The Impact Governance and Club Structure has on a Team's Spending Power: A Case Study on the German Bundesliga

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March 2012

Senior thesis submitted in partial fulfillment
of the requirements for a
Bachelor of Arts degree in Economics
at the University of Puget Sound

Introduction

Every professional sports league in the world, regardless of the sport or the location of the league, has a specific governance structure that each team or club must function under. A Governance structure can have either one, a few, or many governance options under which teams or clubs must operate. Therefore, professional sports leagues can either employ a standardized approach, which consists of teams with one homogonous governance structure, or a mixed approach where teams or clubs can choose from various governance structures.[1]

There are three traditional governance structures in which a team can operate under: privately owned firm (true capitalist), public football corporation, and a non-profit firm (member association). The pros and cons of each form of club ownership will be discussed and analyzed later in this paper. The form of governance a team or club employs is very significant insofar as it determines who has the residual control and residual claim of the club.

The German Bundesliga, the major football (soccer) league in Germany, employs a mixed club ownership approach where clubs can choose their governance structure. Currently each of the three governance structures is utilized by clubs in the league. The focus of this paper is to determine which form of club ownership allows for the most efficient output of a team. Each governance structure has a unique impact on a club's financial results. A club's financial results have a direct impact on that club's available funds and therefore, ultimately determine a club's spending power. Furthermore, due to the way modern football has developed through commercialization of the game, a strong

[1] Dietl , Helmut M., Markus Lang, and Stephan Werner. "Social Welfare in Sports Leagues with Profit-Maximizing and/or Win-Maximizing Clubs."

correlation between spending power and success has been found because more available funds allow a team to buy more skilled players. Therefore, there is a strong link between a club's governance structure, spending power, and success.

To determine the relative financial strength and ultimate spending power derived from each form of club ownership a theoretical model has been employed. In order to analyze this case, the following three inputs are utilized in the model: influence of club governance structure on the capability to access capital from investors to increase spending power, influence of club governance structure on the capability to channel profits into spending power, and influence of club governance structure on the capability to collect revenues through sponsorship to increase spending power. Ultimately, based on the inputs applied in the theoretical model and given the context of the German Bundesliga, the form of governance that has the greatest influence on a club's spending power is derived from a non-profit firm (member association).

Background Information

The landscape of professional football is always evolving. In the last 20 years, commercialization and globalization of the game have led to some significant developments. Such developments are both general and specific in manner; the former pertaining to football globally and the latter relevant only in the context of German football.

The transformation of football into a lucrative industry has occurred rapidly in the modern era as a result of technological advancement, most notably the internet and T.V. broadcasting. Such advancements have created a worldwide audience for the top European football leagues. Thus T.V. and internet broadcasting contracts generate a very significant portion of a club's revenue. Deloitte, a global accounting firm, reports an annual publication profiling football's highest earning clubs called the "Deloitte Football Money League 2011." According to the 2011 edition, Barcelona, Manchester United and Bayern Munich – examples of some of the most well known on the list – had broadcasting revenue of €178.1 million, €128.0 million, and €83.4 million respectively. For the three clubs such broadcasting revenues made up 44%, 37%, and 26% of total revenues respectively.[2] Such broadcasting revenues are a direct result of new technology and are a relatively new source of revenue for clubs; however, such revenues make up a substantial portion of a club's total revenues. Furthermore, within the last 20 years football broadcasting contracts have grown greatly in value due to increased worldwide demand. With that said, clubs now have a much larger budget, which gives them more funds to spend on player talent.

The game of football functions in a contest structure where winning is of utmost importance. The focus of winning goes well beyond the desire to win and the glory from winning but rather, given the structure of the system, winning can lead to qualification to even more contests and ultimately more money. For example the top three teams in the Bundesliga automatically qualify for the Champions League[3] the following year. Along those same lines, the Bundesliga T.V. contract revenues are not split evenly between the 18 clubs but rather revenues are divided based on league standings at the end of the year.

Given the current environment in football and contests in general, a team's focus is to win in order to increase revenues. But in order to increase revenues it is inherent that clubs expenditures must also increase. In the contest of a football match the only

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[2] Sports Business Group. "The Untouchables Football Money League."
[3] Champions league – large payout to winners

way to create a competitive advantage against an opposing team is to have a more skilled and talented team; the caliber of players is what sets teams apart. A club's spending power is the main driver in creating a competitive advantage over other teams, as more available funds allows a team to buy more skilled players. In result, the contest structure inherent in football has led to the overinvestment theory, in which teams overspend on talent (players) because the potential profits tied to winning exceed the costs (of players). Teams are looking to outspend their opponents in order to field a better squad for the sake of winning. Under this new paradigm a team's spending power becomes vital to that team's success on the field.

Also vital to understanding the argument in this paper, is knowledge of the German Bundesliga and how it has developed. The Bundesliga was founded in 1963 and until 2000 the league employed a standardized approach consisting of teams with a homogonous form of governance. All teams operated as a "Verein", which when translated in German means member association. Also, during that time, all clubs operated as non-profits, were free of owners, and were controlled by a board of members whom were voted on by fans/members. However, in 2000, amidst pressure to be more competitive and conform to be like other leagues in Europe, the league evolved into a mixed governance structure system. The new system allowed each team to choose their form of governance. Three forms of governance were available to clubs, the original member association – non-profit (Verein)[4], public football corporation, and a privately owned firm. However, along with the new system came one stipulation known as the 50% + 1 Rule. This rule forced all clubs, regardless of governance structure to give the members of the club 50% + 1 vote of control. However, the Deutsche Fußball Liga

[4]member association – non-profit (Verein) will be referred to as a member association.

(DFL) did allow for one exception to the 50% + 1 rule; any corporation/owner may be awarded a stake of ownership greater than 50% if the corporation/owner has substantially funded the club continually for at least 20 years and the DFL believes the owner/corporation will continue to support the club to at least the same extent as before.[5] In result, a truly capitalistic privately owned firm without the 50% + 1 tile became a fourth form of governance available to teams in the Bundesliga. This form of governance will be referred to as a true-private firm, and clubs that are privately owned but operate under the 50% + 1 rule will be referred to as semi-private.

As we can see, in the past 20 years significant developments have occurred in the context of football both in Germany and globally. These developments establish a basis of understanding of the current environment of German football, which will allow for a more in depth comprehension of how a club's governance structure impacts a club's spending power.

Review of Literature

Significant research, spearheaded by two individuals, Helmut Dietl and Egon Franck, has already been made on the influence of club governance structure. One of their most notable works, *Governance Failure and Financial Crisis in German Football*, outlines the ineffectiveness of the 50% + 1 rule. Work from these two scholars has been of significant value for of this paper.

Egon Franck has written many significant pieces and has greatly contributed to the literature. His papers, *Professional Sports Clubs and Business Enterprises – A Comparative analysis of Governance Structures in Football* and *Private Firm, Public*

[5] Dietl, Helmut. M, and Egon Franck. "Governance Failure and Financial Crisis in German Football."

Corporation or Member's Association Governance Structures in European Football, were ground breaking pieces that gave great insight into the pros and cons of various governance structures.

In Helmut Dietl, Markus Lang, and Stephan Werner's *Social Welfare in Sports Leagues with Profit-Maximizing and/or Win-Maximizing Clubs*, significant contributions have been made to develop an understanding of mixed and homogenous leagues as well as the differences between profit-maximizing and win-maximizing clubs.

In addition to these, other scholars have contributed to the literature. In Helmut Dietl and Christian Weingartner's *The Effect of Professional Football Clubs' Legal Structure on Sponsoring Revenue*, the idea for input three took shape. In their paper the authors develop a framework as to how various legal structures impact sponsoring revenues. This idea has been reworked in the theoretical model yet to come and has been applied to the context of the German Bundesliga.

A more recent publication by Max Kinder, *Football Club Ownership in England and Germany – The Effectiveness and Lawfulness of the "50 plus 1 rule" and what Germany can learn from England*, has shed light on the differences in governance between Germany and England and what that means for clubs in both countries.

Overall, a great deal of research has been done on the topic and as a result the focus of this paper will be to apply such research to the context of the German Bundesliga.

Economic Theory

In each of the various governance structures different parties have different incentives that impact their utility function. Therefore, to help demonstrate how utility is derived for an owner, an anonymous shareholder, and a fan, three graphs will be employed.

Figure 1 depicts the indifference curve of an owner in a semi-private firm and true-private firm. For an owner utility is derived from profits as well as public admiration from sporting success. Therefore, an owner maximizes utility by pursuing both profits as well as public admiration. As seen in Figure 1, the owner pursues an indifference curve furthest in the preference direction. With that said, a rational owner in both privately owned firms, 50% + 1 and true capitalistic, will allocate some level of profits toward spending power in order to increase a club's winning percentage. Finally, an owner will take such action in order to maximize utility.

Figure 1

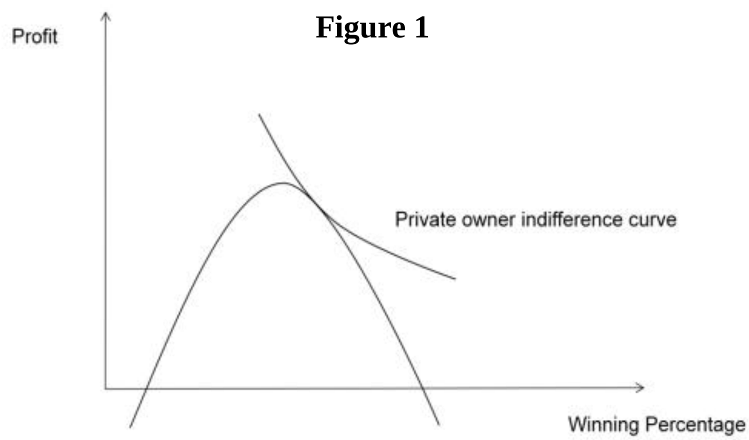


Figure 2 (below) illustrates the indifference curve of an anonymous shareholder in a public corporation. In such a governance structure an anonymous shareholder only derives utility from profits, most notably in the form of dividends. A shareholder is not concerned about the sporting success of a club rather a shareholder only cares about the rate of return from such an investment. A shareholder will only buy stock when an investment warrants a desirable rate of return. Thus, an anonymous shareholder will keep all profits and thus has a horizontal or flat indifference curve furthest in their preference direction. The only way to increase utility for an anonymous shareholder is to increase profits.

Figure 2

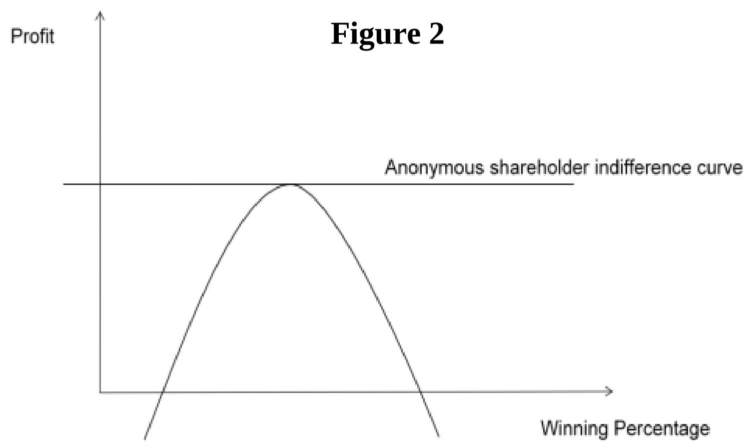
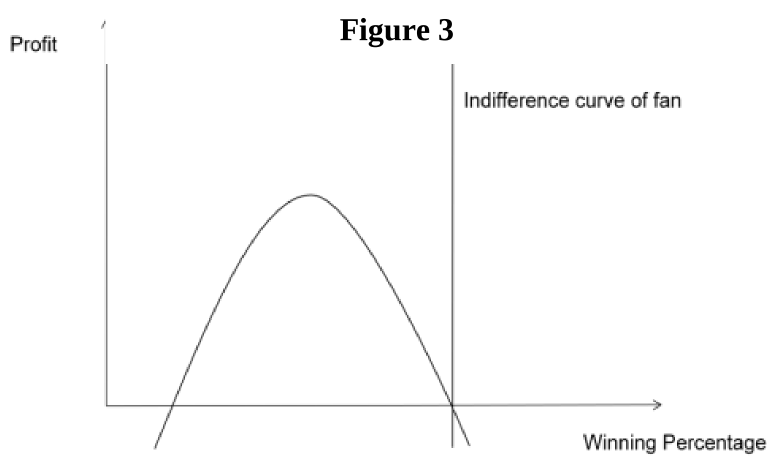


Figure 3 shows the indifference curve of a fan in a member association. In this governance structure all profits are put directly back into the club, as there are no owners or investors. Given this, a fan cannot gain utility from profits. Rather, a fan can only gain utility from the sporting success and winning percentage of

Figure 3



their club. Therefore the indifference curve of a single fan is vertical furthest in their preference direction. The only way a fan can increase their utility is if the club increases their winning percentage.

Model

To determine the impact that governance and club structure has on a team's spending power a theoretical model has been employed. There are four various governance structures available to teams in the German Bundesliga: Semi-private firm, True-private firm, Public Corporation, and member association. In the model three different inputs will be analyzed: influence of club governance structure on the capability to access capital from investors to increase spending power, influence of club governance structure on the capability to channel profits into spending power, and influence of club governance structure on the capability to collect revenues through sponsorship to increase spending power. Through such analysis of the employed model the member association governance structure type will be deemed the best option when trying increase spending power.

Input 1: Influence of club governance structure on the capability to access capital from investors to increase spending power.

In a semi-private firm, the owner has the residual claims, but the member association has residual control. In this governance structure the amount of capital invested into the team is at the owner's discretion. However, the owner has no control where the capital is invested. For example, since the member association has residual control, the board, which is made up of fans, decides how to allocate the team's funds; meaning which players to pursue, and how much wages are, among many other things.

The owner therefore may be hesitant when investing capital in the club. This form of governance creates dysfunctional incentives for the owner who puts up the capital for the team but does not have control over how it is spent. Still, the board must keep the owner happy or the owner will stop investing. In conclusion, the semi-private firm form of governance has a positive influence on spending power if the board has a positive relationship with the owner and can easily acquire capital when necessary, however, it should be noted the owner's and board's interest may not align

For the other true-private firm, the owner has residual control as well as residual claims. In this governance structure, like the semi-private firm, the spending power is tied to the amount of capital the owner is willing to put up. However, since the owner has both residual control and residual claims the owner does not have dysfunctional incentives. Rather it is reasonable to think that an owner will invest in talent. For an owner utility is derived from profits, a team's winning percentage and being accepted by society. An owner has an incentive to invest capital into the team to increase spending power because the more a team spends on talent the higher chance that team has of winning.[6] Furthermore, as a team's winning percentage increases so will the club's profits. In addition, the higher a team's winning percentage the more society will accept and honor the owner. Therefore, an owner has an incentive to increase spending power to a level in which the owner will maximize utility. In summary, the true-private firm form of governance has a positive influence on a club's spending power.

Another form of governance for clubs is a public corporation. In this governance structure a club can easily acquire capital and raise funds through issuing shares of stock

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[6] Egon Franck - Franck, Egon. "Private Firm, Public Corporation or Member's Association Governance Structures in European Football."

to investors. The German Bundesliga club Brussia Dortmund operates as a public corporation and had an initial public offering (IPO) in October of 2000.[7] Whenever management wants to raise more capital they can issue more shares to investors, which results in a positive influence on spending power.

The final governance structure that needs to be assessed is the member association. In this governance structure a club is run by a board of members, comprised of fans. Clubs that operate as member associations do not have owners or investors, and therefore such clubs have no outside source of capital. Therefore, this form of governance does not allow a club the ability to access capital from investors to increase spending power and in turn does not have a positive influence on spending power.

By, analyzing the first input in the model, influence of club governance structure on the capability to access capital from investors to increase spending power, some noteworthy conclusions can be made. First, the member association form of governance lacks owners and investors, resulting in a club's inability to access capital from outside sources to increase spending power. Next, the least effective form of governance in capturing the capability to access capital from investors to increase spending power is the semi-private firm. This form of governance creates dysfunctional incentives for the owner and may lead to a situation where the owner limits or stops injecting capital into the club altogether. This is a likely issue since the owner does not control how capital is spent. However, this form of governance can at times have a very positive influence on a team's spending power, when the owner and board have a healthy relationship and the owner is willing to give the board a sufficient level of funds. Altogether this legal

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[7] Dietl, Helmut. M, and Egon Franck. "Governance Failure and Financial Crisis in German Football."

structure's impact on spending power is in question as it ultimately depends on the situation and relationship between the board and the owner/s. The remaining two forms of governance, public corporation and true-private firm, are the most effective governance structures as they positively impact a club's spending power. It is unclear which of these two governance structures has a greater influence on a club's spending power, as the degree of influence completely depends on the situation for a given team.

Input 2: Influence of club governance structure on the capability to channel profits into spending power.

In a semi-private firm, the owner has residual claims and therefore receives all profits; the members on the club's board have residual control. Under this governance structure, the owner does not have the authority to allocate funds specifically towards player purchases; thus meaning the owner cannot directly increase a team's spending power. Only the board of members can allocate funds to a club's spending power. However, an owner can indirectly impact a team's spending power. Given that an owner derives utility from public admiration, it is reasonable to assume an owner will allocate some of their profits back into the team, however, this may not be the case as for an owner. Furthermore, since a board is only focused on a club's sporting success and the glory derived from such success the board will allocate capital to increase a club's spending power. The rationale for this action is that a greater spending power will increase a club's winning percentage and ultimately help the board achieve a higher level of utility. Therefore, this form of governance can have a positive influence on a team's spending power if both the owner and board have a healthy relationship and the board can easily acquire capital from the owner.

In the other true-private firm, the owner has residual control as well as residual claims resulting in profit allocation at the owner's discretion. An owner of a football team derives utility from profits as well as public admiration. Given that a football match is an entertainment product to fans, an owner's utility derived from public admiration is open for public debate and will largely depend on a team's sporting success. In turn, this governance structure creates an incentive for owners to trade some profits to increase spending power in order to boost the club's winning percentage and ultimately enhance the public admiration for the owner.

A third legal structure is a public corporation where the shareholder's are the residual claimants and the members on the board hold residual control. The residual claimants in a public corporation are a bit different than the residual claimants in the other governance structures. In this governance structure a typical shareholder holds a small share in the corporation, is anonymous, and assumes no other role in the firm other than that of a passive investor.[8] Therefore, shareholders only derive utility from profits. Unlike the residual claimants in other governance structures, public admiration from sporting success has no direct channel into the utility function of an anonymous shareholder. In turn, this governance structure does not result in profits being channeled back into spending power; thus the shareholders' gain no utility from a team's sporting success and have no reason to allocate their profits toward spending power.

Lastly, the member association form of governance needs to be assessed. Given that a non-profit entity must uphold the non-distribution constraint it is inherent in such a club's structure that the club will be forced to reinvest all profits back into the club. For a

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[8] Franck, Egon. "Private Firm, Public Corporation of Member's Association Governance Structures in European Football."

member association the only way to derive utility is through winning. Given that the underlying objective of such a club is to win, the board of a member association is only focused on glory and their club's sporting success and in turn the board will allocate profits to increase spending power. Therefore, the non-profit governance structure leads to the greatest increase in spending power since profits can only be put back into the club, and given the board's objective nearly all profits will be used to increase spending power.

By analyzing the second input in the model, influence of club governance structure on the capability to channel profits into spending power, a few significant findings can drawn. First, the public corporation form of governance has a negative impact on the capability to channel profits into spending power because the residual claimants are shareholders and only gain utility from profits and therefore have no incentive to allocate profits to increase spending power. The semi-private firm and the true-private firm forms of governance have a very similar influence on the capability to channel profits into spending power, however the mechanics leading to the eventual outcome differ in the two forms of governance. In each form of governance the owner wants to increase spending power to a level that maximizes utility; for an owner utility is derived through profits, their club's winning percentage and public admiration. In a semi-private firm, the allocation of capital to a specific part of the club falls to the board, not the owner, who in turn must allocate capital to the board. However, in the true-private firm the owner has residual control as well as residual claims and can therefore distribute capital at their own discretion. Overall, both forms of governance, semi-private firm and true-private firm, will have a positive impact on the capability to channel profits into spending power given an owners incentive to increase spending power and ultimately increase utility. The evidence suggests that the most influential governance structure on the capability to channel profits into spending power is the member association. This form of governance has the greatest impact on a clubs spending power due to the non-distribution constraint. Given that this form of governance has no residual claimants all profits will be invested back into the club. Furthermore, since the boards underlying objective is to win given the boards utility function, a great deal of profits will be used to increase a team's spending power.

Input 3: Influence of club governance structure on the capability to collect revenues through sponsorship to increase spending power.

Prior to analysis of the third input background information on sponsorship is necessary. The goals of a sponsor are to increase market share, generate additional revenue, and to obtain the attention of potential customers. Therefore the greater attention a sponsor receives from a club the higher the payout is for the club. In addition, the amount of attention a sponsor receives is driven by the number of fans and the extent of the media coverage. Consequently, sponsoring a club has inherent risks; therefore the sponsor aims for a secure investment for their capital expenditure. The sponsor also aims for an investment that will not result in any hold up situation; a hold up situation is where a problem arises and thus a fan must choose to continue to support the club or not. A hold up situation will result in lost attention for a sponsor and is there for disadvantageous. Finally, there are three factors that determine which form of governance is most attractive to a sponsor.

Factor 1: The effect of the allocation of the right of residual control.

Regarding factor 1, the member association, is the most favorable form of governance for a sponsor for a few reasons. First, a sponsor seeks to invest in a club where no policy can be made to deter fans. Given that in a member association residual control is with the board, which is made up of fans, this form of governance secures no policy will be made to deter fans and thus protects the fans interests. Second, member associations are focused on win maximization and therefore drive attention for the sponsor. This form of governance effectively utilizes the fans' voice or opinion. Third, fans can impact all major decisions thus preventing hold up problems for fans and increases fan loyalty. A fan's voice in a member association is positive for the sponsor as fan's will argue for the lowest ticket price which in turn will lead to an increase in spectators. The same logic is true for T.V. broadcasting. Fans will strive to get the most widely used broadcasting deal since the fans are concerned about maximizing their utility. Such a T.V. broadcasting deal would focus on maximizing free coverage of games for fans. Once again the greater the T.V. audience the more attention a sponsor will receive. In conclusion, this form of governance given its focus on win maximization is most in sync with the objectives of a sponsor. Therefore a member association is the most favorable form of governance for a sponsor.

There are several key reasons why the other forms of governance are less suitable for a sponsor. In a public corporation form the focus is profit maximization. In both governance structures dealing with privately owned firms, 50% + 1 and true capitalistic, the focus is a combination of win maximization as well as profit maximization. In all these three forms of governance the board/owner is concerned about winning but also has to consider profits. Therefore in these governance structures the board/owner would not push for low ticket prices or free coverage of games for fans because such changes would not increase revenues. Also these three forms of governance can lead to the following hold up problems for fans. Since the board/owner has residual control they can initiate hold up attacks against the fans such as selling the club's best players. Such an action by the board/owner may result in high short term profits but a poor competitive performance. Rational fans will acknowledge the possibility of such actions and consciously or subconsciously refuse to invest increased loyalty with the club. Therefore, with regard to factor 1, in these three forms of governance there is some element of profit maximization so sponsors are better off focusing their efforts towards member association clubs.

Factor 2: The effect of the allocation of the right to residual claim.

In light of factor 2, the member association form of governance structure is most suitable for sponsors for a few reasons. A member association operates as a non-profit and therefore there is no residual claimant. The lack of a residual claimant decreases the risk of hold up problems for a sponsor. Also the limited risk of hold up problems will result in greater attention from the fans due to increased loyalty. Additionally, the non-distribution constraint, inherent in this legal structure, allows such a club the option to invest all profits into playing strength which leads to win maximization. Further, a stronger team will lead to greater sporting success and will ultimately increase the spectator base and coverage for the team, which in turn will lead to more attention for the sponsor. In this legal structure the absence of holdups leads to network mobilization, most notably on the fan side, which again leads to greater attention for the sponsor.

Finally, with respect to factor 2, the non-distribution constraint of a member association offers more advantages to the club and sponsor, making it the ideal form of governance.

Once again, there are several reasons why the other legal structures, public corporation and both privately owned firms, are less attractive to a sponsor. In each of remaining governance structures there is a residual claimant, be it an owner or a shareholder. Therefore, when a sponsor issues sponsorship revenues to a club there are worries that such revenues are being given to the owner or shareholders. This creates a competitive disadvantage in comparison to a member association because funds may not be invested back into the playing strength of a team. Also because there is a residual claimant, ticket prices for clubs operating as a public corporation or either version of the privately owned firm may be raised in an effort to increase profits for an owner/shareholder. Higher ticket prices may result in a loss of fans, which correlates directly to lost attention for a sponsor. In conclusion, with reference to factor 2, by taking into consideration that these three forms of governance have residual claimants it is in a sponsor's best interest to pursue contracts with clubs that operate as a member association.

Factor 3: The effect of the allocation of the transfer right.

In connection with factor 3 the member association legal structure is most fitting for a sponsor for a few reasons. First, in such a legal structure there is no owner or person that has the majority of shares meaning no individual has property rights of a club. Second, in a member association "the president is elected by the fans, and ownership changes are impossible due to legal restrictions. This eliminates the possibility for rapid strategy changes, which could result in hold up attacks against a sponsor who had signed a long-term contract."[9] However, in a public corporation ownership can change very quickly as someone may acquire the majority of shares. The same could happen in both versions of a privately owned firm, as a club may be sold to a new owner. In both instances, the person in control might sell the top players or stop recruiting youth, nevertheless such changes could result in decreased fan support or negative media attention. All in all, with regard to factor 3, a member association form of governance is most advantageous for a sponsor because ownership cannot quickly change and therefore the negatives that can occur in other legal structures will not happen in a member association.

Through analysis of input 3, with regard to the three factors makes the member association form of governance the obvious best fit and choice for a sponsor. Given that a member association is focused on win maximization, operates under the non-distribution constraint, and ownership cannot change hands, the member association legal structure will achieve the highest level of sponsorship revenues from a sponsor. With that in mind, this form of governance has the greatest capability to collect revenues through sponsorship to increase a club's spending power.

Results

After analyzing the employed model significant results can be concluded. With respect to the first input, influence of club governance structure on the capability to access capital from investors to increase spending power, it is concluded that the public corporation and true-private firm, are the most effective governance structures as they positively impact a club's spending power. However, given the theoretical nature of this

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[9] Dietl, Helmut, and Christian Weingartner. "The Effect of Professional Football Clubs' Legal Structure on Sponsoring Revenue."

paper, it is undeterminable which of these two governance structures has a greater influence on a club's spending power, as the degree of influence completely depends on the situation for a given team.

With regard to the second input, influence of club governance structure on the capability to channel profits into spending power, it is found that the member association form of governance has the greatest impact on a club's spending power.

With reference to the third and final input, influence of club governance structure on the capability to collect revenues through sponsorship to increase spending power, it is determined that once again, the member association form of governance has the most significant affect on a club's spending power.

Finally, it is concluded that after employing the theoretical model, the member association, form of governance has the greatest influence on a club's spending power. This decision was reached in light of the fact that two of the possible three inputs concluded that this form of governance was optimal to increase a club's spending power

Conclusion

In the German Bundesliga a unique environment has taken shape. Given the history and culture of German football, the legal framework that has developed for clubs to function under is very different than in other European countries. The most notable difference is the 50% + 1 rule established in 2000. With respect to this rule the form of governance that has the greatest impact on a club's spending power is the member association. Given the employed model, theoretically, the member association form of governance should have the greatest influence on spending power and ultimately teams with this legal structure should have the most on field success. This structure is very advantageous because of the non-distribution constraint; all profits are invested back into the club. Additionally, a member association is optimal in the context of Germany, since the 50% + 1 rule deters ultra wealthy owners from entering the German platform.

However, when applied to the broader context of Europe the member association may not be favorable. In European countries such as England, Italy, and Spain where 50% + 1 rule does not exist ultra wealthy investors are attracted. Therefore, in the bigger picture of Europe other forms of governance such as a true-private firm may have a greater impact on a club's spending power as a result of ultra wealthy owners. In result given German teams do compete against clubs from other countries in Europe via the Champions League among other competitions it may be in the best interest of football clubs in Germany to abolish the 50% + 1 rule to level the playing field and thus attract ultra wealthy investors into Germany. In conclusion, the German platform claims that the 50% + 1 rule is advantageous for fans as it drives ticket prices down among other things. However, if this rule hinders German teams from attracting ultra wealth investors and in result weakens German clubs in international competitions is this rule really in the best interest of the fans?

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