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The Ownership and Control of Elite Club Competition in European Football

Matthew Holt

This essay analyzes the changing nature of governance in European football. Looking specifically at the control of elite European club competition, it argues that in the context of wider environmental transformation, traditional hierarchical modes of governance are being replaced by a stakeholder network in which the elite clubs are becoming increasingly influential. Consequently, the European governing body, UEFA, is under pressure to both integrate the most influential stakeholders into its decision-making procedures, and relinquish its control of elite club competition. The leverage of stakeholders is assessed, and it is argued that whilst the professional game will continue to pose challenges to the established bodies, the integrated nature of football governance means that change is likely to be evolutionary, rather than radical, and that the football associations of Europe will continue to play an important role in the organization of professional football in Europe.

Introduction

The UEFA Champions League (UCL) has become the most highly prized football club competition in the world. It is a benchmark for sporting competitors, a key driver of television audiences and an attractive property for sponsors seeking to tap into affluent consumer demographics. Crucially, as a platform for football's most celebrated players and clubs, and with historic contests epitomized by the 2005 final in Istanbul, it has become immensely successful at driving and maintaining the supporter interest in European club contests from which the competition derives its value.

The formation of the Union of European Football Associations (UEFA) in 1954 was integrally connected to moves towards a pan-European club competition, which had first been suggested by Gabriel Hanot of the French sports newspaper *L'Équipe* as a means to drive midweek sales. The European Champion Clubs' Cup was formed and first contested in 1955–1956. The formation of the competition marked an important transformation in European football – from a system of domestic club football operating

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unilaterally, to a dual system in which successful clubs would feature in both national and international competitions. This duality has created a growing divergence in financial power between clubs operating domestically, and those operating regularly in domestic and international spheres.

For almost 40 years entry was limited to the national champions of each country with a two-leg home and away knockout format. By the early 1990s the de-regulation of the television industry and the development of pay television technologies led to an exponential growth in revenues and changes in consumption.[1] The composition of the competition became ripe for review. The knockout format, and the risk that popular clubs could be eliminated after one tie, became unacceptable to both clubs and broadcasters who required a greater number of guaranteed games in order to exploit new revenues. Proposals aimed at transforming the competition had been raised at various points, most notably by the owner of AC Milan, Silvio Berlusconi, in the 1980s. Consequently, UEFA took action to re-consider the commercial and sporting aspects of its main club competition. In 1992, the European Cup was transformed into the Champions League, a hybrid competition comprising both league and knockout stages.

The formation of the UCL has frequently been cited as a capitulation to the financial interests of the big clubs.[2] Whilst this has been debated,[3] the transformation of the competition into a cash cow for Europe's elite clubs has consolidated their position at the apex of the game, and has been one catalyst for re-evaluation of the wider organizational structures of European football. Additionally, a number of wider environmental transformations have triggered challenges to traditional modes of governance in European football, particularly in relation to ownership of the most valuable commercial properties. Revenue growth has led to structural change in which the major leagues have sought greater autonomy order to exploit their market power, leading to more autonomous league organizations.[4] Clubs have also sought greater commercial freedom, which has resulted in changes in club structure from member based organizations to more flexible commercial entities[5] and moves towards the negotiation of individual television deals.[6] This trend continues. In 2005, the European Commission ruled the French Football Federation's prohibition on football clubs becoming publicly listed companies illegal following a complaint from Olympique Lyonnais.

This process has been assisted by wider political changes in which free-market ideology has become increasingly dominant.[7] Furthermore, the increasing commercialization of football has generated growth in external political interest, in particular from national competition authorities and the institutions of the European Union. In turn, this has provided certain stakeholders with new avenues through which they can extend and protect their own interests. This process has been referred to as the 're-regulation of sport'.[8] The Bosman ruling in 1995, which marked a sea-change in the regulation of player markets and dismantled national boundaries in club recruitment policy, is the most notable example of this. This ruling favoured the major clubs in the major markets, which were financially best placed to secure the most talented players from across Europe.

It is in this context that UEFA's traditional control of the elite club competition in Europe is under increasing threat. The key issues and controversies in the governance of European football are now contested within a complex network of stakeholder interest and the UCL now provides one important prism through which the challenges faced by the traditional governing bodies can be viewed. This paper focuses on the changing nature of governance in football, and assesses how hierarchical decision making is being challenged by a network of influential stakeholders operating both inside and outside the traditional football structures. Based on interviews with representatives of the elite clubs, leagues, national associations and UEFA, an assessment is made of the changing levels of influence of these key stakeholders. By placing analysis within the trajectories in which organizations have the capacity to act, and paying particular regard to the specific influence of the European Union in the regulation of sport, it is possible to consider possible future outcomes regarding the control and direction of European club competition.

Governance and the European Football Network

The structure of football governance is important to an understanding of the stakeholder network of European football. Essentially this is comprised of a hierarchical pyramid in which the national associations form the membership of their international counterparts UEFA in Europe, and FIFA, the global governing body. Whilst the structures of the national associations vary, they are largely based on the wide representation of individuals, clubs and organizations at the various levels of the game from amateur to elite professional. UEFA organizes club and national team competition in Europe, and FIFA, which regulates the game at global level, organizes a quadrennial World Cup competition for national teams. The hierarchical integration of the elite and the grassroots of football through a single system ensure that everything from the laws of the game to the organization of leagues and cups operates within one framework. The national associations, continental confederations and FIFA effectively enjoy a monopoly position controlling the regulation and organization of football. There is a single governing body for each national territory, a single confederation in each continent sanctioned by FIFA, and a single worldwide federation. The rules of these bodies forbid football to be organized outside their own structures, and ensure that leagues and clubs are, theoretically, subordinate to the national associations.

This subordination is intended to recognize that in a multi-organizational context, in which clubs compete across levels and across borders, and with interdependence between those levels in terms of the development and provision of players and finance from the elite to the grassroots, there should be a body that looks at the overall interests of the game at all levels. Therefore, the national associations are normally composed of some kind of representative combination of football across the various levels. The elite leagues are normally represented to a high degree, recognizing the important financial contribution of the professional leagues. But the structures also reflect the belief that there is a responsibility at the top end of the game to redistribute revenue to other areas of the pyramid – what UEFA refers to as 'solidarity'. According to their recently

released strategy document 'Vision Europe', UEFA aims to: 'use UEFA's revenues to support re-investment and re-distribution in the game in accordance with the principle of solidarity between all levels and areas of sport'.[9] Within UEFA there remains a strongly held belief that the elite game should continue to make a contribution to supporting other levels of the pyramid. According to UEFA chief executive Lars-Christer Olsson:

European sports are based on a lot of voluntary work. It's a part of society and a social pattern ... A talented player is not identified by a professional club. He or she is identified by a volunteer somewhere or in a school somewhere, and they are picked by the clubs when they come to a certain level of education ... in all these earlier parts there has been a club, or school, or a district or a football association involved. And there is an obligation in my opinion for the professional side to distribute wealth to the other part of the family or the pyramid.[10]

However, this hierarchical system of authority has come under increasing pressure, mirroring developments in wider policy-making arenas. 'Governance' has been defined as 'a change in the meaning of government, referring to a new process of governing'.[11] It is argued that this manifests itself through decision-making networks rather than direct control and an increase in the number of actors in the policy-making process.[12] Henry and Lee have similarly referred to 'systemic governance' in which 'the old hierarchical model of the government of sport, the top-down system, has given way to a complex web of interrelationships between stakeholders in which different groups exert power in different ways and in different contexts by drawing on alliances with other stakeholders'.[13] In their seminal critique, Sugden and Tomlinson chart the development of FIFA in the context of an increasingly complex network with growing interdependence between governing bodies and global business networks.[14] Sugden has developed this analysis, focusing specifically on the concept of football governance as a network in which big business has come to play a defining role.[15] This emerging network has been facilitated by a changing environment in which stakeholders have been increasingly willing and able to flex their muscle in a complex combination of legal, regulated and self-regulatory frameworks.

This concept of 'network' governance therefore provides an appropriate starting point from which to assess the changing nature of control in European football. Within the context of elite competition, UEFA has had to re-evaluate its relationships with stakeholders who are both part of the football sphere (such as clubs and leagues) and external stakeholders with the power to influence (such as the institutions of the European Union). It is also important to recognize that network governance is related to 'good governance'. If football governance occurs through a network of influence, then it is important to understand how that network operates as the breakdown of influence will necessarily impact upon the achievement of 'good governance' in football. In the context of the ownership of European club competition, this relates directly to the distribution of European football revenues, the identity of the competing teams and the structure and rules of competition. An understanding of the European football network can be gleaned through analysis of the different dimensions of power.

Internal and External Influence and the Control of European Club Competition

The European football network can be broken down into what can be termed an 'internal' and 'external' network. The 'internal network' consists of the established football structures, through which stakeholders can influence policy. The 'external network' implies the means through which stakeholders seek to influence the policy of the governing bodies through activity outside of the established football structures.

The clearest example of the influence of external networks can be seen in the challenge to UEFA's control of elite competition by the Milan based media company, Media Partners, in 1998 through proposals for an alternative competition. The initial changes to the competition in 1992 had provided the clubs with a glimpse of the commercial potential of the competition. The clubs became increasingly dissatisfied by the level of income accrued by UEFA through the UCL, and also the manner in which it was distributed. Media Partners exploited this situation by gathering some of Europe's largest clubs together in order to develop the competition's commercial potential. In a departure from the meritocratic entry requirements, Media Partners proposed the inclusion of 16 founder members for the first three years in order to secure the investment needed to lure the clubs from the established structures. The investment bank, JP Morgan, had underwritten the proposals to the tune of £1.2 billion.[16] This proposal was the first to seriously introduce the guaranteed entry of certain clubs into the competition and also to eliminate the rights of all UEFA's members to enter clubs in the competition, undermining the national basis of competition.

In the context of environmental transformation, by acting outside the established football structures, a network including the elite clubs, an entrepreneurial media agency, and corporate finance succeeded in generating an alternative context for European club football. The initial result was to pressure UEFA into a reformulation of the UCL for the 1999–2000 season, increasing the first group stage from six to eight groups and introducing a second group stage, from which the top two teams from each of four groups qualified for the quarter-final stage. The intervention of Media Partners therefore constituted one important contributory factor in the consequent re-evaluation of UEFA's formal relationship with its stakeholder network. First, whereas UEFA had always previously dealt with clubs through the national associations,[17] in order to persuade the clubs to continue to play in UEFA competitions, UEFA had to deal with the clubs directly.[18] Second, the Media Partners proposal was the catalyst for the formation of the G14, a group of 14 of Europe's elite clubs (now 18), which has constituted a new power block in European football.

That UEFA membership comprises only national associations heightened the importance of effective stakeholder integration. In 1999, UEFA appointed the Boston Consulting Group to conduct an organizational audit, which became known as Football Organization Redesign for the Next Century in Europe (Project FORCE).[19] With UEFA operating in an environment in which it was facing new legal and political challenges as well as growing demands from the clubs, FORCE led to changes designed to streamline decision making which shifted power away from the elected executive committee to the appointed chief executive and administration as a means to generate

more efficient decision-making.[20] Significantly, FORCE also recognized the need for greater consultation with clubs and leagues. This has been approached through development of UEFA's committee system. Significantly, the committees have no decision-making powers.

The key consultative vehicles in the context of club competition are the European Club Forum (ECF), and the Club Competitions Committee (CCC). Whilst the leagues are consulted through the Professional Football Committee (PFC) where European competition impacts on domestic competition, the ECF was formed after FORCE in 2002 as a clear alternative to the G14, as a 'platform for increased dialogue and consultation between UEFA and Europe's major clubs' (www.uefa.com). The ECF is divided into five different groups based on UEFA's ranking of national associations, as illustrated in Figure 1. This process acknowledges that it is the competing clubs, rather than the leagues, that are the most important stakeholders regarding the format, development and marketing of European club competition.

The mechanisms through which these economically important stakeholders are integrated, and the lack of decision-making authority, are the cause of consternation among the continent's major clubs, who believe they should have more direct influence in the decision-making process in areas of their concern, as Umberto Gandini of AC Milan and Roberto Bettega of Juventus argue:

We don't think we are the barbarians, therefore we don't like this opposition we have when clubs are coming up and demanding and discussing and asking for a second consideration. I think that a statutory role of an organization like UEFA being the angels, there to supervise the destiny of football, I think it's too big, too much, overloaded.[21]

The objective is to be part of the decision-making process. We believe, in general, the big clubs are the engine, because at the end of the story we are paying the players; we are investing the money.[22]

A key issue is that the clubs and leagues see the national associations as representatives of national team football, rather than elite club football, and as such the national associations make decisions from a position of vested interest rather than independently as claimed. Whilst it has already been argued the clubs and leagues are integrated in the structure of the national associations, at a European level the clubs and leagues do not have a direct route into the decision-making bodies. The elite clubs therefore feel that

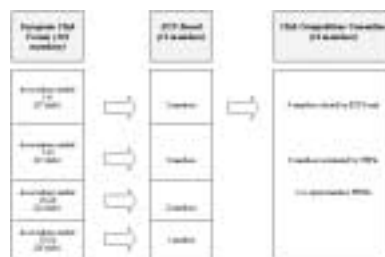


Figure 1 UEFA's structural relationship with the clubs.

their interests are secondary when it comes to making decisions in which the national associations and clubs have differing interests, such as the number of available match days for club and national team competition, and the competition for sponsorship revenues. G14 general secretary Thomas Kurth argues:

The Premier League is under the umbrella of the FA. In international football, that doesn't exist. The club side is not represented. The club side, by obligation, is represented by the FAs. But the FAs cannot represent the interests of the clubs when these interests clash with the interests of the national team. I think there is a serious problem when the regulatory body is at the same time a competitor on the market place, which is the case with FIFA and which is the case with UEFA.[23]

National Associations, Clubs and Leagues: Club Competition and the Balance of Power

The clubs and the leagues, therefore, both seek greater decision-making power over the professional game. With greater control over club competition, they also seek to control the huge resources generated by European club competition. There is a clear feeling amongst the elite clubs that the UCL is failing to maximize commercial potential. The leading clubs would also like to see a decrease in the number of competing nations. Gandini, for example, argued in favour of a reduction to 24 teams, and for the UCL to become the 'top associations' cup', with some qualification for the lower ranked nations from the UEFA Cup,[24] thus generating higher incomes for the fewer competing teams. Similarly, with more direct influence within the international federations, clubs could exert greater influence over issues such as payments to clubs for use of players in international fixtures and the international calendar. Given the difficulties of achieving their objectives through internal lobbying, the external network continues to provide one important means through which the clubs and leagues can extend their influence. Therefore, it is important to analyze the breakdown in influence and the nature of interaction between the respective organizations in order to gauge potential outcomes.

The elite clubs, leagues and national associations maintain almost exclusive influence over competition. Popular analysis of the G14 organization has often verged on the polemic. It is frequently portrayed as the greatest threat to UEFA's control of club competition, and the group has become synonymous with the prospect of an alternative 'European Super League'. Similar views have also been articulated academically. King, for example, has argued: 'It does not seem fanciful to suggest that this institution [G14] is likely to become as significant in the current era as national federations were in the past' and that 'UEFA will lose even more of its authority and become a forum not for the national federations but for European clubs'.[25]

Such coverage does not actually reflect the influence of the organization since its inception, and also masks some of the problems inherent in the organization which it has struggled to overcome. The key changes to the UCL were made in 1998, prior to the formation of the G14 (although of course under pressure from its member clubs), and

since then, on the various issues of the day, G14 has so far been unable to exercise the desired degree of influence. For example, the removal of the second group stage in the UCL in 2002 was clearly opposed by the biggest clubs:

We are very unhappy. This is another example in which we try to influence, and regardless of the fact that the majority of the European Club Forum was against any change of format in the Champions League, UEFA did it.[26]

A more balanced analysis of the influence of the G14 suggests that whilst its member clubs will play a major role in any future developments, the G14 itself is undermined by the nature of its own composition. The level of exclusivity and the lack of defined and coherent membership criteria pose problems of legitimacy and credibility. The organization represents clubs in only the seven biggest markets and thus places economic potential on a par with prior sporting success. Moreover, it remains debatable whether a group of 18 clubs could act unilaterally, without carrying the next tier of clubs with a greater geographical spread. According to Campbell Ogilvie, former general secretary of Rangers FC:

A lot of people think G14 is a superleague. In my view it's a lobbying group. I think it would be a lot stronger if in time the G14 was increased. It won't be in the short term, but in principle if they had teams from the next tranche of clubs ... You've got a lot of these next ranked clubs and I think the G14 could exert more power in UEFA if the membership was extended.[27]

Similarly, the European Professional Football Leagues (EPFL) organization (representing the 15 largest leagues in Europe) appears to be growing in influence and now has a permanent base in Switzerland. This organization, by its very nature, represents a wide range of clubs in clear contrast to the G14, as Iain Blair of the Scottish Premier League argues:

G14 when you get down to it is 18 clubs, very powerful clubs, very influential clubs, but unless they go and play in their own league, which they are not going to do in the short-term, they are a lobbying group. The leagues represent a lot more clubs, and I think the fact that there is an internationalization on that scale which is not done along the associations' lines is a threat to them, they feel it's a threat to them.[28]

Furthermore, within G14 there are differences between the clubs that make it difficult to build a consensus. On issues of salience to all its clubs (such as compensation for players on international duty) the G14 is likely to be strong. On other issues, however, not least the structure of club competition and loyalty to domestic leagues, there may be significant differences between the clubs as AC Milan's Umberto Gandini and Liverpool's Rick Parry suggest:

I think also because of the differences among the clubs in the G14 we are losing a little bit of grip on the situation ... First of all I think that some of the clubs, even the big clubs have their own agendas, and this is not helping the clubs. Secondly, I think the competition on the pitch is so strong, that even if we are very similar off the pitch, there are still attempts to gain some advantages against each other.[29]

I'm a little sceptical about the future of G14 I have to say. I said I'm not interested in forming a power block just for the sake of it. It has to prove that it has a

useful purpose; it has to prove that we are addressing areas of common interest and coming up with consensus views. There's not a great deal of evidence of that so far ... On an issue like home-grown players you would get a split between G14. To get a unanimous view is actually pretty difficult because you've got immensely big and wealthy clubs, and some who are not so big, and there are cultural differences and local differences, and different TV markets, so it's always a challenge.[30]

Therefore, divisions within the G14 may act as an obstacle to radical change, and may be one reason why the organization has so far been unable to transform latent power into tangible political gains. Clubs need other clubs to survive and thrive, and the need for consensus amongst a sufficient number of clubs means that changes to club competition will need broad support.

Like the G14, the leagues, through the EPFL, see themselves as the most important stakeholder in the European professional game. The EPFL is, by its nature, more representative and the leagues have been quick to draw comparison with the G14. Moreover, there is a general belief amongst the leagues that their role in the professional game and in generating revenues justifies a greater role in decision-making at European level as Iain Blair argues:

There is a feeling that the leagues – which at the end of the day drive the business end of football, everyone that plays in the World Cup, most of them come through the European leagues, everyone that plays in the European competitions comes through the leagues, everyone that plays in the major national countries in Europe comes through the European leagues, so we do drive an awful lot of the business end of football – I think we do believe that we should have an ability to influence at that level of the game.[31]

Of course, on a range of issues the EPFL is an entirely appropriate body through which the professional game should be represented. The leagues have common interests and problems such as dealing with broadcasters, competition authorities and negotiating commercial contracts. The fact that the leagues help drive revenues in professional football, which ultimately help subsidize the national associations, as well as UEFA and FIFA, has led to demands for more direct integration into the decision-making structures of the governing bodies.[32] Conversely, there is distrust within UEFA about the EPFL's motives, fearing its agenda is to control club football. Whilst the EPFL denies this, given the leagues considerable experience and independence in organizing major domestic club competitions, it would be a natural development were the organization to pursue this at a European level.

Nevertheless, although the leagues represent a greater number of clubs, it does not follow that the growth of influence of the leagues at a national level means that the EPFL benefits from a similar growth of influence in the European sphere. In the European context it is the elite clubs that drive revenues and command market power and the power of the leagues is reduced, As Gandini notes:

There is a big difference between clubs and leagues because every national association has a league, and within that league there are the big, and the middle and the small sized clubs. And as it is on national level, it becomes on international level; that the big clubs are in a minority. But they are a necessary minority. When it

comes to European competition for clubs, the leagues are not to be involved anymore, because the leagues are just qualifying through their system those who advance to European level. It should be and has to be as much as possible a direct dialogue with UEFA.[33]

However, the EPFL may still provide an alternative framework through which the elite clubs could work. Additionally, co-operation with the leagues may help overcome the problems of exclusivity associated with the G14. The fact that the EPFL represents only 15 leagues, rather than 52 national associations may be attractive to the major clubs wishing to make entry requirements more exclusive. However, there are also diverging interests that would act as an obstacle to co-operation, such as the breakdown of games between domestic and European competition. Moreover, the elite clubs simply do not see a role for the leagues as Umberto Gandini articulates:

Fifteen plus leagues, they are so different, so different. In every league you have the top three or four clubs and the rest. In an association of leagues, you have the top four or five leagues and the rest. And they are desperately and deeply different from each other ... I think the leagues have to realize that if they are going to have an organization to run their business better, fine. But if they want to have an influence, forget it, especially when they have leagues like the Spanish league which has no control whatsoever over what Madrid and Barcelona do. Or in Portugal where Porto doesn't care what the league says. How can the Portuguese league be more important than Porto or Benfica for European football? It's impossible ... the challenge will come from clubs.[34]

So even within the elite professional game there are clear divergences of interest. These dynamics are effectively shaped by the duality of competition. Clubs regularly competing in European competition must satisfy the salary demands of players, the expectations of supporters and must maintain squads capable of challenging for honours. The interests of the elite clubs diverge from others. The leagues benefit from greater representation but it is the elite clubs that actually participate in European competition, and as such hold the greater power. What emerges from this divergence of interest is a lack of clarity with regard to future organization and decision-making procedures regarding European competitive structures. It is in this context that the role of the national associations and UEFA is critical.

Whilst the influence of the leagues and particularly the elite clubs has grown in the last decade, and the authority of the national associations has waned, the interconnected nature of professional football competition and governance mean that the national associations, FIFA and UEFA will continue to have an important role to play in the process. Whilst there has been much discussion regarding the likelihood or otherwise of a 'European Super League',[35] it is unlikely in either the short or medium term that a European league structure will replace the existing dual structure of domestic and European competitions, as the elite clubs have no current desire to abandon domestic competition.[36] However, there remain significant differences between the elite clubs and UEFA over both structure and ownership of UCL. Whilst the clubs want to generate greater revenues from European competition, the current structure of the UCL reflects a political compromise. The high level of representation of the elite clubs

reflects the need to formulate a competition that generates the highest standards of competitive play (it is difficult to imagine this being achieved with the old knockout formula in the post-Bosman era), whilst simultaneously allowing access to UEFA's 52 member nations.

In resolving these debates, UEFA has a crucial role to play. The changes in the format to European competition have created a competition of higher sporting standard and commercial value, but a balance must continue to be drawn between generating revenues and securing access for the best teams, and ensuring participation across Europe. Additionally, alongside sporting standards, the structure should also be guided by the need for excitement and unpredictability. The extra knockout round and the victories of Porto and Liverpool in 2004 and 2005 are evidence that the removal of the second group stage has achieved this.

The increased dominance of a small number of national associations would not only deny the smaller associations access in the short-term, but could also set in train a longer-term development in which European football would become increasingly dominated by a decreasing number of clubs. Inevitably, the football economies of Europe will mirror to a large extent the economies of the nations in which they play. As Eastern Europe continues to develop, for example, it may be that this region will provide greater competition to the dominant nations. An organization which represents 52 national associations, with responsibility to grassroots and professional football, is clearly better placed to balance the contrasting geographic and economic demands than an organization of 15 professional leagues or 18 elite clubs. The sporting framework in which all clubs and leagues operate requires that wider considerations need to be taken into account, such as the number of games played by players, the division in income within and between competitions and investment in grassroots. It is difficult to imagine, for example, the clubs or leagues introducing a regulation designed to ensure clubs field a minimum of 'home-grown' players in club competition as a means to encourage youth development and create greater competitive balance, as UEFA are attempting.

The elite clubs will continue to be the most important economic drivers of the European game, but the complex reality of football governance affords other organizations a significant role in shaping dimensions. UEFA benefits from being the traditional organizer of club competition. The UCL takes place as part of a historic sequence of tournaments to decide the continent's top club and this is recognized by participants and supporters. Clubs may control consumer loyalties, but within the competitive framework the national associations provide a regulatory framework in which the clubs operate. The breakdown of national team and club football, and domestic and international club competition, is enabled by the fact that all participants operate within a integrated unitary system of governance. Any attempt to break away from this structure at a European level would necessarily entail political upheaval with unpredictable outcomes. There exists, therefore, a strong imperative amongst participants to remain and work within the established structures, which goes some way to explaining the decision of the clubs in 1998 to ultimately reject the Media Partners proposal.

The European Union in the Stakeholder Network

The existence of various stakeholders with power encourages caution and leads to the view that it is unlikely that any single actor will have a monopoly on change. UEFA, through a policy of co-optation and the construction of a 'stakeholder democracy', has so far managed developments by integrating clubs, leagues and players into the system, yet at the same time withholding genuine decision-making power. It is questionable whether this strategy is sustainable in the long term, but by opting for dialogue UEFA has positioned itself in direct and regular contact with major stakeholders. UEFA's continued commercial and sporting control of the UCL means that the organization maintains its central role in the European club game. The latent market power of the clubs is evident. However, the inclination of stakeholders to operate (but increase influence) within the established structures, means that market power is offset by the day-to-day need to come to agreements within an organizational framework. UEFA has been able to exploit this to maintain its controlling position and act decisively, for example, removing the second group stage of the UCL.

The level of stakeholder influence is further clouded by legal uncertainty regarding the rules of governing bodies in a self-regulatory framework. Whilst stakeholders are inclined to operate within the system, they have also succeeded in altering the system through recourse to external political and legal bodies. At the time of writing the G14 is supporting the Belgian club Charleroi in a case brought against FIFA in the Belgian commercial court following the injury of their player, Abdelmajid Oulmers, in an international fixture. The club argue that FIFA's rule requiring release of players for international football without compensation constitutes the abuse of a dominant position. It is possible that this case may end, like *Bosman*, in the European Court of Justice.

National courts and particularly the institutions of the European Union (EU) will be key terrains of debate regarding self-regulation and wider European sports policy. As Caiger and Gardner have argued: 'The economic freedom provided for under the Treaty of Rome has become a key weapon in the armoury of those who wish to exploit sport to its full potential, free of self-regulatory constraints'.^[37] The clubs are keenly aware of this and the G14 argues that:

Imposing rules and regulations which limit the ability of individuals and businesses to fulfil their moral, legal and commercial rights without their consent is wrong, undemocratic and illegal. Football must be run under international law and with the consent of all its stakeholders.^[38]

The G14 lobbies the EU from its Brussels base on a range of issues, pursuing greater commercial freedom for their clubs. The players, through the international union, FIFPro, and the leagues pursue a similar agenda.

In contrast, the national associations, UEFA and FIFA seek to protect sporting structures from the full application of European treaty law. In the context of club competition, the football authorities are looking to defend their rules which state that competitions can only be organized under their auspices. Any moves to create an independent body organizing club football could then be punished by banning the participating clubs from competing in other established competitions, namely,

the domestic leagues, thus constituting a disincentive to break away. Whilst the governing bodies formerly pursued an exemption from EU law, football's governing bodies now take the more pragmatic line of promoting support for the 'specificity' and 'autonomy' of sport. According to UEFA's representative in Brussels, Jonathan Hill:

I think where the debate will continue very vigorously into the future is on the crucial question for UEFA of where you draw the line between sport as sport, and sport as a commercial activity. And this is the almost theological question which underpins everything that UEFA is trying to do in Brussels at the moment and will remain so in the future, which is to what extent should football and sport generally enjoy a certain lee-way or flexibility in the application of EU laws.[39]

Whilst EU law appears to favour the commercial interests in football, the EU is not a monolith interested only in extending the ideology of the internal market. Its multi-institutional nature and the political diversity within the EU mean that UEFA and the national associations have access to a selection of receptive institutions, or what Parrish has referred to as 'two rival advocacy coalitions'.[40] These coalitions break down between those supporting the drive towards fuller compliance with the single market (regulators) and those attempting to consolidate sport as a socio-cultural movement and who seek protection from the complete application of European law (protectionists). The balance between these two forces has shaped the development of EU sports policy.[41] Indeed, whilst clubs and players have succeeded in forcing change, equally the national associations and UEFA and FIFA have made positive gains through the available channels:

Very simply, UEFA wants to build good relations with the European Union and with all the institutions of the European Union, and above all the European Commission and the European Parliament. They are the two key institutions in Brussels. But also with the member states ... The lobbying process is actually a lot more practical and pragmatic than maybe people's perceptions allow. It's actually a very businesslike two-way dialogue, a two-way flow of communication and information where those political audiences need the knowledge and the experience that sports governing bodies can provide.[42]

In particular, UEFA sees the European Parliament as an ally, and has attempted to foster this through its creation of the Parliamentary grouping 'Friends of European Football'. Perhaps most importantly the national associations and UEFA seek support from national governments, which are natural defenders of the national structure of football. The Nice Declaration, for example, recognizes 'the independence of sports organizations and their right to organize themselves through appropriate associative structures' and states that 'the Community must, in its action under the various Treaty provisions, take account of the social, educational and cultural functions inherent in sport and making it special'.[43] Whilst the declaration is not legally binding, it has been considered 'politically significant'.[44] Similarly, the Independent European Sports Review into the governance of the European game was initiated by UK sports minister, Richard Caborn, in order to analyze 'how the European football authorities, EU institutions and member states can best implement the Nice Declaration on



Figure 2 The stakeholder network and the institutions of the European Union.

European and national level’.[45] The terms of reference are geared towards enhancing the authority of the governing bodies, in order to stem the growing influence of both clubs and players whose interests have been defended in the legal context of the EU.

Thus the various institutions of the EU are subject to lobbying from the different stakeholders as they attempt to exploit the various different decision-making centres within the EU in order to ‘steer sports policy in a direction consistent with their belief system’.[46] Figure 2 illustrates the different lobbying routes taken by the national associations through UEFA and FIFA, and the representative organizations of clubs, players and leagues. Additionally, these stakeholders may also seek to establish their rights through the national and international legal system. The outcome of these wider political contests will go some way to shaping the future competitive arena of European football.

Conclusion: The Future of European Club Competition

A recent series of articles in *The Guardian* newspaper, based on a leaked draft of the G14 strategy for European football entitled ‘Vision Europe’ (as a response to the UEFA strategy of the same name), has again brought debates about the control of European club competition into the limelight. For example, the document suggests the possibility of the ‘detachment of the top level from all remaining levels underneath’.[47] Despite this, there is little possibility that the clubs would seek to leave domestic competition to participate in a ‘European Super League’. The elite clubs continue to generate the vast majority of their revenue from domestic competitions, and there is an ongoing desire to continue to exploit domestic and international markets. A range of other possible developments have been mooted which have centred on two areas: the greater integration of stakeholders into the decision-making organs of UEFA; and greater independence for the professional game in the organization of European club competition.

The direct integration of the professional game into UEFA (and FIFA) decision-making structures has been pursued by both clubs and leagues. The G14 lobbied for the right to appoint members to the UEFA executive committee, as a means to impact on policy direction.[48] Similarly, representatives of the leagues have forwarded the view that the leagues should also become members of UEFA alongside the national associations. Needless to say the national associations strongly oppose such an idea,[49] and in fact the integration of the leagues into membership of UEFA makes little sense in the overall context of the global governance structure, given that the leagues are integrated into the national associations and all the confederations and FIFA are made up solely of national associations.

Much of the discussion regarding change to the way in which football is organized, particularly in relation to professional football, has centred on the need for greater subsidiarity. In football, this has essentially come to mean the delegation of responsibility, or greater independence for specific stakeholder groups. In reality, moves towards greater subsidiarity amount to the elite clubs and leagues seeking greater financial and sporting control over the competitions in which they participate, and the professional game more generally, including national team football. This type of delegation to the professional game under the jurisdiction of the national associations is a more realistic prospect than either the detachment of the elite or wholesale change to the established governance structures. According to Iain Blair:

I think the executive committee should really be much more like the board of a holding company, and I think the real decision-making power in the specialist areas should be with specialists within those particular areas ... You would have, as you would have in the board of subsidiary companies, the local management deciding the way things should be done locally, within guidelines, within policies agreed upon at the board level, but I do think that for the executive committee of UEFA to think that it can determine everything within European football, if that is its view, is naïve.[50]

This view is reflected in the innovative proposal to create a 'Professional Football Council' within UEFA, consisting of representatives of national associations, elite leagues and clubs, and players, which would rule 'on all decisions within the scope of professional club and national team football at European level'.[51] Whilst innovative, and potentially beneficial when considering issues relevant to all professional clubs, it is again worth noting that in the context of European competition it is elite clubs rather than the domestic leagues which are the ultimate participants. Interestingly, UEFA also proposed a body that comprised four UEFA vice-presidents, and four representatives each of the clubs and leagues. Whilst stopping short of offering decision-making power, such a body would have given these powerful stakeholders a direct and formal contact with UEFA's key decision makers. Most revealingly, the body was rejected by the leagues, which were unhappy with parity being given to clubs, again illustrating the division between stakeholders.

A more likely eventual outcome is that the clubs participating in the UCL will gain an increasingly important role and a certain degree of delegation. This is sought by the clubs that believe that they should enjoy the same control of organization in the European sphere as the domestic:

What we are missing is an entity within, or compared to UEFA, which runs the competition for clubs ... in reality there is a missing point between UEFA as an association of associations, and the clubs who belong to the associations when they are competing against each other. They will probably need an authority on them which is not made by associations. This is probably, as a club, the aspect that we would like to see the most.[52]

How this might be manifested is more difficult to judge. One possibility would be for the competition to be organized independently by the clubs, similar to the Media Partners proposal. However, if the UCL is to retain the traditional elements of the European model, such as meritocratic and geographically spread entry then UEFA would need to

continue to play a role in the competition's organization. Similarly, UEFA ought to have a continuing role in the regulation of the competition in order to maintain and raise standards, and promote youth development (for example, through UEFA Club Licensing). The number of match days would also need to be considered in the overall context of the international calendar. Nevertheless, there would still be scope for some delegation to a clubs body. This could include, for example, the format of the latter stages, and the commercialization and marketing of the competition.

This delineation would reflect the respective roles of national associations and clubs. It would recognize the right of the clubs to determine the nature of the competition within the existing framework but it would also reflect the role of the national associations in protecting the wider principles characteristic of European football. At the present time, UEFA is well placed to manage future development. The structure of control will always evolve, and the clubs are likely to be the dominant influence on future changes. But although they command market influence, there are institutional restraints that act as a buffer to unilateral action. There is also likely to be some eventual re-evaluation of the breakdown of domestic and international club football. If so it is likely that the size of domestic leagues will be reduced and the number of pan-European games increased. Additionally, the emergence of FIFA into the world of club competition also poses interesting questions about the future breakdown of club competition. Despite the ongoing concerns raised by the clubs and the leagues, the fact remains that UEFA, in conjunction with the highly regarded marketing organization TEAM, continues to organize a hugely successful competition. Whilst the ownership of that competition may be contested, the clubs know that any move to break away from the established structures involves a certain degree of risk, and so long as UEFA continues to deliver the UCL in a manner acceptable to the clubs, the inclination will be to work within the established structures, whilst continuing to lobby for organizational change and integration within the broader football network.

Notes

- [1] King, *The European Ritual*, 97–9; Morrow, *The New Business of Football*, 4.
- [2] See, for example, Hughes, R. 'Glory nights lost under weight of footballing greed'. *The Times* (26 Sept. 1995).
- [3] King, *The European Ritual*, 45–6.
- [4] See, for example, Fynn and Guest, *Out of Time* and Hesse-Lichtenberger, *Tor!*
- [5] Wilkesmann and Blutner, 'Going Public: The Organizational Restructuring of German Football Clubs'; Morrow, *The People's Game?*
- [6] Tonazzi, 'Competition Policy and the Commercialisation of Sport Broadcasting Rights: The Decision of the Italian Competition Authority', 28.
- [7] King, *The European Ritual*, 14–25.
- [8] Boyes, 'Globalisation, Europe and the Re-regulation of Sport', 73; Caiger and Gardiner, *Professional Sport in the European Union: Regulation and Re-regulation*.
- [9] UEFA, *Vision Europe*, 7.
- [10] Personal interview with Lars-Christer Olsson, 16 November 2004.
- [11] Rhodes, 'The New Governance: Governing without Government', 652–3.

- [12] Kooiman, *Modern Governance*; Richards and Smith, *Governance and Public Policy in the UK*.
- [13] Henry and Lee, 'Governance and Ethics in Sport', 27.
- [14] Sugden and Tomlinson, *FIFA and the Contest for World Football*.
- [15] Sugden, 'Network Football', 62–3.
- [16] Harveson, P. 'Clubs Reject Breakaway Plan', *The Financial Times*, 18 November 1998.
- [17] Rick Parry, chief executive, Liverpool FC, personal interview, 17 February 2005.
- [18] Former FA chief executive, Graham Kelly, quoted in Murphy, 'Club or Country?', 14.
- [19] UEFA, *Project FORCE*.
- [20] Personal interviews with Per Ravn Omdal, vice-president, UEFA, 8 April 2005 and David Will, vice-president FIFA and executive committee member, UEFA 22 April 2005.
- [21] Umberto Gandini, organizing director, AC Milan, personal interview, 14 February 2005.
- [22] Roberto Bettega, vice-president, Juventus FC, personal interview, 15 February, 2005.
- [23] Thomas Kurth, general secretary, G14, personal interview, 18 January 2005.
- [24] Personal interview with Umberto Gandini, 14 February 2005.
- [25] King, *The European Ritual*, 155 and 165.
- [26] Umberto Gandini, personal interview, 14 February 2005. Also confirmed by David Gill, chief executive Manchester United, personal interview, 28 January 2005.
- [27] Personal interview with Campbell Ogilvie, 11 February 2005.
- [28] Personal interview with Iain Blair, 11 February 2005.
- [29] Umberto Gandini, personal interview, 14 February 2005.
- [30] Rick Parry, personal interview, 17 February 2005.
- [31] Personal interview, 11 February 2005.
- [32] Personal interviews with Edmond Isoz, chief executive, Swiss Football League, 2 March 2005; Wilfried Straub, general secretary, Deutsche Fussball Liga, 8 March 2005; Iain Blair, company secretary, Scottish Premier League, 11 February 2005.
- [33] Personal interview with Gandini, 14 February 2005.
- [34] Ibid.
- [35] See for example: Hoehn and Szymanski, 'European Football: The Structure of Leagues and Revenue Sharing'; Solberg and Gratton, 'Would European Soccer Clubs Benefit from Playing in a Super League?'
- [36] Personal interviews with Thomas Kurth, Rick Parry, Umberto Gandini and David Gill.
- [37] Caiger and Gardner, *Professional Sport in the European Union*, v.
- [38] www.g14.com '10 principles'.
- [39] Jonathan Hill, Head of UEFA's EU office, personal interview, 19 January 2005.
- [40] Parrish, 'Football's Place in the Single European Market', 1.
- [41] Parrish, 'The Politics of Sports Regulation in the European Union', 250.
- [42] Jonathan Hill, personal interview, 19 January 2005.
- [43] Declaration on the Specific Characteristics of Sport and its Social Function in Europe, of which Account Should be Taken in Implementing Common Policies, Presidency Conclusions, Nice European Council Meeting, 7, 8, 9 December 2000.
- [44] Parrish, 'The Politics of Sports Regulation in the European Union', 253.
- [45] <http://www.independentfootballreview.com/terms.html>.
- [46] Parrish, 'Football's Place in the Single European Market', 1.
- [47] Scott, M. 'Europe's top clubs in plan to go it alone', *The Guardian* (18 March 2006).
- [48] Thomas Kurth, personal interview 18 January 2005, Brussels.
- [49] Personal interviews with Edmond Isoz, chief executive, Swiss Football League, 2 March 2005; Wilfried Straub, general secretary, Deutsche Fussball Liga, 8 March 2005; David Will, vice-president, Scottish FA, 22 April 2005; chairman, English FA, Geoff Thompson, 5 April 2005; and vice-president Norwegian FA, Per Omdal, 8 April 2005.
- [50] Iain Blair, personal interview, 11 February 2005.
- [51] Ducrey, P. et al. 'UEFA and Football Governance: A New Model', 83–4.
- [52] Umberto Gandini, personal interview, 14 February 2005.

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