

Journal Review of Capitalism in European Soccer

Geffin Wartuny¹
Universitas Atma Jaya Yogyakarta
wartunygeffin@gmail.com
Juan Pradipta²

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Abstract

In the past few decades, the European football industry has become a major source of mass entertainment and a vibrant platform for capitalism. This essay offers a critical analysis of how capitalism has influenced the development of European football. Through a theoretical analysis and case study methodology, this article investigates the economic, social, and cultural ramifications of capital's domination in professional football. The development of football teams into multinational corporations under the ownership of oligarchs and international investors is covered in this examination. The morals and principles that guide the sport are also impacted by these structural modifications and the clubs' financial operations. This review also looks at how capitalism affects football's diversity and cultural identity and how it affects the balance of competition between clubs. This analysis focuses on the moral dilemmas that arose from capitalism's hegemony in European football, including financial disparity, the commodification of sportsmen, and the displacement of local communities by corporate interests. This review provides a deeper understanding of the complexities of the relationship between European football and capitalism by summarizing critical viewpoints from various angles. It also highlights viable alternatives for maintaining a sport whose millions of fans cherish.

Keywords: Football, industry, capitalism.

INTRODUCTION

Thousands, perhaps even millions, of people worldwide are attracted to football, a sporting legacy from 1863. Due to its ability to inspire or generate a desire in fans to participate in the game and even watch it live or on electronic devices, football has transcended its status as a sport and has become a lifestyle for many. Football competitions around the world are being improved by the increasing number of football clubs, both big and small, that have recently arisen in different parts of the globe. Football clubs today serve as both a hub for athletic activity and a sizable and lucrative source of revenue due to their extensive merchandise sales. Football has become one of the most well-known sports in the world in this age of globalization. Major events like the FIFA World Cup and UEFA Champions League draw not only local supporters' interest but also fans worldwide, with millions of people tuning in to watch.

In terms of club ownership, player market value, revenue from ticket and memento sales, and sponsorship, football has long been an industry. As a result, capitalist components also take part in managing a specific club in a significant way. It is undeniable that a great number of investors from around the globe are interested in the football sports industry due to the huge fan base and high earnings.

However, compared to other continents, it is imperative to admit that European clubs are the hub of the football industry. Then why Europe? This is because more elite international competitions are taking place in Europe, and players receive training from an early age. As early as 1992, when BSkyB purchased the English Premier League's (EPL) media rights, club football revenues rose. That was four times the value of the previous agreement, with the rights sold for €55 million per season (OfCom, 2007). The rights brought in an incredible €2.5 billion when they were sold 25 years later. Similar changes have also happened in other European leagues, with a notable increase in media rights agreements (Storm & Solberg, 2018).

Football in Europe has developed into a sector of the economy that grows extremely quickly. Thus, capitalism has been incorporated into the football industry's economic cycle without our knowledge. Capitalism has a big influence on European clubs, especially when it comes to things like roster depth and a team's ability to compete in major competitions. This is evident in the fact that wealthy owners of clubs tend to have highly skilled players because of the regular player transfer window. In the meantime, teams with modest financial resources will typically have a squad with a mediocre depth. As a result, capitalists are crucial to a certain club's success. The European Big Five leagues have seen the largest gains in club football. The biggest teams in these leagues have made a name for themselves at the top of the global financial scale. In the 1997–98 season, their total revenue from home markets was US\$894 million. This sum rose to US\$4.7 billion fifteen years later (Storm & Solberg, 2018). State the research question and purpose(s) of this paper writing. What is/ are the main issue(s) to be discussed in this paper? Mention the significance and contribution of the discussion.

METHOD

The main objective of this study is the analysis of capitalism in the context of European football. This study implemented a secondary data collection technique in which information is gathered from already-published sources, particularly scholarly publications pertinent to the study area. This approach was selected because it enables researchers to fully comprehend the workings of the football industry without having to invest time and resources in primary research.

Through secondary data collection methods, researchers can obtain information that has already been gathered and examined by subject matter experts. They can look at the most recent research, evaluate earlier conclusions, and acquire fresh perspectives on the current trends in European football capitalism. This makes it possible for this research to acquire a strong and knowledgeable foundation for comprehending the effects of capitalism on the organisation, management, and culture of football in Europe.

FINDINGS AND DISCUSSION

Corporation of Capitalism Between FIFA & Media Rights

Regarding FIFA and media rights, capitalist corporations are concerned with how FIFA, the world's most powerful football organization, works with media outlets to increase their exposure and profits. The FIFA World Cup, the biggest football competition in the world, is hosted by FIFA and is watched by billions of people worldwide. Conversely, media companies search for top-notch content to draw viewers and sponsors. FIFA and media companies frequently collaborate on marketing, digital, and television broadcasting rights. FIFA and media companies exchange huge profits as media companies pay FIFA for the exclusive right to broadcast live matches. Media companies also use FIFA tournaments as a venue for sponsorship and advertising to promote their brands.

However, there hasn't always been harmony in the relationship between FIFA and the media outlets. Some critics say FIFA's media rights agreements frequently favour big media corporations in some nations while limiting access for smaller or developing nations. Concerns have also been raised regarding FIFA's use of proceeds from media rights deals, particularly considering the organization's past corruption scandals. Despite frequent criticism and controversy, the partnership between FIFA and media companies represents a marriage between global sport and capitalist economic power, with both parties benefiting from one another.

Capitalism in Soccer is An Economic System

The result was estimated losses of €5 billion on aggregate operating revenues in European top divisions in 2019/20 directly attributed to the financial effects of COVID, following more than a year of restricted numbers of fans in stadiums, reduced television audiences, and numerous leagues facing rights payment deferrals and grant rebates to international broadcasters (Andrews, 2023). The global football economy has been rocked by the COVID-19 pandemic, as revenue from club merchandise, broadcast rights, and match ticket sales has decreased. Losses from sponsorships and advertising are another consequence of competition cancellations or postponements. Growing debt and limitations on player transfers have put the club under a great deal of financial strain. The industry is adjusting to technology advancements to meet these challenges, but smaller clubs are experiencing a financial crisis. According to Andrews (2023), the COVID-19 pandemic exposed the economic vulnerabilities and organizational fragilities of the ecosystem.

In the world of football, capitalism is reflected in an economic system where football teams are viewed as profit-making businesses. The ownership of football clubs by private individuals, corporate entities, or investment groups implies that these organizations are assets with the potential to yield profits. In order to optimize club profitability, investors make strategic choices about player transfers, marketing tactics, and infrastructure development, among other things. One of the key components of the football capitalism model is the player transfer system, in which players are viewed as commodities that can be purchased and sold for a profit. A player's performance, the demand from other teams, and the length of their contract are among the market factors that affect player prices. Expensive player transfers, which demonstrate free market principles and competition for the best resources, are frequently a highlight of the industry.

The goal of clubs is to maximize revenue from the sale of jerseys, memorabilia, and subscription services for live broadcasts. To do this and reach a larger audience, advertising, promotions, and alliances with well-known brands are frequently used. The commercialization of football becomes an essential component of clubs' business models in this scenario, as clubs look for methods to increase profits by taking advantage of marketing opportunities. Other factors also impact the football industry, even though capitalism plays a significant role in it. Controlling club operations and upholding the integrity of the game are largely dependent on national and international government regulations. Also, club decisions may be influenced by community interests, particularly when it comes to stadium development and participation in charitable endeavours. Strong fanaticism and a strong sense of place are characteristics of football culture, which has also had a significant impact on the industry's development and occasionally caused conflict between cultural allegiance and financial gain. Therefore, despite the fact that capitalism permeates many facets of the football world, the industry as a whole is still complex and influenced by a wide range of social, cultural, and economic factors. The dynamic between traditional football values and economic interests is often reflected in industry changes, which create a dynamic environment for clubs, players, and fans.

Football Fans' Enthusiasm for Emotional Attachment and Its Impact on the Pay Television Industry

Supporters of football are always willing to pay to watch games. They seem more committed than in other sports, and their insistence on paying for broadcasts has led to a trend in which most live domestic league matches are now exclusively available on pay television (Solberg, 2016). Football fans have a preference for viewing the top players, teams, games, leagues, and competitions. A lot of football supporters feel a deep psychological bond with their preferred club or national squad. It is commonly known that fans who have a strong sense of loyalty to their team will watch more sports (directly or indirectly), pay more for tickets, spend more money on merchandise, and remain devoted when their team is having difficulty. Many times, football fans can be considered as an extension of themselves because of the intense emotional bonds they have with their clubs and national teams.

Their support during games is just one aspect of their fervour as football fans; they also influence the pay television sector. The growing advancements in technology and consumer preferences will drive up demand for live football broadcasts in the coming years. The desire among football fans for a more engaging and improved viewing experience—including improved picture and sound quality—is what is driving this. Pay television stations are purchasing the broadcast rights to football games at escalating costs in response to this growing demand.

The market is getting more and more profitable as there is a growing desire for football broadcasts on pay television. Due to their high viewership, pay television stations are able to draw in more advertising, and football teams and football associations make money through the sale of broadcast rights. Furthermore, clubs and associations now have an extra revenue stream from pay television, which they can utilize to build out their facilities, bolster their teams, and enhance the fan experience. To counter the intense passion of football fans, the pay television industry must also overcome certain obstacles. One of them is escalating rivalry with internet streaming services that provide substitutes for football games aired live. Fans have more options to select the method that best fits their needs and preferences as there are more options available for watching football matches online. Pay television stations must thus keep coming up with new ideas and providing distinctive value in order to stay relevant in the face of fiercer competition.

In addition, the calibre of the broadcasts that the pay television sector offers determines how well it draws in football fans. In addition to live games, football fans want in-depth reporting on the most recent news and happenings in the sport, as well as expert analysis, player and coach interviews, and more. In order to keep viewers interested, pay television networks must raise the calibre of their programming and offer engaging material. All things considered, the intense passion of football fans influences many facets of the football ecosystem as a whole, in addition to having a favourable effect on the pay television sector. Football fan passion has emerged as one of the key factors propelling the expansion and development of the sport internationally by bringing in money for teams, improving the fan experience, and spurring innovation in broadcasting.

The Important Role of Supporters in the Club Ecosystem

Football is more than just a business. Although they play a bigger part than customers in the overall operation of the team, football fans are still producers. In addition to influencing the game and adding to the atmosphere during the match, these football fans also raise

awareness of the sport in the community by participating in post-match discussions and debates that are recorded and posted on social media. Even if their team is losing games or is not doing well, supporters will still turn out to watch and “consume” football.

Football supporters are more than just apathetic observers; they are a vital component of their teams’ viability and success. Their involvement encompasses not just watching games but also other facets of club life and the neighbourhood. When fans congregate at the stadium to watch the game, they will also foster an environment that encourages and supports the players to give their best effort when competing on the pitch. In addition, they support the growth of football’s beneficial effects off the pitch and the emotional bond or relationship that exists between the club and the community. Furthermore, through conversation and debate following the game, supporters also contribute significantly to the spread of football culture.

Through conversations in social media, local media, and online forums, they raise public awareness of the sport and broaden the club’s sphere of influence. The supporters of a club will never waver in their loyalty, cheering them on even if the game’s outcome falls short of their expectations and demonstrating that football is more to them than just a winning team. The relationships between teams, players, and supporters in the football ecosystem cannot be solely evaluated using traditional economic metrics. Customers are an essential component of the football production and promotion process; they purchase more than just club merchandise and match tickets. Football is more than just a business; it also plays a vital role in a club’s identity and culture and improves the bond between the game and society.

CONCLUSION

The European football debate surrounding capitalism exemplifies the intricate interplay among the economic, social, and cultural facets of this sector. While many facets of clubs’ operations and commercial tactics are dominated by capitalism, debates emerge when traditional football values—like fervent loyalty and local identity—intersect with the financial incentives that push clubs to maximize their profits. The disparity in wealth between wealthy large clubs and struggling smaller clubs is one of the main sources of contention. Greater financial resources give teams the ability to attract top players and construct opulent facilities; smaller clubs, on the other hand, frequently have fewer resources and struggle to compete. Competitive injustice arises from this, endangering the competition’s integrity. The importance of money in influencing a club’s performance is further called into question by problems like transfer speculation, player price inflation, and the financial domination of some clubs. The greatest players can be acquired by clubs with deep pockets, forcing smaller teams to make do with smaller transfer budgets.

Football has benefited much from capitalism in terms of innovation, investment, and economic growth, despite the fact that the debate about capitalism in European football has focused on the difficulties the game faces. Football’s attractiveness to fans worldwide has grown, and its quality has been enhanced through investments from affluent owners. Therefore, a proper balance between economic factors and traditional football ideals is required to overcome the debate over capitalism in European football. One way to resolve the imbalances that may occur as a result of economic supremacy in European football is to enforce stricter laws to promote competitive fairness, more equitable revenue distribution, and competition integrity maintenance. Reading journals that address the moral challenges and arguments surrounding the business practices in this sector will give you a valuable understanding of the ethical issues and social ramifications of capitalism in European football. Through an examination of the moral and social dimensions of capitalism in European football, readers can

gain a more profound comprehension of the intricate workings of the sector and potentially facilitate more enduring and enduring reform initiatives.

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