

A Work Project, presented as part of the requirements for the Award of a Master's degree in
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**FOOTBALL CLUB'S OWNERSHIP STRUCTURE AND ITS EFFECT ON THE
GOVERNANCE STRUCTURE AND THE DECISION REGARDING THE
EUROPEAN SUPER LEAGUE – CASES FROM EIGHT LEADING EUROPEAN
FOOTBALL CLUBS**

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Abstract:

This work project contributes to a growing literature that studies the effects of the type of ownership structure on the governance structure within football clubs. Thereby the work project uses a qualitative approach examining fan representation and the decision towards to European Super League by comparing four member-owned clubs with four individually owned clubs. The findings support the theses of a growing Americanization, particular economies of sports, and the unique status of the fans. Although a linear distinguishment between the two groups of ownership types could not be found, underlining the complexity and the diverse motives within the football world.

Keywords: European Football Clubs, Ownership Structure, Governance, Fan Advisory Boards, European Super League

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1. Introduction

Manchester United fans breaking into their stadium to protest against their club owners, leading to the postponement of the game against Liverpool FC (Dawson 2021). Chelsea fan protest against the initial decision to participate in the European Super League turned into a celebration as the club announced its withdrawal (Hamilton 2021). An annual general meeting at Bayern Munich's Allianz Arena turned heated over Qatar Airways sponsoring (Jones 2021) or FC Barcelona fans approving the partial disposal of TV rights to receive funds to register new signings (Corrigan 2022). All those examples, picked from recent news out of the football world, demonstrate how blustering the relationship between the fans and the club owners can be. Consequently, examining the effects of the ownership structure on football clubs is particularly relevant and of growing interest to scholars. Furthermore, given the recent fan protests and other recent fan events, such as the introduction of mandatory fan advisory boards in the English Premier League ("EPL"), of particular interest thereby is the relationship between the ownership structure and its influences on the governance of the club.

Firstly, a brief look at the general state of the research related to governance topics: The ownership structure and the relationship with the performance of a corporate is a decisive element in both the corporate finance and the corporate governance worlds. Further, the ownership structure influences the governance policy due to legal obligations as well as voluntary disclosures to ensure high communication standards between a corporation and its owners (Monks and Minow 2011). In general, academic scholars differentiate between two governance forms: The concentrated ownership system and a dispersed ownership system (Coffee 2006). The concentrated ownership structure is defined as having a few majority owners called block owners (if held more than 5%) and is characterized by low disclosure and minor transparency standards with high private benefits of control. The dispersed ownership structure is defined as having no single owner with a controlling share of the total capital. This

system is further characterized by high disclosure and comprehensive transparency standards, whereas the market serves as the disciplinary mechanism for corporate control. Following the development of corporate governance, it can be witnessed that the conclusion Berle and Means drew in 1932 that all large corporations mature towards an end-state capital structure with a separation of ownership and control has proven contrary as two ownership systems rivalry exists in the corporate world (Coffee 2001; 2006).

Compared to the corporate world, the economies of sports, in general, can be described as “peculiar”. Neale established this theory of peculiar economies of sports in 1964 (Neale 1964), and ever since proved to be profoundly accurate (Noll 2008). Thereby, the football world follows Neale’s theory, leading to heterogeneous ownership structures, irrational business practices (by the management or by the owners), and unique governance structures (Franck 2010). Moreover, the ownership structure has a more extensive role in the football world compared to the corporate one and goes beyond governance policy or effects on performance (Senaux 2008). For member-owned clubs, the members are lifelong supporters, with some dedicating their entire free time to their clubs. For single owners, there are diverse motives for acquiring a football club, for example, achieving a childhood dream to own a football club, reaching a (local) celebrity status, or as a symbol of accumulating a high amount of wealth. Besides, there are other non-personal reasons, such as sportswashing or money laundering (mostly in lower leagues) (Leach and Szymanski 2015). Sole financially motivated owners like investment firms are rare in football but should not be neglected as the number of financial investors in football increased in recent years (Maguire 2020).

The diverse ownership landscape of football clubs, especially in Europe, has attracted several academic scholars to examine this theme in their studies. Of particular interest thereby was the impact of the club’s ownership structure on financial and non-financial performance and the impact of club ownership on governance systems (Wilson, Plumley, and Ramchandani 2013;

Rohde and Breuer 2017; Plumley, Wilson, and Ramchandani 2017). Hereby most of the past studies had a quantitative approach. However, a comprehensive review done in a qualitative manner regarding the different ownership structures is lacking. Although, due to the variation of ownership structures and the generally peculiar nature of football, studying specific cases is of particular interest to improve, for instance, the understanding of a club's behavior or to improve the interpretation of certain stakeholder actions (e.g., fan protests). Thus, the following work project uses a qualitative approach by first reviewing existing literature on the effect of ownership structures on governance and secondly using real-world cases examining the governance and ownership structure relationship with a particular focus on the formation of the European Super League as an example of working and not working fan representation within the governance structure. Thereby the cases/clubs considered for this work project are the eight largest individually- and member-owned clubs in Europe.

2. Literature Review

Reviewing current literature regarding the different types of impacts of the ownership structure on the football club, one can categorize them into three different categories. Consequently, this literature review is structured alike and as follows: Firstly, it examines the relationship between ownership structure and club performance, both financially and sporting. Secondly, it presents the influence of the ownership structure on the governance structure, and thirdly, current regulatory issues with regard to the ownership structure will be illustrated with a particular focus on the UEFA financial fair play ("FFP"). Thereby, suggestions for regulators by researchers aiming to improve the quality of the game are presented as well.

Besides, literature often studied cases or picked samples from distinct countries, leagues, or clubs within all the named categories above. Consequently, those different studies' results only apply to the examined cases and cannot be generalized to other cases from different countries

or leagues. The following literature review focuses on European football, as most research is done in those leagues.

2.1 Ownership structure and financial- and sporting performance

In general, football clubs have different kinds of ownership structures, like a regular business. Scholars differentiate between publicly listed clubs and privately owned ones. The ownership of the privately owned clubs is determined between domestic and foreign private investors and member-owned football clubs. Unlike typical businesses, football clubs rely to a high degree on the funds provided by the owner(s), as the budgets, including the transfer power scope, depend on these funds (García and Zheng 2017). Due to this unique relationship between the ownership structure and the financial capabilities, the financial- and sports performance measurement in relation to the ownership structure has been well-examined in the literature.

Among all leagues, the English Premier League (“EPL”) has been studied most heavily as it generates the highest revenue with EUR 5,592m for the season 2020/2021 (Deloitte 2022b), has the highest cumulative enterprise value of its clubs, and includes most of the various ownership types within one league (Football Benchmark 2022).

Generally, in early research regarding this topic (in the ’00s), scholars concluded that clubs’ financial performance is affected by their ownership. In particular, one study by Gerrard found evidence from the EPL, further indicating a trade-off between financial and sporting performance (Gerrard 2005). Moreover, amongst the ownership types, the stock market model returned better financial health than other models; even further, listed clubs and those owned by private foreign investors outperformed domestically owned in terms of sporting league results (Chadwick and Hamil 2010). Consequently, as short-term sporting success requires a high scope of investments, clubs pursuing such a strategy tend to be owned by private foreign investors (Wilson, Plumley, and Ramchandani 2013). Therefore, it is of no surprise that the majority of takeovers in recent years in the EPL were conducted by private foreign investors,

with the most prominent example being the takeover of Manchester City by the Abu Dhabi United Group (a sports investment company related to the ruling family of Abu Dhabi) in 2008. Although foreign investors increase investments, scholars found evidence from the EPL that the financial and sporting effectiveness is reduced with that kind of owner (Rohde and Breuer 2017).

Nevertheless, the financial performance of EPL clubs generally can be described as constantly low or unprofitable since its inception in 1992, with a high volatility of profits, although revenues have significantly increased (Hamil and Walters 2010). For example, in the 2016/2017 seasons, 18 of 20 premier league clubs were able to generate profits, while two seasons later, in 2018/2019, only 11 clubs generated profits without regulatory changes or adverse external effects occurring (Deloitte 2022a).

One reason for the constant revenue increase of football clubs and leagues in general but in particular EPL clubs, can be traced to the trend of clubs owned by American investors. Those investors implemented revenue improvement and sports management approaches from their country first in EPL clubs owned by them and, in recent years, into Continental Europe clubs. Thereby the commercialization measurements comprise for instance an expansion in television revenue and a diversification of the revenue streams, including, for example, more merchandising and a more professionalized operational model and marketing. Hence, a globalization effect of the American sports management approach can be witnessed within the football world, and some scholars link such measures to the deepening “Americanization” within the world of football (Hoehn and Szymanski 1999). Besides, this Americanization is a direct consequence of the change toward more American owners in the EPL and undermines the significance of ownership structure in the football world (Nauright and Ramfjord 2010).

Regarding a broader approach, examining multiple European leagues, a study conducted by Acero, Serrano, and Dimitropoulos in 2017 found evidence of an inverted U-shaped curve

relationship between ownership structure and financial performance. In detail, the U-shaped relationship implies that ownership models having few/one owners or dispersed ones underperformed financially. This effect can be explained as with an increase in ownership concentration, management's monitoring effect positively influences performance. However, reaching too high a level of ownership concentration, the effect changes negatively as a result of possible expropriation of minority shareholders (expropriation effect). Consequently, according to the research finding, the ownership structure that promises adequate financial performance balances the monitoring and the expropriation effect (Acero, Serrano, and Dimitropoulos 2017).

2.2 Ownership and governance structure

The ownership structure and its impact on governance in football clubs is another research topic that scholars have well-examined, especially since the early 2000s. In general, there is a consensus among scholars that the ownership structure has a significant impact on governance; hence scholars further examined the distinct effects of the ownership structure on governance. Among the different ownership types, listed football clubs have the highest transparency as they are obliged to publicly report according to the stock market reporting standards, similar to regular listed companies. Further scholars like Chadwick and Hamil (2010) argued that listed clubs provide the opportunity for supporters to further engage with the clubs as they are able to acquire shares and participate in decisions through annual general meetings (Chadwick and Hamil 2010). Moreover, with fans having a share of their clubs, their feeling of being part of the club enhances, and therefore they are further connected to their favored club. However, scholars also argued that the shares supporters could acquire primarily represent a minority stake (Nauright and Ramfjord 2010; Chadwick and Hamil 2010). Hence the level of influence is limited, despite the transparent information that is provided. Besides, listed football clubs open doors for investors who buy themselves into the club via the stock market with their pure

purchasing power. This point is seen as a disadvantage as multiple stakeholders, including the fans, the management, and regulators, have limited power to prevent such hostile takeovers (Chadwick and Hamil 2010).

If the club is owned by their fans or fans who have sufficient voting power, such a takeover could be prevented, which is an argument for fans to demand more voting power and a higher degree of influence in their clubs. The highest degree of fan ownership (e.g., a fan trust owning the club) has not just an influence on possible takeovers but also on the governance as a whole. First, one must differentiate between the different fan ownership models common in Europe. In Germany, for example, the local 50 + 1 rule states that the club must be the majority owner of the professional football club unit as most of the clubs carved out their professional football business into regular cooperation, and the club itself is owned by their members (Bundesliga 2022). Hence the members have a direct influence on their club due to the voting power a membership provides. In Spain, four clubs, including FC Barcelona and Real Madrid, have roughly the same ownership structure as the German clubs, including the system of one member, one vote. In Britain, supporter trust models of ownership are the most common fan ownership form. These clubs are organized as democratic, non-profit, and independent, and the difference to the German or Spanish membership model lies within juristic details, but in general, they are similar with equal core practices (Chadwick and Hamil 2010).

Fans, being the owners, imply a high degree of transparency, although it might not be as strong as the stock market reporting standards. Another implication of this ownership model is that fan presentation is at the highest possible level within the governance structure, as all important decisions must be democratically approved by a majority of the members (García and Welford 2015; Tobin 2017; Winskowski 2022).

A drawback of the fan ownership model related to governance is that the democratic decision-making process sometimes takes too long and hinders essential decisions or that rival member

groups within the club are discordant regarding important club decisions. Hence satisfactory decisions can be exhausting processes (García and Welford 2015; Merkel 2012).

Further, especially in Great Britain, the fan trust ownership model is limited to lower leagues, as the financial scope is too feeble, and the disadvantage to the large private-owned British clubs has inhibited entry of this model to higher league levels (Chadwick and Hamil 2010).

The third and fourth types of ownership models are the domestic and foreign investors. As both ownership types do not differ concerning their governance policy and structure, they are analyzed in the following as one model. Regarding the reporting line and standards, clubs owned by individuals (or a small group of individuals) are only obliged to publish annual legal minimum financial reports according to the local jurisdictions where the club is located. Further, as the management reports directly to the owner and not to the fans, the fan interest is not represented in important decisions. Hence, clubs owned by single individuals, or a limited group have the least transparency and the lowest level of fan involvement in its governance (Maguire 2020). However, league regulations are aware of the lack of fan representation in those clubs and are implementing further guidelines or commitments. For example, the English Premier League, where the vast majority of clubs are individually owned, is on the way to establishing standards to define the minimum fan involvement in the EPL, including mandatory fan advisory boards. The fan engagement standards framework aims to be introduced within the 2022/2023 season (Premier League 2022a; 2022b).

2.3 Regulatory standpoints on ownership structure

Governance in football aims to protect the right values and increase transparency and accountability. However, an equally important topic to protect and preserve football values is regulation. Hence, regulatory matters and their implications for the different ownership models are another area of interest that has been deeply examined by scholars.

The main focus of scholars is the foundation and examination of the UEFA Financial Fair Play (FFP) regulation, which was introduced in 2015. Hereby the discussion and justification regarding the FFP were highly active. In general, the regulation aims to create a more financially sustainable environment for football clubs and improve competition. The justification for this regulation lies in the thesis that most successful clubs are utility maximizers (prioritizing sporting performance) rather than profit maximizers like ordinary corporations are. Peter Sloane established the thesis that European football clubs are utility maximizers in 1971 (Sloane 1971). He stated that contrary to Europe, sports clubs are profit maximizers in the US, which is only possible if relegation from leagues is impossible. If, however, relegation is possible, clubs are utility maximizers because they avoid relegation and the accompanying financial decline, leading to an unsustainable financial situation for the clubs (Sloane 1971). In the past, there has been an active discussion between scholars regarding the issue of utility-maximizing football clubs and the implications for regulators. For instance, Peeters and Szymanski argued that the lack of profitability does not matter if owners are willing to invest in clubs and constantly pay for the accumulated losses. They further argued that the FFP strengthens the position of traditional top teams and therefore does not improve the competition (Peeters and Szymanski 2014). Amongst others, Schubert and Hamil argued that the state of utility-maximizing clubs and its unsustainable financial system is unstable and leads to cannibalization on the top of the pyramid scheme to pay increased wages or spend more on the transfer market. Consequently, stricter regulation is required to prevent these effects and create an environment where European football clubs can have a winning sporting performance while being profit maximizers (Schubert and Hamil 2018).

3. Methodology

For the purpose of this work project, two distinct effects of the ownership structure on football clubs are examined. The following approach compares fan/member-owned clubs with clubs

owned by a small group of individuals (individual or privately owned clubs). In order to illustrate these effects, eight European clubs from four countries/leagues were selected, and the various effects of the ownership structure are presented on the basis of these case studies. The examined effects of the ownership structure comprise the degree of fan involvement within the governance structure and the (failed) formation of the European Super League as an example of functional and non-functional governance structures where fans' voices are heard (not heard). To illustrate the two different effects, eight clubs are selected, covering four out of the five major European leagues. Eight clubs represent a balance between explaining the effects/motives in sufficient depth and covering enough clubs to illustrate the main motive of the clubs. Besides, since there is a low marginal utility with more clubs/leagues, more clubs would not lead to an acceptable, marginal range of effect but only hinder a sufficient depth of the individual clubs and the understanding of their behavior.

The examined clubs were selected by financial and sporting criteria and as follows: Enterprise value estimated by Football Benchmark (former KMPG football advisory division) (Football Benchmark 2022), number of national league titles, and performance in the UEFA Champions League (number of quarterfinal finishes). Data from the last five years was scrutinized to measure the two sporting criteria (from season 2017/2018 to season 2021/2022). Firstly, the clubs were separated by ownership type and ranked according to the estimated enterprise value. As the number of member-owned clubs in Europe is minimal, the four highest-valued clubs are directly selected (Table 1 - appendix) without a further selection process. Secondly, for the clubs owned by individuals, a dual ranking with "selection points" was done as follows: On the one hand, a ranking of the enterprise value (Table 2 - appendix) and on the other hand, a ranking with the sporting performance where one point is a national league title and one point for a UEFA Champions League (UCL) finish in the quarterfinals or higher (Table 3 - appendix). A ranking table was conducted for both criterion types, and selection points were allocated. For

the first places, 10 points are given, with one less per rank. The cumulated points table determines whether a club is selected, and the four highest-ranked clubs were selected for the subsequent case studies in this work project (Table 4 - appendix).

As the number of member-owned clubs is significantly smaller than other ownership structures, the selection process chosen is more straightforward, while for the privately owned club, multiple selection criteria had to be applied for the final selection. The selected clubs (Table 5 - appendix) cover four major European football leagues, including the Premier League (England), La Liga (Spain), Bundesliga (Germany), and Ligue 1 (France), and the selection process is presented in the five tables in the appendix.

The sources used in the following work project comprise journals and newspaper articles, press releases from football clubs and other organizations, as well as football-related blog articles. Both fact-oriented and opinion-oriented sources were consulted to create a holistic view that aims to provide broad information regarding the district cases in this work project (Table 7 in the appendix provides an overview of the resources collected and used in the work project).

4. Case findings and discussions

4.1 The influence of the ownership structure on the direct fan involvement within the governance structure

As stated in the literature review chapter, there is a consensus that the ownership structure has an influence on governance policies and structures. Thereby scholars differentiate between three ownership models: Listed clubs, fan/member-owned clubs, and privately/individually owned clubs (domestic and foreign investors). As portrayed in the literature review, most of the work done by scholars focuses on transparency, the voting power of the different shareholders and stakeholders, and decision procedures. The influence of the fans and members was hereby well examined, and the general conclusion is that privately held clubs provide the least transparency and minor influence possibility for the fans, while listed clubs have superior transparency standards. The member-ownership model is thereby seen as the one providing the

largest scope of fan influence, with the drawbacks being the limited financial scope and the slower decision process.

In recent years, regulators and the clubs themselves became aware that fans demand a higher degree of influence in their privately owned clubs as they see themselves as part of the club and not just as paying customers (García and Zheng 2017; Chadwick and Hamil 2010). Consequently, a closer look at the eight clubs from the sample provides an update on the extent to which privately owned clubs are implementing fan bodies within their governance structure and how that differs from the member-owned clubs. Hereby the motives and views of the fans on the scope of influence are particularly examined with a final illustration of fan satisfaction thereby.

4.1.1 The influence of the fans on the governance structure: sample from eight European clubs

Firstly, the influence of fans within the privately held clubs will be presented because, unlike the member-owned clubs, the fans cannot own a share with voting rights. Hence the influence within the governance structure is not “naturally” existing. As depicted in the literature review chapter, the Premier League will establish mandatory fan advisory boards for all clubs in order to “ensure long-term, meaningful engagement with supporters” (Premier League 2022b). Therefore, of particular interest for the three English clubs is whether they established fan advisory boards a priori or will only establish such a board because the regulator requires it.

Firstly, Liverpool FC: In December 2021, the club announced that it would launch a supporter board consisting of 16 supporter representatives from diverse fan backgrounds. Thereby the “supporter union” Spirit of Shankly will make up ten representatives, while the other six representatives are from six different Liverpool fan associations (Liverpool FC 2021). The supporter's board will meet with the club's board of directors four times a year and with the entire board annually. The agreement between the club and the supporter's board was formally included in the club's articles of association to underline the importance of the fans within the

club. Even further, the supporter's board will have a veto right on any breakaway league decisions (Liverpool FC 2021). This point is a direct consequence of the attempt to join the European Super League, which was strongly opposed to the supporter's will. In general, the establishment of the supporter board is seen as a trendsetting decision as it reunited the fans with the club after the hurtful Super League decision but also mitigated decision power directly to the fans (Pearce 2022; Hodgson 2022).

Secondly, Manchester United. The club has a longstanding history of conflicts between the fans and the club's management and ownership. The tension arose since the takeover of the club by the American Glazer Family in 2005 and has never disappeared since (Brown 2007). After a dry period with missing sporting success, multiple failed UCL qualifications, and the attempt to join the Super League, the situation was on the verge of escalating (Sheldon 2022). In order to improve the relationship between the supporters and the club, a fan advisory board was announced in December 2021. The fan advisory board consists of seven fan members and six club members and covers issues such as fan experience, sustainability, corporate and social responsibility initiatives, football governance (initiatives not further specified), and fan share ownership (not further specified what the fan board covers thereby) (Manchester United 2021). In general, the board aims to improve the dialog in the club's decision-making process, ensuring that the fan's perspective has a formal voice. Compared to Liverpool's supporter advisory board, the Manchester United board has no formal power and is not included in the club's article of association. Consequently, the Manchester United board can be seen as a formal approach to the fans without granting them serious power (The Athletic UK Staff 2021; Sky Sports News 2021). Nevertheless, this establishment was conducted voluntarily before the Premier League introduced mandatory fan advisory boards. Thirdly contrary to Liverpool and Manchester United, Manchester City, the third English club from the sample, has not established nor introduced any fan advisory board plans until now (December 2022). As the vote for the

introduction of a fan advisory board was unanimous, one can derive that Manchester City voted in favor of this (Premier League 2022b). Despite their vote, they have not publicly stated to which extent the fan advisory board will be granted power or if the board has the primary function just to improve the dialogue with the fans. This silence regarding fan representation harshly interpreted that Manchester City sees its fans more as customers and not as a vital part of the club. For example, Manchester City has undergone several measures for fan involvement, but those measures are merely aiming to commercialize the club further. An example hereby is the introduction of a digital game experience within the augmented and virtual reality world ((McKenna 2021; Samba Digital 2021)). Therefore, the conclusion that Manchester City views its fans mainly as customers can be reinforced by the behavior towards the establishment of a fan advisory board. As there was never a vocal protest against the owner and the lack of influence, it can be further derived that the fans are somehow fine with their primary customer role. Besides, Manchester City fan satisfaction ranks in the upper range among the two studies and well above their rival Manchester United with an established fan advisory board (Stanley 2019; Golson 2019). A comparable phenomenon can be witnessed with Paris Saint Germain (“PSG”), as the club, like Manchester City, does not have a fan advisory board or any fan representation within its governance structure (Paris Saint Germain 2022). In fact, the cases of Manchester City and PSG in terms of fan engagement/involvement are highly comparable as PSG, for instance has several digital fan experiences projects as well (Lemire 2022; Paris Saint-Germain 2020). Consequently, one can also derive from PSG that the fans are seen as customers and not as associates within the club’s “family”. As both clubs have owners from the Middle East, one can further derive that the two owners might not consider the fan interests to an extent other owners do as they pursue other motives with their clubs. The absence of fan representation within the club’s governance structure especially compared to other privately owned clubs, manifests that the supporter’s interest is not a high priority for the two Middel-Eastern owners.

Besides, “sportswashing” is an association that usually arises when the public discusses the cases of the PSG and Manchester City owners, as it is a common conjecture that both owners are mainly pursuing their own interests (Delaney 2021). If both clubs had already established fan boards, it would be a chance to counteract the sports-washing argument. However, the absence further hardens the suspicion of sportswashing.

For the four member-owned clubs Bayern Munich, Borussia Dortmund, Real Madrid, and FC Barcelona, the influence of the supporters naturally exists as the member have a direct influence on the club throughout their voting rights. Thereby the voting rights comprise the election of the board of directors and other agenda items at the annual general meeting (FC Bayern Munich n.d.; n.d.; FC Barcelona n.d.; Real Madrid n.d.; Borussia Dortmund n.d.). Furthermore, for distinct club decisive decisions (e.g. sale of a business unit), an extraordinary general meeting is convened. An example of such an extraordinary general meeting with the members was in the summer of 2022 when FC Barcelona decided to sell parts of their “Barca Licensing and Merchandising” division. In this case, the members approved the sales (FC Barcelona 2022b). This example illustrates that decisions with a decisive impact require the supporters' approval, and therefore the members are highly integrated within the club’s governance structure, implying a strong voice and direct influence on their clubs. Nevertheless, despite this high degree of influence, there are still existing tensions between the member and the club’s management. For instance, for multiple years, Bayern Munich’s members and the management teams intensively argued over the Qatar Airways (owned by the Qatar state) sponsorship deal, as the members stated that it was inconsistent with the values of the club to receive money from the state of Qatar due to the violation of the human rights there (Ford 2022; Jones 2021). Consequently, despite the members being the majority owners of Bayern Munich, there are still conflicts and differences between the members and the management. As a result, one can derive that although the supporter, through their voting right, does have a significant influence on the

club's decision but not to a full extent, and there is still room for management decisions against the fans will. Besides, such fan conflicts (e.g. Bayern Munich) or convening spontaneous AGMs (e.g. FC Barcelona) demonstrate that a higher degree of fan involvement slows the decision-making process. Consequently, the four member-owned clubs from the sample strongly support the thesis that due to its democratic processes, there are more prolonged decision procedures within member-owned clubs. With regard to England, it will be interesting to witness whether the newly formed fan advisory board will slow down decision processes. Thereby the case of Liverpool will be exciting to follow as the fan advisory board, with its veto right, does have significant power and exceeds the minimum legal standards. Prospectively it will be inquisitive about examining whether the fan advisory boards slow down decision procedures, implying that individual owned clubs might lose a competitive advantage against member-owned clubs, or whether it represents a chance to engage fans more vital via the fan advisory board to the club.

In order to examine the effects of the ownership and governance structure of the clubs, one event in recent years was of particular interest: The formation of the European Super League. Therefore, in the next section, an in-depth examination of the case of the European Super League will be done, as this case presents the described effects in a practical manner.

4.2 The failed European Super League formation as an example of the influence of the ownership structure on a club's decision

A particular topic where the impact of the ownership structure alongside the fan involvement in football clubs could be witnessed is the failed formation of the Super League (also called the European Super League or "ESL").

4.2.1 Genesis and motives of the European Super League

Firstly, a description of the ESL. On the 18th of April in 2021, 12 leading European football clubs announced that they agreed to form a separate league that should replace or be rivalry to

the UEFA Champions League. The 12 clubs comprise: FC Arsenal, FC Chelsea, FC Liverpool, Manchester United, Manchester City, and Tottenham Hotspurs from England. From Italy: AC Milan, Inter Milan, and Juventus Turin, and from Spain: FC Barcelona, Atletico Madrid, and Real Madrid. The leadership team of the ESL comprised Florentino Perez (President of Real Madrid) as Chairman, Andrea Agnelli (President of Juventus Turin), and Joel Glazer (owner of Manchester United) as Vice-Chairman, respectively. The ESL proposed to be an annual tournament with the founding member clubs and five clubs that would qualify for it. The tournament was structured like the UCL, with a group and a knockout stage. Further, it was planned that the games would be hosted during the week and hence would not interfere with domestic league plans but with the game plans of the UCL (Super League n.d.). Therefore, the ESL has seen rivalry with the UCL (Brannagan et al. 2022).

The motivation for the formation and the proposed participation of the ESL can be categorized into three categories: Firstly, financial gain, as the ESL proposed its founding members yielding revenues from the ESL than from the UCL. It was proposed that the clubs could achieve revenues ranging from EUR 240m to EUR 350m for one season in the ESL (Ziegler 2021). Secondly, the financial security for the founding members, as it would not be required to qualify for the ESL for them. Hence their place in the competition is secured, and so are the annual financial inflows, implying that the entrepreneurial risk of not qualifying is removed. Contrary to the UCL, where clubs are required to qualify for every season, which is creating a high scope of pressure for the leading clubs to secure their spot every year. Especially in EPL, the four UCL qualification places are highly competitive. The Super League's close-end league model would mitigate the risk of not qualifying. Thirdly, within the close circle of only 20 clubs participating, the ESL proposed to host decidedly competitive matches on a high frequency that should attract an additional fanbase. Contrary to the UCL, where most of the exciting matches only occur at the end of the season (Brannagan et al. 2022; Meier et al. 2022). The three motives,

especially the close league model, strongly support the thesis created by Hoehn and Szymanski in 1999, that for clubs to shift away from being utility maximizers to profit maximizers, they are required to form new league models (Hoehn and Szymanski 1999). As such close-end league models with the clubs being profit maximizers can be predominately found within the US sports leagues such as the NBA or NFL, the ESL can be seen as the most recent example of European football clubs trying to adapt the “American way of sports business,” implying a progressing Americanization of European football.

The announcement of the ESL caused an eruption in the European Football world, with intensive fan protests on and offline (Spellman 2021). Further prominent football players, even players, and managers from the founding member clubs distanced themselves from the idea of the ESL (Smith 2021; Welton 2021). Three days after the announcement, nine founding members withdrew from the ESL, leaving only Real Madrid, FC Barcelona, and Juventus Turin committed to the ESL concept. Moreover, various football organizations like the UEFA, the English Football Association, the Premier League, the Royal Spanish Football Federation, and La Liga published a joint statement threatening to ban players from participating in domestic league games and the UCL (UEFA 2021). Despite the massive adverse reaction and the majority of the founding clubs leaving the ESL, the three remaining clubs stuck to the idea of the ESL, arguing that the ESL would be essential to cover the increasing player payroll as well as the accumulated losses resulting from the COVID-19 pandemic. As of December 2022, the three remaining clubs stated that they continue to create a concept for a new European Super League (Sanderson 2022).

4.2.2 Analysis of the behavior and motives of the eight clubs

In the following, the behavior of the sample clubs towards the formation of the ESL will be analyzed and examined if a relationship between the different types of ownership can be

derived. Firstly, Table 6 in the appendix shows which club from the sample initially participated (“founding member”) or not.

Of distinct interest here is that two member-owned clubs participated and three single-owned clubs, implying non-consistent decision toward the ESP within both groups. Therefore, a closer look at the different motivations for participating or not for each club is imperative to understand each decision.

Both Bayern Munich and Borussia Dortmund justified their rejection that their fans do not want a Super League, and the clubs acted in this case in their interest. Moreover, both clubs publicly stated that they share 100% of the same opinion towards the creation of a European Super League and strictly reject any such concept of a new type of league or competition (FC Bayern Munich 2021; Borussia Dortmund 2021). This event marked a rare moment of togetherness as both clubs have an intensive rivalry in the German Bundesliga (Pearson 2021). The rejection can further be seen as a result of the member ownership structure of both clubs. Both fans from Munich and Dortmund have expressed their refusal for a creation of a European Super League as soon as it was leaked that some European clubs are working on such a concept (Sport 1 2018). Notably interesting: in 2018, it was leaked that Bayern Munich’s management constructed plans to leave the Bundesliga for a superior European league like the Super League, implying that in the first stage, Bayern’s management was attracted to the creation of a European Super League (Da Silva 2018). However, after the plan leakage, massive fan and member protests reached the club, resulting in the withdrawal from any new league creation. Thus, the rethinking can be seen as a result of the strong member reaction. As described, the deflection of the ESL concept by both German teams is a strong example of how the member-ownership structure influences management decisions and illustrates that the management ought to consider fan interests a priori to their decisions, especially those with a decisive impact on the club’s future.

The other two examined member-owned clubs, FC Barcelona and Real Madrid, were not only founding members of the ESL but also held on to the concept and remained determined to create a Super League in a modified form. Compared to Bayern Munich and Borussia Dortmund, both Spanish clubs are under a higher degree of financial pressure due to significantly higher debt levels (Burton 2022). Combined with the revenue downturn due to the Covid-19 pandemic and the cost pressure resulting from rising player salaries, the financial benefits from the Super League seemed to have incentivized both clubs (Tejwani 2022). As mentioned, the Super League promised to increase the revenues of the participating clubs generously. However, despite the financial incentives, the influence of the members to incentivize the management of the teams to act on behalf of their interest and consequently reject a Super League concept failed due to the following reasons. For Real Madrid, a significant role played that their president Florentino Perez was re-elected unopposed for four years on April 13th 2022, just five days prior to the Super League announcement (McCormack 2021). Hence his position in the club was secured, and members voting power to influence his decision toward the ESL evaporated. Another critical point is that fan protests were not as harsh as, for example, in Germany or England. Both fans of Real Madrid and Barcelona expressed their disagreement with banners in the fan block. However, they did not take further and more severe actions toward their clubs (Lowe 2021). For FC Barcelona, the prospect of a hefty revenue increase was of over-proportional importance as Barcelona has a debt level of c. EUR 1.4bn and reported a negative operating income (EBIT) in 2021. Possibly the members were aware of their club's distressed financial situation and therefore kept calm towards the concept of the ESL. The fact that the members vote in the sense of additional inflows could also be observed in the summer of 2022, when the majority of fans also voted for the partial sale of various television rights and sub-segments (FC Barcelona 2022a; 2022b).

For the privately owned clubs, of particular interest is the decision from Paris Saint Germain not to participate in a Super League, as they are the only club from the privately owned club sample that did not participate. Further, Paris's rejection will be compared with the motivations of the other privately owned clubs that initially participated. Officially the President of PSG Nasser Al-Khelaifi, stated that a League without the support of the UEFA should not be formed, and further, the ESL never represented the fan's wishes. He further stated that the fans and the community are the fabric of the sport and that the managers should always be aware of this (Marca 2021). Consequently, Al-Khelaifi seemed to act as a defender of the PSG fan's interests in this case. At first glance, this might seem to be a noble reason, but there are other reasons that might have driven Al-Khelaifi to the decision not to participate. Firstly, since Qatar Sports Investments ("QSI") took over PSG in 2013, the club achieved to qualify for the UCL every year. For clubs from England, for example, their place in the UCL is far from being secured; hence the motivation for financial stability did not play a superficial role. The low competition in France can be seen as an almost guarantee for Paris to play in the UCL every year (Garner-Purkis 2021). Secondly, Al-Khelaifi and QSI have a close relationship with the UEFA and the FIFA. QSI holds TV rights for the UCL and Qatar is the host of the FIFA World Cup 2022 (Polo 2021). In conclusion, PSG's reason for not participating in the ESL could have noble reasons, like the representation of their fans, or it could be a trade-off between the additional revenue and maintaining close relationships with UEFA and FIFA.

The other three privately owned clubs from the sample all participated initially in the ESL concept but distanced themselves after massive protests against the league concept. The motivation for them to participate was already covered financial gains, financial security and the attraction of a broader fanbase. Of particular interest with the privately owned club is that multiple clubs are owned by Americans who also own other sports franchises in America. In particular, from the sample, Manchester United and Liverpool FC have American owners, and

the founding member FC Arsenal and AC Milan owners are Americans as well. The Super League model, with its close-end league style, is firmly based on the American sports league model. Hence, the formation of the ESL can be seen as another step toward a higher degree of Americanization in European Football, reinforced and proposed by the American owners (Robinson 2021a). Contrary to the United States sports fans, European sports fans are involved in their clubs to a more extensive scope and vociferously insist on their rights of involvement. Possibly this degree of involvement was underestimated and surprising for the American owners, thinking that the fans would carry a Super League idea or surrender to the idea without protests (Bushnell 2021). Another point of interest is that the failure of the ESL is an example of a successful fan protest, also in privately owned clubs. Moreover, the fast pace at which the clubs withdrew from the idea (within two days) showed that, in the end, fan interest matters and can have a significant influence on the club's decision. Consequently, the successful fan protests support the thesis of the peculiar and unique nature of the sports/football business. Within a rational corporate world, the club would, due to the substantial financial incentives, participate in the ESL and yield their profits. However, the fans within the world of football have proven once again that they are not regular customers and with their protest, influenced some of their clubs to make a decision in their interest. Nevertheless, even if the protests were successful, a lot of trust in the owners was destroyed (Milford 2022). A particular example here is the case of Manchester United. From the beginning of the Glazer family takeover in 2003, there was a tenuous relationship with the fans, which escalated with the formation of the Super League, resulting in harsh protests against the owner's family (Robinson 2021b; Sheldon 2022). The escalation with fans over the ESL, among other things, has led to the Glazer family's current search for new (minority) owners for Manchester United (Hellier and David 2022; Race 2022). In conclusion, for the clubs Bayern Munich and Borussia Dortmund, one can derive that their member-ownership structure had a distinct influence on their club's decision not to participate

in the ESL. For the other two member-owned clubs, Real Madrid and FC Barcelona, it is ambiguous whether the lack of heavy fan protest, the large amount of financial pressure from the high debt level, and the decrease in revenue was the reason that they still stuck to the idea to create a European Super League. For the privately-owned club's Manchester City, Liverpool FC, and Manchester United, the motivation can be seen as primarily financial and similar to those motivations regular cooperation would have, including the financial stability from secured inflows. The withdrawal of these clubs from the ESL thereby illustrates that football fans are not entirely powerless towards their clubs' owners and heavy fan protests have an influence on the club's decision. Lastly, Paris Saint Germain's motives for not participating are vague. On the one hand, the president stated that they are not interested as the idea of the Super League is not supported by the fans, and on the other hand, the owner and the president himself maintain a strong relationship with the UEFA and FIFA, both who strongly condemned the idea of the Super League.

5. Conclusion and Future Research Directions

In conclusion, it can be derived from the work project that there is not a linear relationship between the ownership structure of the football clubs analyzed and their fan representation within in governance structure. Thereby Liverpool FC emerged from the other individually held clubs as they voluntarily established a fan advisory board with a formal veto power on decisive club decisions. Further, Manchester United voluntarily established a fan board, but with no formal power toward the clubs' decisions. The other two privately owned clubs examined have no established and formal fan representation yet and, consequently, follow the thesis by scholars that privately owned clubs provide the least fan representation and minor transparency standards. Further, for clubs without fan representation, one can say that the clubs' fans are seen more as customers and not as an integral part of the club. This thesis was also reinforced by the privately owned clubs from this work project.

The other case studied in this work project was the effect of the ownership structure and the decision towards participation in the European Super League. Thereby, it can be derived that the intense supporter activism combined with the direct influence of the member prohibited Bayern Munich and Borussia Dortmund from the Super League participation, as the management anticipated that the member would not concur to such a decision. However, no clear relationship between the ownership structure and the decision could be found here since Real Madrid and FC Barcelona were among the founding members and even today still adhere to the idea of the Super League. The unclear existing relationship is further reinforced by the decision of PSG not to participate in the ESL. However, it can be argued that the motives of PSG were to represent the fan's interests. Moreover, the general formation and idea of the European Super League strengthen the thesis of a growing Americanization within European football. Creating a league with high financial incentives for the member clubs might have worked in a regular corporate world, but the world of football, especially in Europe, does not necessarily follow rational decisions. Other values, such as tradition and culture, are especially for the fans of the highest importance. Consequently, the football world represents a unique sector that differs to a large extent from the regular business world, underlining the thesis by Neale from 1964 that football, like other sports, has a peculiar nature.

In the world of football, the relationship between ownership structure and its effects is complex and far-reaching. Therefore, for future research, scholars can investigate different effects of certain clubs in depth. This qualitative approach is an excellent complement to the existing quantitative findings, which are very comprehensive in contrast to the qualitative ones. Possible topics for future studies are, for example, the effects of the ownership structure on the club's financial policy or financial sustainability or the degree of direct fan projects outside the governance structure.

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Appendix

Table of Contents

Abstract:	1
Acknowledgment	1
1. Introduction	2
2. Literature Review	4
2.1 Ownership structure and financial- and sporting performance	5
2.2 Ownership and governance structure	7
2.3 Regulatory standpoints on ownership structure.....	9
3. Methodology	10
4. Case findings and discussions	12
4.1 The influence of the ownership structure on the direct fan involvement within the governance structure	12
4.1.1 The influence of the fans on the governance structure: sample from eight European clubs	13
4.2 The failed European Super League formation as an example of the influence of the ownership structure on a club's decision	17
4.2.1 Genesis and motives of the European Super League.....	17
4.2.2 Analysis of the behavior and motives of the eight clubs	19
5. Conclusion and Future Research Directions	24
References	26
Appendix	38
Table of Contents	38
List of Abbreviations.....	39
List of Tables.....	41

List of Abbreviations

AC	Associazione Calcio (AC Milan)
bn	Billions
EBIT	Earnings before interests and taxes
e.g.	For example
EPL	English Premier League
ESL	European Super League
EUR	Euro
FC	Football Club
FFP	(UEFA) Financial Fair Play
FIFA	Fédération Internationale de Football Association
n.d.	no date
NFL	National Football League (American Football)
PSG	Paris Saint Germain
QSI	Qatar Sports Investments
TV	Television
UCL	UFEA Champions League
UK	United Kingdom
UEFA	Union of European Football Associations

List of Tables

Table 1: Member-owned clubs by enterprise value	42
Table 2: Individual-owned clubs by enterprise value	42
Table 3: Individual-owned clubs sporting performance	43
Table 4: Individual-owned club selection	43
Table 5: Final clubs' selection	44
Table 6: Participation in the European Super League by ownership type	44
Table 7: Resources overview	44

Table 1: Member-owned clubs by enterprise value

Rank	Club	Enterprise value (in EURm)
1	Real Madrid	3,184
2	FC Barcelona	2,814
3	FC Bayern Munich	2,749
4	Borussia Dortmund	1,226
5	Eintracht Frankfurt	428

Table 2: Individual-owned clubs by enterprise value

Rank	Club	Enterprise value (in EURm)	Selection points
1	Manchester United	2,883	10
2	Liverpool FC	2,556	9
3	Manchester City FC	2,483	8
4	Chelsea FC	2,179	7
5	Paris Saint-Germain FC	2,132	6
6	Tottenham Hotspurs FC	1,912	5
7	Juventus FC	1,597	4
8	Arsenal FC	1,584	3
9	Atletico De Madrid	1,234	2
10	FC Internazionale Milano	996	1

Table 3: Individual-owned clubs sporting performance

Rank	Club	Number of national league titles	Number of UCL quarterfinal finishes	Total points	Selection Points
1	Manchester City FC	4	5	9	10
2	Paris Saint-Germain FC	4	2	6	9
3	Liverpool FC	1	4	5	8
4	Juventus FC	3	2	5	7
5	Atletico De Madrid	1	2	3	6
6	Chelsea FC	0	2	2	5
7	Manchester United	0	1	1	4
8	Tottenham Hotspurs FC	0	1	1	3
9	FC Internazionale Milano	1	0	1	2
10	Arsenal FC	0	0	0	1

Table 4: Individual-owned club selection

Rank	Club	Total selection points
1	Manchester City FC	18
2	Liverpool FC	17
3	Paris Saint-Germain FC	15
4	Manchester United	14
5	Chelsea FC	12
6	Juventus FC	11
7	Tottenham Hotspurs FC	8
8	Atletico De Madrid	8
9	Arsenal FC	4
10	FC Internazionale Milano	3

Table 5: Final clubs' selection

Club	Ownership type
Real Madrid	Member
FC Barcelona	Member
FC Bayern Munich	Member
Borussia Dortmund	Member
Manchester City	Private
Liverpool FC	Private
Paris Saint-Germain FC	Private
Manchester United	Private

Table 6: Participation in the European Super League by ownership type

Member-owned		Single-owned	
Real Madrid	Participate	Manchester United	Participate
FC Barcelona	Participate	Paris Saint Germain	Not participate
Bayern Munich	Not participate	Manchester City	Participate
Borussia Dortmund	Not participate	Liverpool FC	Participate

Table 7: Resources overview

	Books	Research Papers	(Online) newspaper articles	Official publications ¹⁾	Total resources
Collected	8	38	47	22	115
Used in the WP	5	23	33	22	83

1) Official publication comprises statements by clubs and official resources provided by clubs or corporations (e.g. Football industry report by a consulting firm)