher integration strategies necessarily generate conflict between actors, and such confrontations have a high probability of being solved with an equivalent scope or level expansion of institutions’ influence. As argued by Rosamond “*politics would follow economics*” (Rosamond, 2000:60). Furthermore it is clarified that functional interdependence is

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<sup>5</sup> For more information consult Schmitter (1969); Tranholm-Mikkelsen (1991); Rosamond (2000)



unable to automatically emerge without the creative role of political elites perceiving and including it in their strategy.

### 4.3 New Institutionalism

New Institutionalism (NI) emerged in the seventies as a response to the Behaviouralism approach in order to bring attention back to the idea that “institutions do matter” and constitutes nowadays the dominant stream in political sciences.

According to the different approaches it embraces (Rational Choice, Historical and Sociological; see table 2) the NI framework focuses on the role of institution, their interaction with socio-political actors and the effects of such interactions on society. In explaining how the above described process operates, regardless the characteristics of each of the three different perspectives, a major distinction among them can be advance with regard to the relationship among institutions and individuals: Calculus and Cultural approaches. Calculus approach hypothesizes individuals as strategic actors, whose behaviour is devoted to maximize a certain set of exogenously given preferences in an opportunistic manner. The cultural approach, while not contesting the rational nature of human behaviour, posits that each individual’s perception of world dynamics and, according the HI perspective, the tendency to follow familiar patterns of behaviour (Hall & Taylor, 1996) constraints human rationality.

The role of institutions changes as well. While in Calculus they operate by altering information relevant for other individuals to choose their set of preferences, in the Cultural approach, institutions provide moral patterns required for individual’s to interpret reality and make their own choices. The distinction is marked: by altering expectations with enforcement mechanisms and penalties for defection, Calculus’ institutions shape human behaviour according to the reaction of other individuals, while symbols scripts and routines formulated by Cultural institutions, change preferences and actors’ individualities by changing what is conceivable as appropriate and legitimate. Calculus institutions will thus persist following their efficiency in resolving collective problems and reduce transaction costs, so to allow individuals to take on the benefits from cooperation and exchange. On the contrary, Cultural institutions will persist according to their grade of acceptability among actors: the more conventional these are, the less would be subject to criticism and/or transformation (Hall & Taylor, 1996).

#### ***Rational Choice Institutionalism***

Developed in the late seventies, the RCI approach is inspired by the U.S Congress legislation and the interpretational difficulties associated to it<sup>6</sup>. Following Conventional Rational Choice theory, decisional processes taken in the U.S. Congress would result locked in a cycling mechanism where variegated legislators’ preferences would result in a constant shift from a majority to another, with considerable affection to the Congress’ stability. However, empirical observations have shown the Congress has been rather stable over the years.

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<sup>6</sup> According to Hall & Taylor (1996) the seminal work include: Riker (1980); McKelvey (1976) and Ferejohn & Fiorina, (1975)

In order to explain this puzzle, RCI tradition relied on the role of institutions. According to North institutions can be considered as “*the constraints that human beings impose on themselves*” (North, 1990: 5) to assure some benefit to its members. Consequently it is arguable that constraints (rules or institutions) vested with powers by individuals, have a major role in affecting transaction costs and therefore individuals’ behaviour, towards the solution of collective problems. Shepsle (2006) gives a different interpretation according to which, institutions (or the rule of the game) are not exogenously given, but rather imposed by the players themselves. This allows for rules’ variation conditional on a decisive player’s ability to make others align to his preference. Institutions in this case are defined as *focal* and may encourage actors to coordinate around them.

### Logic of consequentiality

Within RCI, politics are intended as a set of collective problems or social dilemmas. According to Ostrom “*social dilemmas occur whenever individuals in inter-dependent situations face choices in which the maximization of short-term self-interest yields outcomes leaving all participants worse off than feasible alternatives*” (Ostrom, 1998:1). This is due the presence of what March & Olsen (2004) defined as logic of consequentiality. According to this logic, short term interests (or preferences) are exogenously given and strategically pursued by individuals (Shepsle & Weingast, 1987). Such strategic thinking allows rational choice theorists to rely on Calculus methodology to assess the relationship between institutions and individuals. Actions are thus interpreted as a set of tactical calculations, deeply conditioned by expectations individuals have on each other’s behaviour, and more likely to generate socially sub-optimal outcomes<sup>7</sup>. It follows that institutions are meant to direct social action towards Pareto efficient choices and allow individuals to grasp gains from cooperation and exchange, by reducing uncertainty (or transaction costs<sup>8</sup>) over behavioural expectations. To be precise, their role is to reduce transaction/negotiations costs, impose selective benefits and provide background information to the involved actor so to avoid *free riding* strategies and align actions towards the establishment of optimal equilibrium. Institutions persistence is hence related to their ability to “*evolve to ensure delivery of benefit*” (Weingast & Marshall, 1988:138) to various individuals.

Shepsle (2006) provides two alternative solutions to the problem of collective action. He first theorises the figure of a *political entrepreneur* who by making large contributions for the sake of the group’s objective and for the possibility of his own benefits, assumes the role of leader and successfully induces individuals to contribute to the common cause. Alternatively Shepsle conceives the actors’ possible choices (e.g. cooperate, free riding, not cooperate) under the scheme of a prisoner’s dilemma. Despite the fact that, by strictly following the theory, each actor is inclined not to cooperate, Shepsle explains that this tendency may be overcome if the choice is repeated. In other words, it is argued that repeated play allows actors to take into consideration previous choices they have made, thus triggering the emergence of history contingent strategies. As Shepsle explains:

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<sup>7</sup> Another classic example is presented in the “Tragedy of Commons” (1968) by Hardin, where individual actions led by self-interest maximization rationality result in affecting long term interest of the community or society.

<sup>8</sup> The role of transaction costs as institutional mean that individuals impose each other to gain from cooperation owes much to the work of Coase (1960) and Williamson (1985). According to Coase, situations of null transaction costs are unrealistic since individuals need to undertake a set of costly actions (find the transaction partner; define the agreement; and so on) to define terms of contract. Consistently with Coase, Williamson (1985) argues that reduction in transaction costs, for a given activity undertaken by a set of individuals, results to be a crucial aspect for the development of a certain organizational forms.

*“today’s play determines not only today’s payoff but will influence the behavioural choices of tomorrow”* (Shepsle, 2006: 10).

In its deterministic way to perceive politics the RCI has not been immune to criticisms. Noting the possibility for actors to behave differently from theoretical prediction, Elster (1989) argues that RCI applicability might suffer of *indeterminacy* or lack of a unique equilibrium and *inadequacy* or empirical deficiencies in predicting possible outcomes. Despite their recognition of RCI’s potential in explaining relationship and persistence of institutions through functional conception of human rationality and maintenance of socially efficient equilibriums, also Hall & Taylor (1996) argue the approach to suffer from limited and fragile applicability for different reasons. First, because by relying on functional effect-origin deductions in explaining institutions’ origin RCI risks including other irrelevant or unintended consequences in its analysis. Then, because an emphasis on efficiency as mean for institutions’ persistence, leaves many cases of inefficiency unsolved. Lastly, because assuming an equilibrated starting condition among actors rejects power asymmetries. The RCI equilibrium appears as too rigid and difficult to apply to all cases of institutional inception since there might be the possibility that individuals do agree in changing the institutional setting. Green & Shapiro (1994) identify in the claim for scientific universality the main fallacy of RCI, arguing theorists have produced elegant models but have poorly explained real (observed) events.

### ***Historical Institutionalism***

Developed between the sixties and the seventies, HI was built as a response to the dominance of Behaviouralism, Structural Functionalism, and Group Theory (Immergut, 1998). The theory is based on the idea that institutions develop according to the changes in both environmental conditions and political modifications but in a way strictly bounded by past institutional trajectories (Thelen, 1999). Under such theoretical assumption, individual action is assumed to diverge from means-ends rationality (here intended as result of particular historical contingencies and events) and being rather influenced by each actor’s perception of the world. Human understanding of historical contingencies is conceived as a *“set of shared understandings that affect the way problems are perceived and solutions are sought”* (Thelen, 1999:371), while institutions are defined as those sets of formal and informal norms and behavioural templates which, embodied in *“institutional organizations of the polity or political economy”* (Hall & Taylor, 1996), which shape collective behaviour and consequently political results of struggles among power groups.

Contrarily to the RCI, this understanding of politics entails the presence of power asymmetries in the system. It follows that political demands are thus intended not as a precise replication of individuals’ preferences, but rather as the product of a whole system of interacting parts. As a consequence, the political scenario may be better described by a winners-losers situation (Hall & Taylor, 1996) where Pareto-efficient equilibriums are substituted by institutional outcomes with some groups being disadvantaged while others are not. This implies that individual preferences may divert from the RCI rational/efficiency approach and rather opt for unpredicted paths. Along these lines, as Immergut argues, HI is more attentive to *“emphasize the irregularities rather than the regularities of history and demonstrate the limits of universal causal models”* (Immergut, 1998: 19).

Given the fact that political outcomes are drawn as casual and contingent combinations of a different set of factors, it results therefore difficult to identify which driver accounts the most in explaining a given outcome. This is mainly due to the inflexible nature of causality according to which even if repeated with the same combination of contingencies, the process may still lead to completely different outcome. The HI approach is generally criticized for the complications it faces in exploring *how* the institutional behaviour change occurs. In this sense, if RCI's assumptions had to be limited and constrained by rational assumptions in order to be related to universal claims, HI's major critiques come precisely from its inability to incorporate changes into a modelled framework and provide a theoretical explanation for it (Peters, 2005). This critique is presented as well by Hall & Taylor (1996) who draw a major difference between RCI and HI on the basis of the different methods used to explore institutions origins. If RCI has a more deductive approach HI highly relies on induction. On a neo-Weberian fashion, HI theorists research for historical contingencies to justify historical characters' behaviour, in order to exclude other possible explanations. However this process binds HI to particular historical cases, engaging them "*in something less than theory building; they are stringing details together, merely telling stories*" (Thelen, 1999: 372).

### **Path Dependency**

The main thesis according to which history matters in shaping the political outcome of future choices is explained through the concept *path dependency*. The concept captures how policy choices made at the origin of a certain institutions, may have a continuous influence over the future institutional decisions (Peters et al., 2005). Pierson (2000) further clarifies how "*preceding steps in a particular direction induce further movement in the same direction is well captured by the idea of increasing returns...[and that]... the probability of further steps along the same path increase with each move down that path*" (Pierson, 2000 : 252). It follows that past experiences are predictable, whereas change is not. Mahoney focuses on a more specific definition of path dependency arguing that it characterizes "*those historical sequences in which contingent events set in motion institutional pattern or events chains that have deterministic properties*" (Mahoney, 2000:507). In his work, Mahoney focuses on the dynamics of institutional recurrence under distinct perspectives. However due to its relevance to the aim of this study, attention will be placed on the mechanism of *self-reinforcing sequences*<sup>9</sup>.

### **Self-Reinforcing Sequences**

According to Mahoney (2000) the adoption of a particular institutional pattern is defined as a *critical juncture*. This is characterized by the progressive difficulty to return to the initial condition once the choice is adopted (critical situations), as well as by the theoretically unexplainable occurrence of such a choice (contingency). Such initial assumptions are extremely relevant as they allow path dependency processes to account for possibility of unpredictability and inefficiency in outcomes (Mahoney, 2000).

Among the different mechanism<sup>10</sup> of institutional reproduction presented by Mahoney (2000), the *utilitarian* explanation is the one that better suits the purpose of this paper. According to this perspective, actors tend to reproduce institutions (even if sub-optimal) because the costs of change

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<sup>9</sup> For explanation on *reactive sequences* please consult Mahoney (2000).

<sup>10</sup> For further analysis see Mahoney (2000)

overcome any potential benefit coming from the adoption of other institutional choice. In particular what is argued is that information and interdependencies among different activities may lock-in institutions in promoting institutional pattern less efficient than the one previously available. Hence change is expected to occur only when actors do not have any incentive in supporting the given institution. Such circumstance is most likely to happen in situations of enhanced competitive pressure or when learning processes enable actors to foresee the long term consequences of their choices pushing them to cover elevate short term costs of change. The same process may eventually occur under the direction of change agents helping actors to change their strategies' trajectory solving their collective action problems (Mahoney, 2000).

Mahoney further argues the presence of two recurring paradoxes characterizing outcomes of path dependency analysis conducted under the study of self-reinforcing sequences. The first explains how outcomes of a specific institutional patten are likely to contrast forecasts discerned from the theoretical framework of reference. The second claims process of reproduction of the same outcome is related with the same theoretical argumentation previously contradicted. To better understand such paradoxes it is necessary to identify how path dependent analysis often contrasts prevailing theoretical frameworks only in regard to past choices, which are no longer selectable.

### ***Sociological Institutionalism***

Sociological Institutionalism evolved as a response to both the legal-rational system model dominating the organizational studies and the ruling of structural-functionalism in macro-sociological topics such as development studies. Developed at the end of the eighties the main point of this theory is wisely expressed by the words of March & Olsen: "*The State is not only affected by society but also affects it*" (March & Olsen, 1983:738). In explaining such perspective SI focuses in explaining norms' "*life cycles*" (Finnemore & Sikkink, 1998) through the "*logic of appropriateness*" (March & Olsen, 2004).

### **Logic of appropriateness**

Contrarily to the RCI's "*logic of consequentiality*" where actions are exogenously preference-based, norms are depicted as "*negotiated constraints on fundamental processes of self-serving rationality [rather] than constitutive*" (March & Olsen, 1989: 253). In fact, norms are seen as "*a standard of appropriate behaviour for actors within a given identity*" (Finnemore & Sikkink 1998: 891) and their emergence is related to the action of "*institutional entrepreneurs*" which propose ideas, scripts and models they consider to be appropriate to interpret the surrounding environmental contingencies. Consequently if Calculus' cost-benefit analysis is able to describe the emergence of individuals' preferences, the "*logic of appropriateness*" gives more emphasis to the exemplary and legitimizing role of norms in guiding behaviour of individuals within institutions.

According to the SI perspective, institutions are a set of institutionalized norms including both cognitive scripts and structural bounding features (Finnemore & Sikkink, 1998) able to "*empower and constrain actors differently and make them more or less capable of acting according to prescribed rules*" (March & Olsen, 2009: 5). A norm is institutionalized when overcomes the threshold after which it is taken for granted or as March and Olsen explain "*a socially valid rule creates an abstraction that applies to a number of concrete situations*" (March & Olsen, 2004: 7). This occurs according to the needs of actors, organizations or states to preserve a particular identity in the surrounding environment (Finnemore

& Sikkink, 1998). A concrete example may be the definition of a supranational law (European Union Law) and the relate behaviour of member states conforming to it to maintain their legitimacy. Similarly at individual level, actors shall behave in the same way so to be part of a socially accepted and legitimized category.

All in all SI does not completely contrast the RCI approach and even in some circumstances, sees appropriateness and consequentiality as complementary. This means that individuals do act mostly according to what is perceived to be most appropriate, but without implying an impossibility to act rationally (March & Olsen, 1989). Yet, SI shares with HI the perception of history as multi-equilibrated and endogenously driven. Opportunities for change are provided by critical junctures or crises stimulating diversion from established routines and practices (March & Olsen, 1996). In contrast with RCI, institutional change is imperfect and cannot be “governed by a single coherent and dominant process” (March & Olsen 2004: 17)

In conclusion, the SI tradition presents an exhaustive description of *why* organizations frame themselves in a set of normative or institutional forms and keep that shape, through the emergence and embracement of cultural transmitted norms and templates. According to Hall and Taylor (1996) the strength of this approach can be appreciated in its ability to expand the range of institutional creation, going beyond RCI’s considerations on efficiency and relying on the role that “*collective process of interpretation and concerns for social legitimacy play in the process*” (Hall & Taylor, 1996:20). This allows institutions to affect both strategic calculations of individuals together with preferences and identities of involved actors in an endogenous manner. Such dual nature might be instrumental in explaining striking similarities among organizational structures and decisions, as well as those inefficiencies unjustifiable under the RCI perspective.

	<i>Rational Choice Institutionalism</i>	<i>Historical Institutionalism</i>	<i>Organizational Institutionalism</i>
Problematic	How do institutions solve problems of exchange and collective goods production?	How do institutions shape capacities for action and institution building?	How are institutions culturally constituted, rationalized and legitimized?
Conditions of Change	Shift in costs and benefits	Crisis and exogenous shock Contradictory institutional logics	Increased environmental uncertainty Political-cultural shifts
Mechanisms of Change	Interest-based struggle, conflict, bargaining, strategic gaming	Interest, idea, and ideologically-based struggle, conflict, bargaining Learning, feedback, and experimentation	Imitation, diffusion, translation
Epistemology and Methodology	Positivist deductive search for general theory	Comparative inductive search for historically specific theory	Positivist deductive search for theory  Interpretive inductive search for historically specific explanation

Table 2 Differences in Institutionalisms (Campbell & Pedersen, 2004)

## Chapter 5

# Consequential *versus* Appropriate Champions League

This chapter aims to clarify the interpretations of football commercialization presented in chapter two by means of presenting them to illustrate the case of the UEFA Champions League (UCL). The theoretical analysis is initiated with a brief background section exploring negotiations, creation and modifications of the UCL. Then, theoretical debates discussed in chapter three are applied to the case, showing a teleological tendency to treat football according to a consequential logic. The last section will then critically challenge this interpretation and propose an alternative explanation based on the logic of appropriateness.

### 5.1 UEFA Champions League Background

The origin of a European competition as such, can be traced back to the second half of the twentieth century, when the friendly match between English Wolverhampton Wanderers and Honved of Hungary to decide which was the best team in Europe inspired the French newspaper *L'Équipe* to propose the creation of a properly structured European competition. The newly established Union of European Football Clubs (UEFA) successfully managed to be put in charge of organizing the competition and in 1955 the European Cup (EC) became the leading competition in European football. The EC included only champion clubs from European national leagues and was structured in a knock out format consisting of two-legged ties with home-away matches and aggregate result (Chadwick and Holt, 2006). UEFA's choice for a knock out format was based on the idea that by granting all teams with the same probability of being eliminated from the competition, competitiveness and uncertainty of outcome would have assured higher appeal among spectators.

However if the attractiveness and profitability of the competition was mainly built on prestige and popularity held by bigger clubs, the chosen format was for them no synonym of sporting and financial success. Quite the contrary, the risk of being knocked out at the first or second rounds was seen as an intolerable threat for prestigious clubs and broadcasting companies who saw the EC mostly as a profitable occasion to increase their revenues. Thus in 1980, widespread discontent led A.C. Milan owner Silvio Berlusconi to complain about the original structure of the EC and ask for a renewed format that was meant to assure a minimum number of playable matches and therefore, guarantee revenues from spectators. However, it was only in 1990 that the great emphasis given to broadcasting revenues for clubs' finances led delegates from Scottish Rangers F.C. to formally propose the addition of a league stage to the knock out structure of the European Cup. The project was officially implemented in 1992 with the transformation of the EC in a newly formatted competition, the UCL. With the inclusion of two consecutive league stages at the start of the competition and by keeping the knockout format for the final phase, UEFA managed to successfully modify the EC according to both clubs' and broadcasters' desires of for a higher number of matches, and more lucrative structure while maintaining an acceptable level of competitive balance among participants.

Yet, this did not stop clubs from pressuring UEFA for extra profit oriented modifications and in the following years the competition was subject to an additional set of changes: in the 1993/94 season the addition of a semi-final stage after the groups, helped in raising the number of matches. The following year, the number of groups in the first league stage was raised to four. In 1997/98 the number of groups was again raised to six with access to the newly added quarterfinals stage, which guaranteed to each group a winner and certain runners up.

Yet again, after 1998 the competition was revised when that most influential clubs, gathered together under the G14 cartel, expressed their frustration with revenue limitations and income distribution criteria imposed by UEFA. Behind these tensions it is possible to spot the growing awareness among wealthy clubs that, if coordinated, their market power could represent a strong way to get free from UEFA's bridle and raise their voices in those decisional processes dealing with the distribution of profit. Conscious of this, the G14 decided to take into consideration Media Partners' (an A.C. Milan based organization) proposal to create a European competition free from UEFA's jurisdiction, the Super league (SL). Hosting only European most powerful clubs at the negotiations table, the project represented the possibility for clubs to frame the whole structure of the competition in a highly profitable rather purely competitive format.

The willingness of J.P. Morgan bank to support the project with an investment of £ 1.2 billion (Holt, 2006) incentivized UEFA to act rapidly and change again the format of the competition so to keep clubs into the historically established competitive framework of European football. As a response to the Super League threat, for the 1999-2000 season UEFA proceeded to further raise the number of groups in the league stage from six to eight, each of them including four clubs; among each group the first and second winners would have qualified for the next second league stage together with other two winning members from other first round groups; winners of these group stage would have reached the quarter finals and later access the knock out phase. By raising the number of matches, UEFA intended to soothe G14's requests and prevent the advent of a revolution in European football. These concessions however came at the cost of increased income and sporting disparities within both domestic and international leagues.

Whereas the Super League saga showed clubs that they could achieve more by exercising pressures on UEFA as members of a cartel rather than by pursuing their own private interests, it is equally true that the cartelization of wealthy clubs was still not strong enough to express the desired influence over UEFA. This can be seen in the 2002 UEFA's decision to remove the second league stage from the competition in order to partially restore the level of competitiveness among participating clubs. Despite not being aligned with UEFA's choices, wealthy clubs decided to accept the modification and remain inside the already implemented and socially recognized system of the UCL rather than facing another fierce negotiation.

It is thus arguable that the UCL is not only "*the ultimate stage that worlds best players dream of playing on*" seeking for sporting glory and financial prizes (Michel Platini, UEFA Champions League Season Review 2013/2014, 2014:2) as the UEFA President Michel Platini claims, but also "*a benchmark for sporting competitors, a key driver of television audiences and an attractive property for sponsors seeking to tap into affluent consumer demographics*" (Chadwick and Holt, 2006: 50), because of UEFA interventions.



## 5.2 Consequential UEFA Champions League

Following the dominant narrative presented in chapter one, this section will give theoretical substance to the claims of a teleological propensity for football to develop according to a consequential logic of action. Throughout the explanation, each of the theoretical tools drawn from chapter three are used to explain the emergence, causes and recurrence of such tendencies, and equally related to explore the UCL case. Yet, from the outset, it is necessary to discuss two hypothetical assumptions on which the interpretation is based.

First, the increase in football attendances and the informal spread of professionalism have to be considered as historical contingencies contributing to shift actors' strategies from the maximization of sporting results to the maximization of utility (A1). The term utility implies that actors recognize financial capital as an instrumental mean to pursue a higher level of sporting success and therefore, symbolizes a predominance of profit oriented logic. The growing relevance of financial resources is identified as conducive for the alteration of competitive balance and financial pressures.

The second assumption (A2) that needs to be taken into account is that the ability to grasp revenues in football depends on the level of competitiveness within leagues. Without balance between clubs' self-interest preferences and leagues' competitiveness, spectators' appeal is supposed to decrease due to the high predictability of matches' outcome, therefore compromising clubs' profit expectations. In other words, economic benefits from profit oriented operational strategies can be grasped only if clubs cooperate with each other and coordinate institutions so to maintain competitive balance over a socially acceptable threshold.

Once settled these two assumptions, this section proceeds to analyse the mainstream consequential tendency undergoing the commercialization of football and the implementation of the UCL. In order to do so, three distinct concepts drawn from chapter three will be applied: RCI's understanding of politics as collective problems; Neo-functionalist's notion of spill-over; and HI's concept of path dependency.

### ***RCI or Football Competitive Balance as a Collective Problem***

From the mainstream argumentations presented in the literature what seems to shine through is that repeated interactions between capital and football raised clubs' expectations over profit oriented strategies with major implications for competitive balance. Recall from chapter one that the development of broadcasting services and satellite technologies advantaged teams with higher number of followers; and that the implementation of the post-Bosman transfer system favoured wealthy clubs; while the creation of international competitions such as the EC and UCL granted financial opportunities to be grasped only for certain (elite) clubs. In each of these cases, external shocks on competitive balance can be held responsible for the widening of income and sporting disparities among football actors.

In order to advance a theoretical interpretation, it is possible to insert the decrease in domestic and international leagues' competitive balance into the definition of collective problem offered by RCI. According to the theory, social dilemmas are described as sub-optimal equilibriums generated by individuals' strategic pursue of exogenously given preferences in an interdependent environment. The solution of such situation is entrusted to the constraining role of institutions, which are devised to restore Pareto efficient outcomes by altering actors' behavioural expectations. Therefore, what could be argued is that institutional measures implemented by national and international football governing bodies such as broadcasting regulations; the inclusion of football in European law jurisdiction; together with creation and following modification of the UCL; can be ascribed to RCI conception of institutional interventions as outcome of individuals' private interests.

Since benefits from cooperation are common but not cost-free, clubs are most likely to be attracted by free-riding rather than collective action strategies. In the long run, persistence of this individual behaviour may considerably hamper levels of competitive balance and threaten not only pursuers of individual profits but also co-operators. Consistently with A2, institutions are therefore expected to limit this possibility for this to happen by setting selective incentives and informational frameworks grounding actors' expectations over each other's behaviour and assuring their alignment over collective action strategies.

With regard to the illustrative case of the UCL, what could be argued is that the hypothetical implementation of the SL would have not only assured top clubs with incredibly high revenues, but also compromised competitive balance and the stability of domestic leagues. In other words, by performing in an independent league, top clubs would have risked widening income and/or sporting disparities levels within domestic leagues to the extent that smaller clubs, finding themselves unable to compete even at the domestic level, would have had no other choice but calling themselves out from the domestic competition. Considered the fact that the hypothetical implementation of the SL would have taken the place of UEFA's international competition, the risk for top clubs to suppress domestic leagues would have compromised their revenues opportunities as well. The several institutional interventions conducted by UEFA are thus intended not as a defensive strategy to maintain control over the management of international competitions, but as the definition of selective financial benefits inducing top clubs to align their strategies towards Pareto efficient standards so to prevent European football system to collapse due to excessive reliance on market oriented mentality.

### ***Functional spill-over***

Another significant aspect emerging from the literature is a tendency for advancing a consequential logic of action in explaining the expansion of football interests over alternative means of profit. In this sense, the creation of the EC, the inclusion of football among entertainment services offered by satellite broadcasting companies; the marketization of football clubs as commercial brands; are explanatory examples of how clubs interests have often turned to activities not considered in the original setting, but that have later became significant sources of revenues. Nevertheless, the narrative fails to highlight a continuum path tracing the progressive linkages connecting initial and succeeding stages of football commercial expansion.

If considered as a process of integration, the expansion of a consequential logic across different football related activities could be analysed under Schmitter's (1969) functional dynamics of spill-over. As discussed in chapter three, it could be argued that clubs' dissatisfaction with unexpected results of their profit maximization strategies led them to seek for alternative means to accomplish the same objective. Once identified, new elements are included in the readapted strategy. The process of reformulation entails different possibilities for clubs. Whereas they can widen the *scope* of their operational commitments towards interdependent sectors previously not considered, they may also remain in the original sector intensifying their *level* of commitment.

This being said, what could be argued is that expansion and reinforcement of consequential logic of action in football are associated to clubs' dissatisfaction compared to their profit expectations, and therefore, related to a tendency to diversify and/or intensify their commitments over new/original interdependent sectors. Such theoretical interpretation might explain, through actors' learning processes, the growing expansion of consequential logic over previously unconsidered sectors, while still being consistent with the arguments presented in the previous section.

Considering the widening of clubs' scope/level profit maximization strategies as confined to competitive balance, it could be further argued, according to Schmitter's concept of *automaticity*, that regulations of new/original sectors are related to scope/level counter expansions of institutions' influence, mainly aimed at restoring altered level of competitive balance over socially acceptable levels. Therefore, institutional regulations of previously deregulated activities (broadcasting business, transfer market, clubs identified as limited companies) can be understood as institutional automatic counter reaction to clubs' strategy re-elaboration. Furthermore, as clubs' tendency to expand their interests, once triggered, seems less likely to reduce its pace, also the spill-over mechanism and the entailed actors' potential creativity tend to reproduce and increase in scale.

Such theoretical interpretation is equally applicable to the UCL case. Assuming clubs' pressures on the EC format as intensified commitments in a sector already included in their strategy (international competitions), then it is possible to consider the implementation and modification of the UCL as an automatic counter reaction from institutions. Arguably, by concentrating their requests towards the reformulation of the EC structure, top clubs are upgrading the *level* of their strategy, seeking for alternative means of revenues in a sector where they are already operating.

Clubs' dissatisfaction in this case can be related to the scarce profit opportunities granted by the original format of the EC and perceived, in the words of A.C. Milan president Silvio Berlusconi: "*The European Cup has become a historical anachronism. It is economic nonsense that a club such as Milan might be eliminated in the first round. It is not modern thinking*" (Hughes, 1993: 48 as found in King, 2004). Similarly both the creation of the G14 and the proposal of the SL project are understandable as innovative elements of clubs' search for alternative source of profits.

In the UCL case, as informed by the spill-over theory, the scope/level widening of clubs' strategies calls for an institutional counter reaction. In this case UEFA widened its operational influence among clubs strategies by altering format and allowing clubs to accrue higher financial revenues.

Consistently, the process seems to repeat itself in a circular fashion: as clubs' ability to seek and implement new and alternative profit oriented strategies evolves, the institutional regulations seem to follow the same path.

### ***Path Dependency***

Until now, the theoretical interpretation of the consequential narrative provided in the literature has allowed to connect football commercializing trends and the creation of the UCL to RCI understanding of collective problems, emphasizing how choices from football governing bodies can be taken as institutional attempts to direct individual means-ends behaviour towards Pareto efficient equilibriums. It also set out to conceptualize the gradual expansion of clubs' commercial logic over football interdependent sectors through the dynamics of functional spill-over.

Nonetheless, the consequential interpretation does not explain how institutional interventions aimed at maintaining competitive balance among and within domestic and international competitions ended up promoting and reproducing profit oriented behavioural logic responsible for financial/sporting polarization towards a particular group of wealthy clubs. Such interpretational deficiency can be addressed relying on Mahoney's (2000) perspective on path dependency self-reinforcing properties. As described in chapter three, it is possible for determinate choices taken at the origin of certain institutions to be locked in a path dependent evolution. Accordingly, institutional genesis or critical junctures are characterized by the contingent choice of a particular institutional pattern over other alternatives. Such choice is expected to become progressively harder to change, tending therefore to reproduce itself. This considered, in absence of professionalism, competitiveness could have been secured by assuring teams with the same level of sporting opportunities. In this context, FA decision to remove the ban over professionalism in 1885, favouring in this way financially independent professional teams over amateur ones, resulted not only inefficient and contingent, features not captures under RCI theoretical assumptions over institutions' role, but also, as assumed in A1, it resulted in giving higher relevance to financial logic over sporting one.

Once settled this, it is possible to explain institutional reproduction through the utilitarian explanation of self-reinforcing mechanisms. According to the theory, actors opt for reproducing certain institutions, even if sub-optimal, because benefits coming from a hypothetical change of institutions are outbalanced by costs. This may cause institutions to be locked in a certain institutional arrangement, even if in the long run such choice may reveal to be less optimal compared to previously available alternatives. Institutions are therefore caught in a vicious circle where the possibility of institutional changes is strongly interrelated with actors' preferences: if their interests are no longer secured by the existent institutional pattern then institutional change is more likely to happen. This may happen in situations where competitive pressures reach critical levels or when learning processes push rational actors to face higher short term costs to avoid greater loss in the long run.

Applied to the dominant consequential narrative, path dependency explains how sub-optimal institutional decisions taken at embryonic stages of football regulation, have locked the sector in a self-reinforcing mechanism enforcing benefits for a certain individuals over other. Therefore it could

be argued that FA decision to recognize and regulate professionalism, mainly driven by the expansion of professional clubs interests and privileging them over no profit amateur clubs, has been successfully reproduced over the years and granted professional clubs with enforced benefits. Such theoretical hypothesis is not only consistent with A1, but might as well capture the presence of power asymmetries among actors. It could be argued that institutions' sub-optimal choices, locked in a self-reinforcing mechanism, have not only favoured growing dominance of financial rationales over sporting ones, but also polarized benefits for the elite clubs able to pressure them.

This interpretation is also consistent with the two paradoxes of self-reinforcing path dependent sequences identified by Mahoney. First, it contradicts the prediction of the RCI framework. Path dependency arguments present institutional choices such as legalization of professionalism as inefficient in maintaining competitive balance, therefore contradicting the RCI assumption of institutional agency oriented to solve collective problems. Second, outcomes are reproduced through the same RCI framework they contradict. The same path dependency theory relies on the RCI idea that institutions are reproduced only if efficient in delivering benefits, thus allowing the reproduction of collectively inefficient institutional choices to be explained through the inclusion of power asymmetries. In this context, the case of the UCL can be taken as the final outcome of such institutional path dependency. Taking UEFA as the institution in charge of competitive balance, its decision to re-shape the international competition with a more profitable format rather than keeping a more competitive one, seems to reflect a locked in tendency for institutions to guarantee economic benefits to a particular group of teams (in this case the G14), which can be traced back to the creation of the EC. As for the UCL, the creation of the EC represents UEFA institutional response to top clubs financial and not sporting pressures for a new profit structured competition, securing higher financial revenues. In this sense what is being argued is that if the UCL have been created and formatted as it has been, is theoretically because there would not have been any other way according to football teleological development according to financial means. As argued in chapter two, it was just a matter of time for this change to occur.

### 5.3 Appropriate UCL

Explaining football development as the emergence of an institutionally enforced consequential logic, based exclusively on prescriptive means-ends rationales deterministically followed for profit maximization, risks to overshadow the presence and relevance of other determinant factors. This interpretation suffers of two theoretical limitations of the Rational Choice framework: *indeterminacy* or lack of a unique equilibrium and *inadequacy* or lack of empirical support for predictions. The consequential narrative can be read in its hyper-rationality or inability “*to recognize the failure of RCI theory to yield unique prescription or predictions*” (Elster, 1989: 17 as found in Ostrom, 1991). Such use of a single model of individual action applied to examine a phenomenon that manifest itself at the level of society may lead to imprecise and not exhaustive results.

Following the work of Chadwick & Holt (2006) and Parrish (2002), it could be argued that the consequential narrative does not consider the complex set of negotiations and tensions between two main groups of interest: the commercial coalition and the sporting coalition. The former includes clubs and broadcasting companies, which interests can be related to the search for autonomy and

commercial revenues. The latter embraces football governing bodies whose aim is to control the sporting interest of the game and maintain a certain degree of competitive balance through the continuity with football historical tradition.

Without denying the relevance of capital and financial pressures exercised by clubs over institutions, this section aims to expand the scope of the analysis of this research and focus on the role of institutions. With reference to the UCL branding strategy described by Chadwick & Holt (2006), the logic of appropriateness is used to analyse the implementation and structuration of the competition. It is then argued that UEFA did not blindly follow top clubs' financial requests, but it rather interpreted financial pressures from the surrounding environment to shape the competition in a legitimized, socially acceptable and appropriate way to safeguard both clubs interests and competitive balance.

### ***UEFA's Appropriateness Strategy***

Whilst UEFA's leadership as historical organizer of football European competitions granted it with a strong and socially recognized legitimacy, it is equally true that continuous face-to-face negotiations with the commercial coalition forced UEFA to undertake a sharp adaptation strategy to preserve its control over the competition. Exploring such strategy is thus of great relevance to contest the dominant consequential interpretation of the UCL as an outcome of the teleological expansion of financial means in football and provide a more suitable interpretation. This section argues that the organization of the UCL followed a complex combination of both traditional and commercial ends to appropriately adapt financial pressures from the commercial coalition in a socially legitimized form.

Such need to connect commercialization impulses and traditions is a response to the growing identification of elements of change in the international football competition's format as a profit driven action overlapping sporting relevance, which threaten the legitimacy of the tournament (Chadwick & Holt, 2006). For instance, the inclusion of participants who were different from leagues' champions and introducing a league stage in the competition, it received ferocious criticisms from press and fans. Critiques argued that reformatting the competition on a financial rather than a sporting logic could have affected uncertainties in outcome and therefore, had an impact on the interest and appreciation for a historic tournament.

The role of UEFA was then to cope with the idea of financial domination in football, by means of presenting the UCL as a two folded competition, recognizing both top clubs' new financial and organizational necessities as well as “ *respecting the rich heritage of the European Champion Clubs' Cup*” (UEFA, 2003:2). To fulfil its commitment, UEFA developed a solid partnership with the Television Event and Media Marketing (TEAM) and tutored it to develop what Klaus Hempel, head of TEAM together with Jurgen Lenz, defined as a “*branded club competition*” (Chadwick & Holt,2006).

The common strategy was based on the development of “*a triangle formed by football, sponsors and broadcasters with UEFA and TEAM in the middle, harmonizing the interests and making sure that the concept was mutually beneficial for all the components*” (Ahlstrom, 2002:18 as found in Chadwick & Holt, 2006).

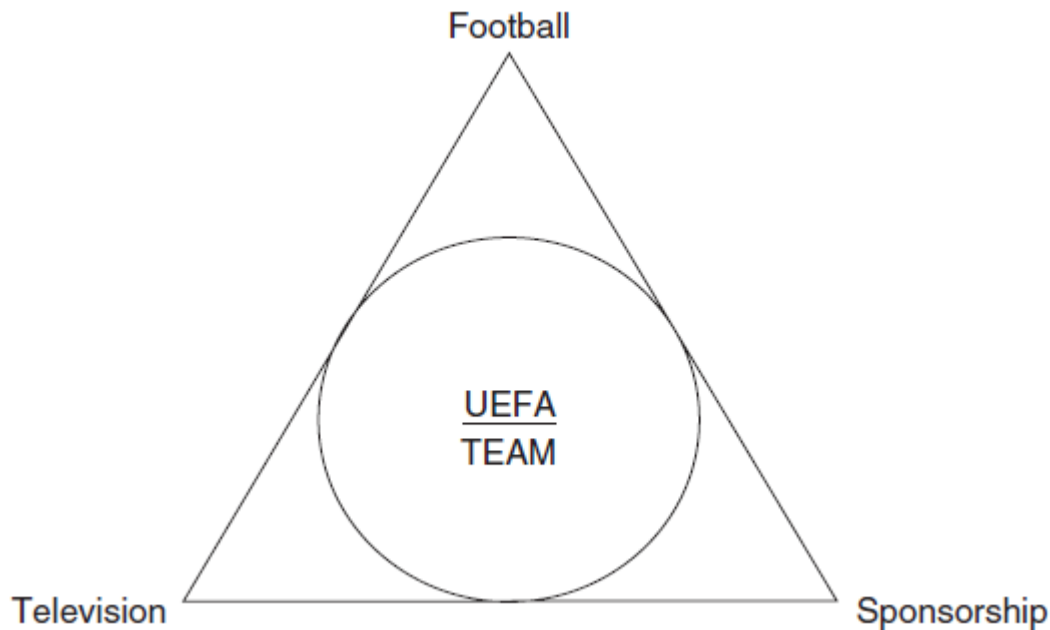


Figure 1 The Champions League triangle (Alhstrom, 2002 as found in Chandwick & Holt, 2006)

The attention for commercial aspects could be balanced with the development of a symbolic trademark identity aimed at promoting among fans the idea of the UCL as the appropriate decide upon Europe best clubs. As UEFA reports: *“it is the brand that helps deliver the values of the event and provides the strategic direction for all activities connected with the event”* (UEFA, 2003: 6 as found in Chadwick & Holt, 2006 ).

UEFA’s development of an appropriate trademark identity strategy offers this research the momentum to suggest an alternative interpretation of football development, based on March and Olsen’s (2004) logic of appropriateness. In contrast with the dominant consequential argumentation, the logic of appropriateness refutes the dominance of conscious cost-benefit calculations as unique drivers of individuals’ preferences, and embraces the possibilities for norms, intended as ideas, cognitive scripts and models, to shape individual behaviour within institutions. The logic is usually applied to describe situations where institutions need to preserve a particular identity in a changing environment. Therefore it is suitable for revisiting the consequential narrative on UCL. In order to understand the mechanics of this process, it is useful to analyse which symbols UEFA chose in order to preserve, in an appropriate way, the traditional identity of European competition in a commercially changing environment. These symbols represent a concrete acknowledgement and manifestation of UEFA legitimization claims.

Drawing on King’s (2004) analysis on the UCL symbolism, the following section focuses on the underlying rationality encouraging the development of audio, visual and solid symbols on which UEFA and TEAM pivoted the image of the UCL. More precisely: the anthem, the trophy, the logo and the colours.

### ***The UCL Anthem: Handel's "Zadok the Priest"***

The choice of the classical piece "*Zadok the Priest*" from Georg Friedrich Handel as anthem for the UCL, substantiate UEFA's intention to permeate the competition with historical tradition and quality connotations. Originally written for English monarch George II's coronation in 1727, the regal composition associates the UCL with a prestigious ancient European kingship (King, 2004). By making this choice, UEFA and TEAM successfully managed to give the UCL a peculiar meaning. Several other sport competitions, such as the latest versions of World Cup or the Euro Cup, or even domestic football leagues such as the EPL, are usually branded with themes from successful and popular singers symbolizing an enthusiastic sense of youthfulness and change. This can be better explained in King's interview to TEAM Chief executive Richard Worth: "*If you look at a lot of sports coverage and you look at a lot of sport brands, it is all loud, young style music, colourful, brash; it hits you in the face all the time. [...] Let's be different. Let's go for classical style*" (Richard Worth, as found in King, 2004).

The anthem lyrics, reinterpreted by Tony Bitter in 1992, were also vested of a symbolic role. First, these are composed by short sentences and expressions in UEFA's three official languages (French English and German), attributing to the competition some sense of historical belonging. Second, the content makes explicit reference to the quality of the competition and its participants. In fact, the repeated climax "*These are the best teams, they are the very best teams, the main event, the champions*" denotes a strong sense of historical continuity with the quality of UCL's ancestor. Third, by playing the anthem in television advertisements and during the opening ceremony before every match, UEFA successfully managed to join the classical and prestigious connotation of the anthem with mass appeal, to the extent that the anthem is currently massively identified with the competition at a scale that no other symbol related to it.

### ***The UCL Logo: the Starball***

For the elaboration of the UCL logo, the English Design Bridge developed the famous "*Starball*" logo, composed by a football embracing eight stars coloured in silver, black and white, everything posed over the UCL sign.

The trademark identity is so strongly based on the logo that it could be taken as an independent symbol on its own. In King's interview to TEAM executive Richard Worth, he claimed "*Don't ever split those two things up'. But now I think you can put a starball somewhere and people will say, 'That's the Champions League'. You don't have to have the words underneath to remind people what it is. [...] People are now comfortable with it, they recognize it.*" (Richard Worth as found in King, 2004).

Together with the logo design, the colours have crucial relevance in communicating spectators a sense of tradition. As previously argued for the anthem, colours provide to the competition of what could be described as an ordinary young format. Silver colour in particular, has strong significance since its connotation of value, reflected on both logo and the trophy, conveys a strong sense of preciousness, quality, wealth, and nobility to the competition. Its resonance is so entrenched that football commenters commonly use silver as an adjective to describe the spectacular and unique atmosphere permeating the "European nights".





Figure 2 The UEFA Champions League Starball logo

Colours and logo are extensively divulged to spectators and players. Regardless country, city or stadium, it is possible to see these symbols reproduced on players and stewards' bids, tickets, panels' backdrops used during interviews to players and coaches, different kinds of advertisements inside (led banners) and outside (blanket banners) the stadiums or, on the wide Starball banner waved by local kids at the centre of the pitch at start of every match during the opening ceremony accompanied by the UCL anthem. As underlined in TEAM's UCL report: "*irrespective of whether you are a spectator in Moscow or Milan, you will always see the same stadium dressing materials, the same opening ceremony featuring the 'starball' centre circle ceremony and hear the same UEFA Champions League Anthem*" (TEAM, 1999: 56 as found in Chadwick & Holt, 2006).

### ***The UCL Trophy***

As the previously analysed symbols, the trophy conveys ideas of prestige and history to the competition. What is more, its shining metal body gives to the trophy particular resonance among spectators as most concretely identifiable symbol of UCL. Except for the modifications made in 1965, the trophy's design has not changed much, benefitting from a strong familiar sense for spectator and players. With its emphasis on historical traditions, the trophy is an appropriate symbol *par excellence*. Influence on spectators and players can be further identified in rituals and some curious facts. For instance, the shape of the cup granted it with the nickname "*big ears*" among spectators due to the size of its handles, while for winning players it is recognized ritual of victory to place the cup over their heads pretending it to be a hat during the victory celebration.

These signs of attachment make of the trophy a perfect symbol for advertisement banners, usually sided by cultural peculiarities from the hosting city to enhance such sense of appropriateness. For example, the trophy logo for the 2009 UCL final played in Rome shown the cup in a deep silver background in which it was possible to distinguish the Coliseum—recalling the majesty of the Ancient Roman Empire. Similarly, the laurel crown around the trophy's image and the year of the competition written in roman numbers further emphasised the historical tradition of the hosting city.

Hence, the trophy cannot to be considered as a sign of legitimacy and tradition strictly bounded to UEFA, but is rather appropriated into the atmosphere of the particular occasion, conveying ideas of integration among the city and history of European competitions.

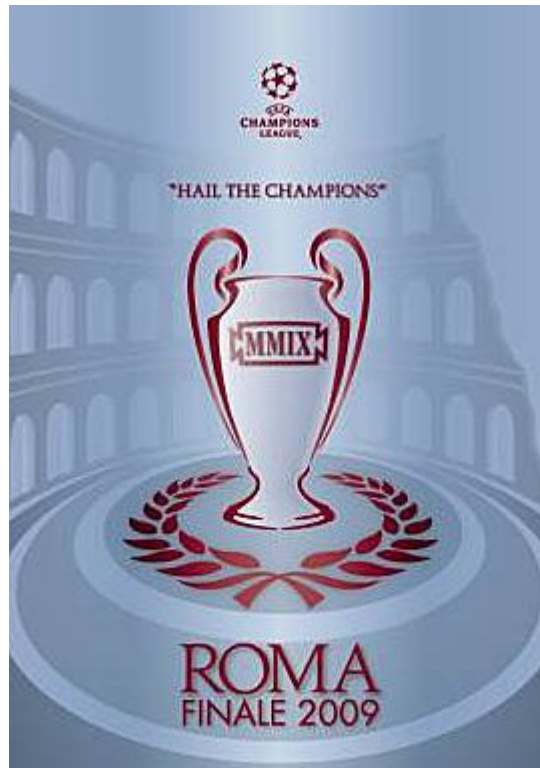


Figure 3 2008-2009 Champions League Logo for the season final in Rome

## 5.4 Conclusion

By exploring the strategic approach UEFA used to embrace and adapt to the growing financial impulses exercised by top clubs, this chapter has advanced an alternative interpretation of football commercialization, based on the logic of appropriateness and the concept of legitimacy. The UEFA's project of pivoting the UCL on the traditional roots of the EC, in order to present it as a legitimate post-modern descendant of that historical tournament, locates the renewed competition within a specific historical context (King, 2004). Within this context, the traditional component is fundamental for the feasibility and recognition of the UCL as appropriate. It gives meaning to the different matches and enriches the competition with something in which spectators and players can see their interest reflected. Every match is not seen as single experience but as a tile of a mosaic illustrating tradition and history of a long-term confrontation among clubs. As argued by King (2004) is this context what provides to the UCL with an "*alibi*" at the very heart of the competition.

Reforming the UCL, UEFA has devised a new tradition. However, to appreciate the UEFA and TEAM ability in creating such an appropriate space it is necessary to drop the dominant functional cost benefit understanding of football development and instead, explore the ideology behind

institutional agency. By means of doing this, it has been possible to read the UCL case not exclusively from the analysis of its consequences but also on its very ideational process. The UCL symbolism concretely represents both, context and ideational content, through which UEFA conveyed a sense of traditional continuity to all the actors involved while casting away criticism, centred on the artificiality of a competition disconnected from the past. Through the promotion of a solid trademark identity cleverly settled on both traditional symbols of football and a modern format responding to clubs' financial pressures, UEFA managed to turn the antagonism between these two forces into an equilibrated symbiosis.

The relevance of this process relies on both processes of institutional genesis and confirmation. Along these lines, it is expected that the UCL would be more likely to change according to the environment and that UEFA will be committed to accompany the competition over the threshold of social appropriateness. As expressed by TEAM executives: *“the challenge, as European club football moves into the next millennium, is to continue to find the right equation between growth, social trends and the solid traditional values of entertaining football”* (TEAM, 1999:63 as found in Chadwick & Holt, 2006)

## Chapter 6

### Concluding Remarks

This paper aimed to answer the question: is there any alternative explanation of football commercialization beyond the dominant understanding permeating the literature? If so, how relevant is it to truthfully capture what has driven this process of commercialization?

To solve this puzzle, the research was not only concerned with critically challenging the dominant view in the literature of a consequential led understanding of football commercialization, but has also proposed an alternative and arguably more comprehensive explanation. The project started by clustering the literature's mainstream narrative under an inclusive theoretical framework, according to which actors are understood as profit/efficiency seekers operating in an already settled framework of exogenously given preferences. Then, as means of unfolding such deterministic understanding, exclusively based on rational and financial aspects behind individuals' behaviour, the research explored an alternative theoretical view of actors' agency drawn from SI's logic of appropriateness. According to this, an alternative interpretation informed how actors act as legitimacy rather than efficiency seekers, whilst cultural aspects, often ignored in the dominant literature, appeared to have a key role in explaining football commercialization.

To substantiate such claims, the research proceeded to compare both interpretations in relation to the illustrative case of the UCL. It was found that, despite the common understanding of the UCL as the concrete capitulation of football to financial necessities, UEFA's promotion of an appropriate symbolism, embodying the efforts to adapt external financial impulses into a socially and sporting legitimized way, played a crucial role in shaping the competition in an appropriate way. While this helped to understand the UCL a manifestation of clubs' incredible market and commercial power, it is equally true that these forces have been expressed within the appropriate and legitimized frame developed by UEFA.

This understanding is resonant with King's (2004) work on UCL symbols. Initially identified by the author as signifiers of the increasing level of competition in football, UCL symbolism is associated to the growing struggle between global deregulation and supranational institutions regulatory actions. The author compares the creation and modifications of the UCL with the development of the European integration in explaining how European football followed the demands of big clubs in a similar fashion as Europe followed dominant market institutions. Sharing King's view on the role of UEFA's symbolism, whilst taking some distance from the expected dominance of market rationales, the position of this paper is closer to Chadwick & Holt (2006) analysis of the UCL. Still recognizing the competition as "*a slick and effective commercial machine*" (Chadwick and Holt, 2006:49) the authors recognize UEFA's control of the competition as crucially relevant in making both sporting and commercial part of the competition as something more than the sum of their parts. They explain how if commercial rationales would have taken over the sporting ones, the outcome would have been completely different and most likely unsatisfying for both, clubs and spectators.

The paper relied on both argumentations to shed light on the lack of exhaustiveness of the dominant explanation of football commercialization. Yet, when challenging the mainstream logic of consequentiality this research does not claim that the alternative logic of appropriateness has a predominant position in explaining football commercialization. Recall that in Neo Functionalism and Sociological Institutionalism reference is made to dialectical processes including a calculative component, sided by a more symbolic or culturally oriented one, taking into account human motivations different from means-ends efficiency. Hence, even if the appropriate understanding of football commercialization reveals the dominant consequential understanding to be poorly comprehensive of non-economic factors, none of the two explanations can be taken as exhaustive separately. Both of them highlight important aspects that cannot be excluded from the analysis of football commercialization. The explanation lays in the middle, around the challenge of connecting and balancing different drivers affecting both individual and institutional agency, probably under a common theoretical framework.

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