

International analysis of FIFA

Marshall Henson

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ABSTRACT

Fédération Internationale de Football Association (FIFA) has comprehensive global influence, as it recognizes 211 member associations. This paper seeks to outline how FIFA manages cultural, administrative, geographical, and economic distances while operating internationally. Leveraging two FIFA confederations, CONCACAF and UEFA, the paper will outline international operating differences between North America and Europe, respectively. Further, the competitive markets represented by these confederations will be compared. FIFA and its confederations prove to be an atypical study, as the goals of the organizations are non-financial. The focal goals of these confederations are continuous growth and improvement of the game of football. However, the motivations vary between confederations depending on the regions' relative growth stage and objectives. Throughout the research, both bodies were influenced by trends, historical factors, and other governing bodies. Primarily, CONCACAF faced influence from the major sporting leagues established in North America, while the EU had a significant effect on UEFA. Despite the communicated lack of financial interest, the confederations and FIFA are reliant on the fiscal success of their international tournaments. To increase these revenues, the bodies must focus on the expansion of footballing attention and fandom, which will lead to increased sponsorship and TV revenue. The research for this paper was conducted through the analysis of documents, records, articles, and an interview conducted with an employee of FIFA. Ultimately, the paper finds that FIFA, UEFA, and CONCACAF all face materially different complications due to external relevance, internal complications, and strategic orientation.

INTRODUCTION

This paper will analyze the structure of the Fédération Internationale de Football Association (FIFA), particularly in relation to how the association manages its international presence. The focus will be a comparison between two FIFA Confederations: the Confederation of North, Central American and Caribbean Association Football (CONCACAF) and the Union of European Football Associations (UEFA). Both confederations have significant autonomy over their respective regions; however, their decisions are monitored and align with the FIFA standards. Ghemawat's CAGE Distance Framework will be the primary analytical tool used to decipher and categorize the differences between the two confederations, followed by an evaluation of the internal and external competitive markets. Throughout the paper, a focus will be placed on both practical, theoretical, and managerial implications. Ultimately, this paper will use FIFA as a catalyst to analyze the differences between North American and European markets.

FIFA STRUCTURE

FIFA

FIFA is the governing body of world football. The association is governed by Swiss law and its headquarters are based in Zurich (FIFA, 2016). FIFA's stated operating objectives focus on social responsibility, building an integrated community around football, and growth of the association (FIFA, 2016). The goals lack financial motivations, aside from its motivation to match revenues to expenses on a yearly basis. This modest fiscal aspiration legitimizes FIFA's non-financial goals. However, growing the game of football and FIFA-run competitions is not without financial benefits to the operators of the association. TV Rights, particularly for the World Cup, dominate FIFA's revenue stream (Figure 4), creating a strong interconnectedness between the global growth of football and increased

revenues for FIFA. Ultimately, profits are inconsequential to FIFA, but increasing revenue is beneficial to its employees and the development of the game.

The association is head by a president—currently Gianni Infantino—who oversees the FIFA Council. Together, they form the strategic and oversight body (Figure 1). Recently, FIFA has implemented a law limiting the maximum presidency to last 12 years, formed from three terms (Figure 2). Each term the 211 congress members elect or re-elect a president. Congress is formed by equal representation from the 211 members of FIFA (Figure 2). It also serves as the supreme and legislative body (Figure 1). Below these members of FIFA is an advisory body, which is formed from nine standing committees. These four groups and persons form the decision-making bodies of FIFA. Together, they create the direction of the organization and its member associations.

Each of FIFA's 211 member associations belongs to a confederation, which is summarized in Figure 3 (FIFA, 2016). The association recognizes six confederations of football, which belong to the six inhabitable continents (FIFA, 2016). The confederations govern football within their geographical regions, except in exceptional circumstances, such as Australia's national team competing within the Asian region for higher quality of competition (FIFA, 2016). This paper will focus primarily on the confederations for Northern and Central America (CONCACAF) and Europe (UEFA).

CONCACAF

CONCACAF is the regulating body of football within the North and Central American regions, along with the Caribbean (CONCACAF, 2015). The body exists to improve, regulate, and control the game of football (CONCACAF, 2015). As well, the body must resolve footballing matters within the region and ensure FIFA compliance. Most importantly, the confederation must organize international footballing events—its source of revenue. CONCACAF has 35 member associations (Figure 3) with vastly differing populations, from Anguilla to the United States. These associations are split into three groups, representing the Caribbean, Central America, and North America. The confederation contains two financially relevant leagues—the MLS and Liga MX. Countries within the region, beyond Mexico, the US, and Canada, do not have the population or economic significance to produce internationally important leagues. Primarily, the confederation organizes two events: The Gold Cup and the CONCACAF Champions League, for international and club football, respectively (CONCACAF, 2015). Sponsorship and broadcasting rights for these events generate much of the confederation's revenue. Thus, growing the game and attractiveness of the tournaments is paramount to increasing revenues. Despite containing one of the largest sports markets in the world—the United States—football fandom and interest lags behind other confederations. Football is in a growth stage in North America, which molds the operating strategies of the confederation, particularly for its tournaments.

UEFA

UEFA is the FIFA confederation that governs football within Europe. Like CONCACAF, the European body operates to preserve the integrity of the game while orchestrating international tournaments (UEFA, 2014). UEFA consists of 55 member associations (Figure 3). Converse to its North American counterparts, Europe has many competitive and financially robust leagues. In fact, five of the top ten sports leagues sorted by revenue are European football leagues (Figure 5). Due to its history and recent technological developments, football in Europe experiences natural growth. Further, as the dominantly popular sport in Europe, football dictates the sporting world. This allows UEFA to control the European sports market and focus on the betterment of the game and increasing parity, rather than uninterrupted growth. Finally, UEFA benefits from being the most financially significant confederation, which grants the body a larger budget and increased flexibility ("Sports Statistics," n.d.).

CULTURAL ENVIRONMENT

Cultural distances shape how FIFA, CONCACAF, and UEFA function. Simultaneously, football curates an underlying culture, which supersedes certain barriers of international cultural disparity. This section will analyze language barriers and footballing culture, considering their effects on different markets.

Language Barriers

Language barriers are typically prevalent in international business. With 211 member associations, the members of FIFA account for every possible official language. However, the top levels of FIFA operate under 4 official languages. Nicolas Evans, a Group Leader Football Quality Programme at FIFA, speaks about the language barrier: “As problems come, this is probably the smallest possible issue you can imagine at the top level” (Nicolas Evans, verbal communication). His reasoning stems from modern language globalization. He says that at the top levels of FIFA, each member will have a representative proficient in one of the four official languages (Nicolas Evans, verbal communication).

However, Evans indicates that language barriers may be more common at lower levels of the association and confederations: “It may, however, amplify when it comes to grassroots projects or education at lower levels where English may not be spoken as much” (Nicolas Evans, verbal communication). Further, he speaks about how this problem would be more prolific within UEFA, where the zone contains more than 28 official languages, opposed to in CONCACAF, which is mostly trilingual (Nicolas Evans, verbal communication). Ultimately, the issue of language within FIFA administration is immaterial, as having four official languages is broad enough to remain inclusive but narrow enough to avoid misinterpretation.

The greatest challenge of language is within the game itself—football. FIFA permits hundreds of international matches between member associations yearly. In these matches, the two teams will often speak different languages, which is not directly a FIFA-problem. However, the referee must be able to communicate to both teams. This can be particularly difficult in larger tournaments. This language complication was the reason for the introduction of the football-famous yellow and red cards (Porzucki, 2014). However, the referee must be able to control the game beyond a binary system, for which communication is vital. Thus, FIFA assists its referees in learning English and expects them to communicate with it when necessary (Porzucki, 2014). However, there have been cases of noncompliance, such as in the 2014 World Cup, where a referee was attempting to communicate with Greek players in Japanese (Porzucki, 2014). This deterrence from what is expected from employees of FIFA raises Human Resource and training concerns. The referees are an integral part of football, and they should be expected to operate under the conditions compulsory for their employment.

Given the diversity of language throughout the world, maintaining four official languages allows FIFA to promote inclusivity. It is not only positive for the image of the association, but it helps reduce miscommunication or diluted understanding amongst its international presence. However, communication within the activity itself may need better enforcement or amplified training programs.

Footballing Culture

While increasing football’s presence globally, each confederation aims to promote awareness and fandom of the sport. This growth increases viewership and thus TV revenue for FIFA and its confederations. In Europe, football is the dominantly viewed sport, whereas North America lags. This is largely due to the relative strength of the footballing culture. Like most cultures, its predominance stems from history and the current emphasis within the communities.

The Football Association, England's football governing body, was founded in 1863 ("The History," n.d.). Organized football, as it is known today, cultivated from this point forward ("The History," n.d.). Most of Europe was not far behind England. Football grew immensely; it became a place for not only for fandom but agendas—political, racism, homophobia, for example (Bakowski, 2016). Multiculturalism attracted people to football, as these political platforms concerned a diverse selection of individuals. Particularly, the meaning of international matches grew beyond football as political rivalries were established. The status of football has only grown throughout Europe since the late-1800's, as technological advancements have continued to increase accessibility.

Conversely, organized American football started in the 1920's (Klein, 2014)—much later than the Europeans. Footballing federations were created before this, but without an official league, it would have been difficult to erect and maintain a footballing fan culture. In 1921, the American Soccer League (ASL) was founded (Klein, 2014). It presented real promise given the recent and continuing influx of immigrants from soccer-crazed countries (Klein, 2014). Due to the financial clout backing the teams, the league began to attract European players to America. The ASL was sufficiently competing with the NFL within the American sports market (Klein, 2014). However, this growth stumbled with the Johnson-Reed Act in 1924, which limited immigration into the United States (Klein, 2014). Further, the ASL began to misbehave internationally, such as forcing teams to boycott tournaments. As a result, FIFA declared the league an "outlaw league," which led to its eventual collapse in 1933 (Klein, 2014). The growth of football in America stagnated after this, while the four other major sports saturated the market.

Modern football attractiveness can be evaluated through a comparison of two leagues founded within a year of each other in the early 1990's—MLS and the English Premier League (EPL). The MLS was founded in an effort to establish a stable and financially self-sustaining football league. Conversely, the creation of the EPL was a financial *growth* move. The top flight of English football had been part of the English Football League (EFL) since its creation, which tied them financially (MacInnes, 2017). The top flight and its respective owners believed the league could benefit from separating its revenues from less popular English leagues (MacInnes, 2017). Importantly, technological advancements in television and radio meant the market for English was global—including North America. This is the MLS's greatest issue. The fans the league hoped to attract were and will continue to be fans of a well-developed English league, and the growth of the EPL after the separation only preserved this problem. Americans, *de facto*, may feel a greater emotional connection to the English-speaking, high-quality, and tradition-rich league, than when an MLS team is introduced in their backyard. The EPL's financial dominance showcases this, as a ranking of professional sports revenues has the EPL ranking third and the MLS outside of the top ten (Figure 5). Further, the growth of professional football continues to be greater in Europe, where US-based investors seek ownership (Conn, 2015). While TV deals and increased revenue have perpetuated the success of football in Europe, they may have had adverse effects on the growth of football in North America.

Without a league that competes with European associations, North American football fandom has and will continue to produce stagnated results. This affects national team growth, as well, as seen by the United States missing the 2018 World Cup. Massive countries missing the World Cup is not only bad for parity within the game but is financially significant to FIFA and its broadcasting deals.

The presence of the EU may also have a positive influence on the growth of football within UEFA's jurisdiction. The European Commission's 2007 White Paper showcased its positive views on sport within Europe for reasons such as social integration, health, and cultural adaptivity. The White Paper recognizes football's predominance and attempts to promote socially beneficial tendencies within the culture. This administrative commitment to footballing culture ratifies the importance of the sport within Europe.

ADMINISTRATIVE ENVIRONMENT

Administrative factors are complex when operating internationally, as legal and regulatory differences vary between countries. The EU attempts to align legal frameworks to ease international business within Europe.

However, the regulations also create operating limitations compared to the North American free market. This section will cover the challenges faced by both confederations regarding human rights, political interactions, and the presence of the Court of Arbitration for Sport (CAS) for FIFA.

Human Rights

Human rights implications are crucial for any institution when operating internationally, given the discrepancies between countries. This can be particularly difficult within sports, as the leagues and clubs control their athletes. In the United States, a traditional method of operating a sports league constitutes the basis of the rules for the four major leagues. The traditional US-based model restricts the eligibility of athletes until a specified age, at which time they are enrolled into a draft which allocates players to specific teams. These players are then controlled by the same team for 5-8 years depending on the league, regardless of contract length. In the US, this draft system is allowed due to the 1922 Supreme Court decision to allow sporting monopolies within the United States (Rosentraub, 2004). Due to the monopolies of these four major sports, players within the league have no choice but to accept their workplace for the minimum timeline.

European football abstains from this drafting model. Additionally, the European Union (EU) would likely halt any attempt by UEFA to implement drafts. The foundation of such a block would be backed by the Bosman ruling by the Court of Justice of the European Union (CJEU). This court decision stated that clubs have no control over players once contracts have ended. This move empowered athletes, rewarding them with increased control over their careers. Further, any attempt by an individual league to implement such restrictions would simply make the league less attractive to athletes, as there are many leagues for athletes to consider in Europe.

CONCACAF and UEFA player control policies have been shaped by primary and secondary law. North American precedent gives clubs forced and lengthy control over their athletes. Conversely, European clubs have inherently limited control over their athletes beyond signed contracts.

Political Interaction

Operating internationally, FIFA had to choose a home for their association. Along with 44 other international sporting associations, FIFA headquarters are in Switzerland ("Sports bodies," 2015). These bodies collectively contribute just over one-billion Swiss Francs to the economy, annually ("Sports bodies," 2015). In return, Switzerland offers many attractive governance policies and qualities: political stability, neutrality, and attractive tax and legal policies ("Sports bodies," 2015).

Political stability and neutrality within Switzerland allow FIFA to avoid negative associations. Similar to the country-of-origin effect, where consumer perceptions can be molded by the country where a product is produced ("Country of," 2013), FIFA could face similar issues if they operated in a country known for specific radical relations, corruption, or other politically-driven concerns. Like FIFA, UEFA experiences similar political clarity operating out of Switzerland. Conversely, CONCACAF operates out of Florida, within the United States, and has consistently battled allegations of favouritism for the United States and Mexico over smaller countries within the region (Yip, 2015). Although these are allegations and have yet to be proven, the reputation of the confederation still faces harm regardless of the authenticity. The lack of political interference is important to all bodies governing world football, and allegations that indicate otherwise harm their respective legitimacy.

Perhaps a more self-serving benefit provided by being in Switzerland is FIFA's association status. In Switzerland, associations are not required to register with the state or publish financials ("Sports bodies," 2015). Further, they are provided tax breaks and are usually exempt from anti-corruption laws ("Sports bodies," 2015). Foremost, the tax breaks provide FIFA financial flexibility and benefit. Second, the other three benefits provide FIFA the opportunity to operate privately, increasing business flexibility. However, FIFA choose to disclose their financials

annually, as the statutes have openly stated the intention of perpetually matching expenses and revenues. Ultimately, the benefits provided by Switzerland may not all be actualized, but the freedom they provide is what attracts FIFA, UEFA, and other organizations.

Switzerland's attractiveness to sports organizations started around the first World War due to its location and beauty, but political associations, financial benefits, and organizational freedom have continued to make the country attractive.

Presence of the CAS

The Court of Arbitration for Sport (CAS) is an arbitration body created by the International Olympic Committee (IOC) (Blackshaw, 2003, p. 62). CAS is dedicated to resolving disputes relating to sport, offering opinions, and mediation (Blackshaw, 2003, p. 62-64).

In accordance with FIFA's statutes, all confederations "must agree to recognize the jurisdiction and authority of CAS and give priority to arbitration as a means of dispute resolution" (FIFA, 2016, p. 21). Essentially, FIFA requires all its member associations to externalize their dispute resolutions to CAS. This limits the confederations' disciplinary power, along with that of the leagues and associations operating beneath.

Within UEFA, CAS is generally accepted due to its predominance in the European sports model. However, the US sports industry is dominated by the four major sporting leagues which do not accept CAS principles and have internal arbitration and controls—the MLB, NBA, NFL, and NHL. These leagues have formed powerful cartels of their industry following the aforementioned 1922 US Supreme Court decision, which ruled there was no infringement on anti-trust laws (Rosentraub, 2004, p. 104). This decision ensured the closed-system model of US-sports, where the specific leagues could control the number of teams, the entrance of athletes, and create other nuances that made the product marketable. Most importantly, the decision created a continually profitable opportunity for private ownership. Thus, the precedent was in place when major-professional football eventually moved to North America. When the Major League Soccer (MLS) was created, it emulated the closed-system model of its geographical neighbours, as opposed to its sporting partners overseas. However, it is still bound by CAS. This dynamic has been called into question on numerous occasions, with a formal complaint emerging in 2017.

In August 2017, two professional football clubs operating in the lower divisions of American football brought a case to CAS against The United States Soccer Federation (USSF), CONCACAF, and FIFA (Grossobel, 2017). The clubs claim that MLS's closed system does not comply with Article 9(1) of FIFA Statutes, which state that participation in a footballing league under FIFA statutes shall depend solely on footballing merit (Grossobel, 2017). In Europe, this issue is dealt with by a promotion-relegation system. In most cases, European leagues such as the English Premier League will have multiple teams relegated from top leagues to allow for the same number to be promoted for the following season. This creates open competition over the long term. Conversely, MLS entrance is only permitted through relocation of a current team or expansion. The case presents a new dynamic, where the franchise-model for sports has been called into serious question. Any decision, in this case, will come with scrutiny and ultimately could see the US courts attempt to intervene.

This case highlights how FIFA's statutes interact with international markets, particularly in the United States, where leagues operate under a private-ownership and closed-circle model—vastly different from the European model.

GEOGRAPHICAL ENVIRONMENT

The geographical environment for an association that spans all six inhabitable continents can particularly difficult. FIFA must consider physical remoteness, geographical uniqueness, and climates when conducting daily operations.

Despite operating out of Switzerland, the association must consider global implications of all decisions, schedules, and rule alterations.

The concern of operating out of Europe is that FIFA decisions tend to be Eurocentric. For example, the 2007-decision to ban high-altitude international football matches was scorned by many in South America members (Long, 2007). The issue with this decision was the disregard for the landscape of many South American countries. Peru's capital is 3,600 meters above sea level, which meant the new regulation dismissed the capital from hosting international matches (Long, 2007). Despite the health concerns associated with physical activity at high altitudes, critics suggest the decision sets a startling precedent for banning other imperfect geographical situations, such as climate.

FIFA and its confederations must also consider geography when scheduling international matches. Many footballers who play at a national team level, particularly from outside of Europe, play their club football outside of their home-nation. Thus, not only must organizers consider the location of the countries engaging in competition, but the percentage of players who travel from a third country. FIFA has introduced international breaks—a period where club football is paused to accommodate international matches—which are followed by UEFA schedules. This certainly eases the scheduling, but with many players traveling from Europe to South America, travel time can still be a concern.

Ultimately, geographical distances and differences between countries can cause the issue to the FIFA-body which is centered in Switzerland. Schedule organizers, rule-makers, and other FIFA directors must consider a wide array of geographical implications as decisions usually have international effects.

ECONOMIC ENVIRONMENT

Football has a world presence, both socially and economically. This section will analyze the size and growth of the football industry, along with the human capital which preserves this financial success. In both topics, the North American and Europe markets will be considered and compared.

Footballing Economic Presence

In 2009, the footballing financial market was worth 19.5 billion euros—43 percent of the global sports market (Collignon, 2011). The next closest economy is US football, only accounting for 13 percent of the market (Collignon, 2011). Further, football has the second highest growth rate, which is only behind rugby (Collignon, 2011). However, the size of footballing economies varies between countries and regions.

In the US, the highest revenue for an MLS team in 2016 was 63 million USD (Soccer – Statistics," n.d.). Conversely, the highest revenue within the EPL was 753.74 million USD (Soccer – Statistics," n.d.). All 30 of the highest 2015 revenue-generating football teams in the world are from teams within Europe, with 17 clubs being located within the United Kingdom (Deloitte, 2016). The 30th highest revenue in Europe is over 180 million USD, nearly tripling that of the highest US team (Deloitte, 2016). This economic incongruity perpetuates confederation individualism, with clubs from separate confederations never competing in meaningful matches due to inequality. With the growth of football in other confederations, the bodies may be able to open new revenue streams through global club competitions.

Human Capital

Along with success of European football leagues, the region also produces many of the players who dominate these leagues. For example, the German Bundesliga sees over 50 percent of its participants come from the country itself ("Premier League," 2017). However, general participation and interest in football are higher in many other countries, particularly in parts of Africa and South America (Figure 8). This suggests that Europe's proximity and

robust training programs perpetuate the dominance of the leagues by patriots. Human capital refers to the quality and quantity of available talent for professional football clubs.

Due to the number of footballing teams throughout Europe and their development systems, a team will almost certainly discover every youth football player with potential. This player will immediately receive training, thus increasing his ability and the likelihood that he becomes a professional footballer. The route to European football leagues is much less direct for individuals from other regions, particularly without extensive training as a child. In addition to the natural tendency to promote nationals, UEFA has implemented the Home-Grown Player rule. This rule forces teams participating in the Champions League to have a minimum number of players who played within the local association at youth levels. Certain associations, like the FA, have also implemented similar rules for domestic matches. This movement by the confederation attempts to preserve the growth of human capital within the region, given that it holds the most valuable leagues. Restricting foreign player totals forces European clubs to continue to develop patriots, which increases the marketability of European football players and UEFA tournaments. This protectionism of the labour market will make it increasingly difficult for other confederations to grow without significant changes to regional club football.

Conversely, CONCACAF is a growing football confederation which lacks the developmental infrastructure of its European counterparts. Not only do human capital levels suffer due to the shortage of quality football programs, there is also increased competition for young athletes. The four major sporting leagues within the United States are much more attractive to young athletes for the same reasons football is attractive within Europe. These leagues are financially significant with robust recruitment systems and close in proximity. Until football leagues in CONCACAF rival the opportunities provided by the four major leagues, it will remain difficult for the region to nurture exceptional footballing athletes.

The current market for football players perpetuates the parity of world football, where European players dominate the most successful leagues in UEFA. The financial clout of European leagues grants them greater budgets for development, which then allows them to continue advancing local players and leads to human capital discrepancies continuing between the continents. UEFA's recent rule changes have only incentivized teams to continue this, as it concurrently benefits the confederation. Finally, the competition for young athletes in the Americas disincentivizes minors to pursue football.

COMPETITIVE ENVIRONMENT

FIFA is consciously seeking growth of world football, as audience reach and diverse demographics have a positive correlation with broadcasting revenue. FIFA must focus on two aspects to expand its audience—external and internal competition. Further, respective confederations must successfully govern their intracontinental tournaments.

External Competition

The principal hindrance to the growth of world football is the comparative relevance of the sport. Unfortunately, this is largely beyond the scope of FIFA (Nicolas Evans, verbal conversation). However, the confederations must consider the external competition when setting financial expectations, forecasts, and during schedule making. The real stakeholders in terms of footballing relevance are the leagues within the confederations. This section will analyze the complications the leagues face in their competitive environment with external sports and how that affects the confederations.

Football is the most popularized sport in Europe, allowing UEFA to focus on internal topics, opposed to relative. In Germany, for example, football has a 53.1% share of the sports market, with the next closest being handball with a relatively insignificant 7.1% share (Figure 6). The Bundesliga, Germany's top tier of football, essentially lacks

competition. Football market dominance is a common trend in Europe and allows leagues to operate at their own discretion. Thus, UEFA can focus predominantly on the internal parity and the confederation-run tournament.

Conversely, football is much less popular within CONCACAF. Although the sport is popular in Mexico, the United States and Canada lack similar enthusiasm. This is an issue for CONCACAF because the latter two dominate both by population and financial clout. Attracting greater US interest would increase sponsorship, broadcasting, and other revenue streams. Footballing growth in the US is stagnated by the presence of the four major American sporting leagues – the MLB, NBA, NFL, and NHL. The MLS draws a smaller television audience in the playoffs than the other four leagues draw during an average regular season game (Figure 7). This is problematic, given the other leagues play numerous times per week and still maintain significantly higher TV scores. This creates the first problem that is rarely experienced within Europe—scheduling conflicts. Whereas football dictates the market in Europe, four other leagues dictate the scheduling landscape in the US and Canada. Not only must the league consider this, but the confederation as well. When scheduling international matches and tournaments, it is crucial that CONCACAF avoids conflict with major US-sports. Even the 2014 World Cup match between the US and Ghana drew fewer viewers than an average NFL game (Figure 7), so avoiding conflict with the NFL is vital. Further, amalgamating elements from the four major sports and football is important. For example, the MLS institutes a playoff-system, converse to European standards, to assimilate the game to US viewer expectations.

The external competition to football ranges widely. Within Europe, football is the dictating force, whereas America has four other sports leagues with greater clout. These dynamics shape how confederations must adjust their objectives, expectations, and operations.

Internal Competition

Commercial value in sport, not unlike other television, stems from unpredictability. Spectators crave mystery and variability. If results in professional sports leagues become repetitive or seem predetermined, the nostalgia associated with the sport diminishes. Preserving parity is a focal reason for the use of salary caps in American sports—a limit on spending ability. It is believed that these restrictions promote equality within the leagues, given that cost and quality of players are associated.

In the MLS, there are spending limits like those in other US-based sports leagues. The effectiveness of the rules is up for discussion, as designated player spots create spending disparity within the league. Essentially, the salary cap does not apply to these players (“MLS Designated Players,” 2017). However, since the MLS is still in a growth stage, limiting spending on high-end players may be counterproductive. Further, the entirety of a salary cap may be disruptive to the growth of the league by limiting player-appeal. In recent years, Liga MX, the Mexican league which is not financially restricted, has been acquiring many MLS players (McCarthy, 2016). This creates an issue of competitive parity within CONCACAF. The important distinction is that salary rules in the MLS and Liga MX are not connected or decided by CONCACAF.

Conversely, UEFA, as of 2011, has implemented rules to limit spending congruently within the confederation. Financial Fair Play (FFP) limits teams from spending more than they have earned in revenues (Long, 2012). However, the stated reason for the rules varies from the US salary caps: “To prevent clubs from getting into financial predicaments that threaten the sustainability of European football” (Long, 2012). Cynically, this statement seems more like an administrative mirage to avoid potential EU competition law issues than truthful. If UEFA openly admitted that FFP intended to limit spending, irresponsible or not, within football, the rules would certainly be called against the CJEU.

Like with Human Rights, the presence of the EU shapes how UEFA must operate. However, with FFP, UEFA have managed to cloud competition restrictions with images of serving individual clubs and preserving integrity. CONCACAF, however, allows for widely differing financing structures due to the history of the leagues, financial

environments, and the US-sports model. Internal parity is particularly important for both confederations when considering the tournaments they facilitate.

Confederation Tournaments

UEFA and CONCACAF both operate yearly “Champions League” tournaments which integrate the best teams from each league within the confederation. The Champions League may be focally known in Europe but exists throughout other confederations as well. As TV rights and sponsorship are focally important to the finances of FIFA and its confederations (Figure 4), marketing an attractive Champions League is the epicenter of their financial successes.

There are many reasons why the Champions League is more successful in Europe than North America. As discussed earlier, European football benefits from being the most watched sport in Europe, having transnational fans, and ultimately from a rich history. Further, UEFA has a variety of competent leagues which produce competition for Champions League places. However, both tournaments suffer from significantly predictable end results. Routinely, the same 3-4 teams appear in the final four spots in both competitions. The growth of the CONCACAF Champions League will arise from breaking this trend and catering to the viewer’s desire for parity and unpredictability. Finally, the tournament requires serious competition from its biggest market—the United States—to develop interest.

CONCLUSION

This paper focused on the cultural, administrative, geographical, and economic distances faced by FIFA and its North American and European confederations. In addition, CONCACAF and UEFA’s competitive environments are highlighted. First, the analysis of cultural differences eliminated the concern for organizational language barriers but emphasized the importance of English-language refereeing. Additionally, UEFA’s footballing dominance was attributed to historical continuity and growth. Second, the administrative distances evaluated the different expectations for international human rights, the role of Switzerland for FIFA, and explained CAS’s international duties and authority. Third, the geographical distances emphasized the importance of avoiding a Eurocentric bias. Fourth, the economic distances explained how European systems have perpetuated the success of European football and its nationals while being potentially detrimental to the growth of other confederations. The paper concludes with an analysis of the competitive markets: evaluating how different growth strategies lead to CONCACAF’s external market focus and UEFA’s internal market focus. Ultimately, UEFA’s expansive market and CONCACAF’s required growth are the focal distances between the two associations.

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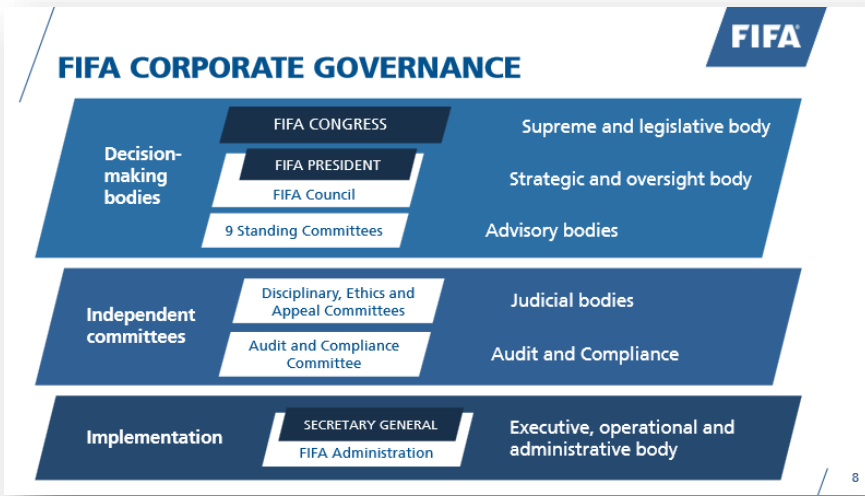
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APPENDIX

Figure 1: FIFA Corporate Governance Structure



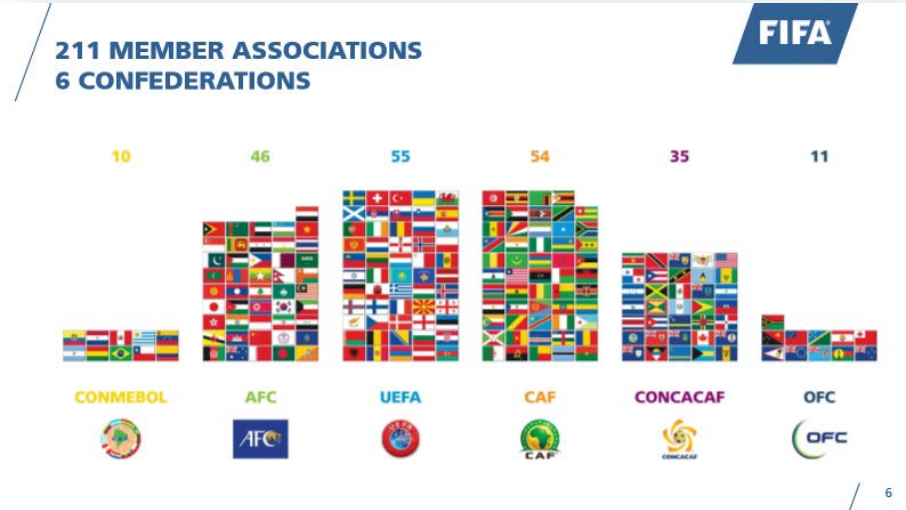
(FIFA Presentation, 2016)

Figure 2: FIFA Election Structure



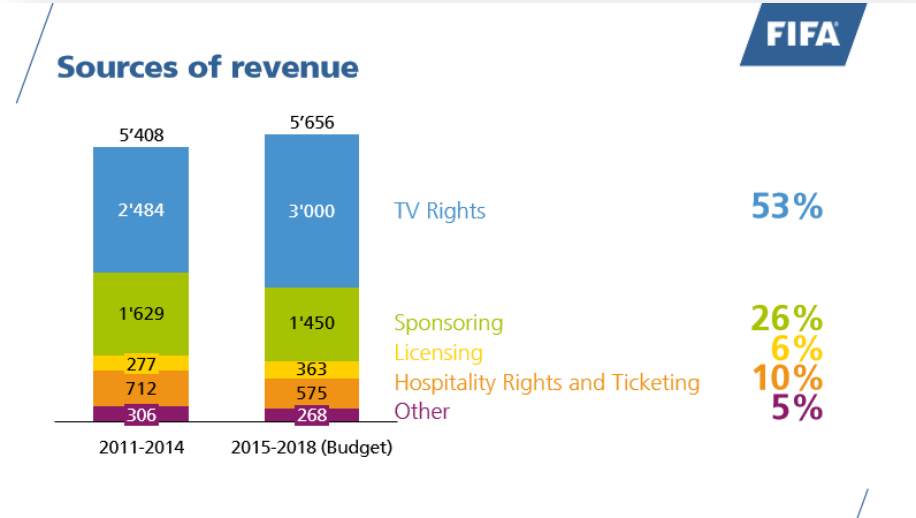
(FIFA Presentation, 2016)

Figure 3: FIFA Member Association Structure



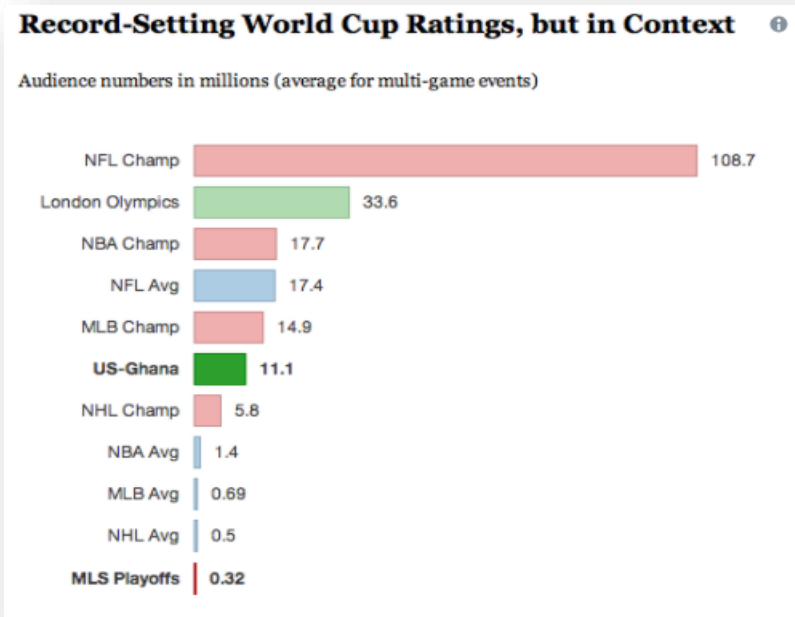
(FIFA Presentation, 2016)

Figure 4: FIFA Sources of Revenue



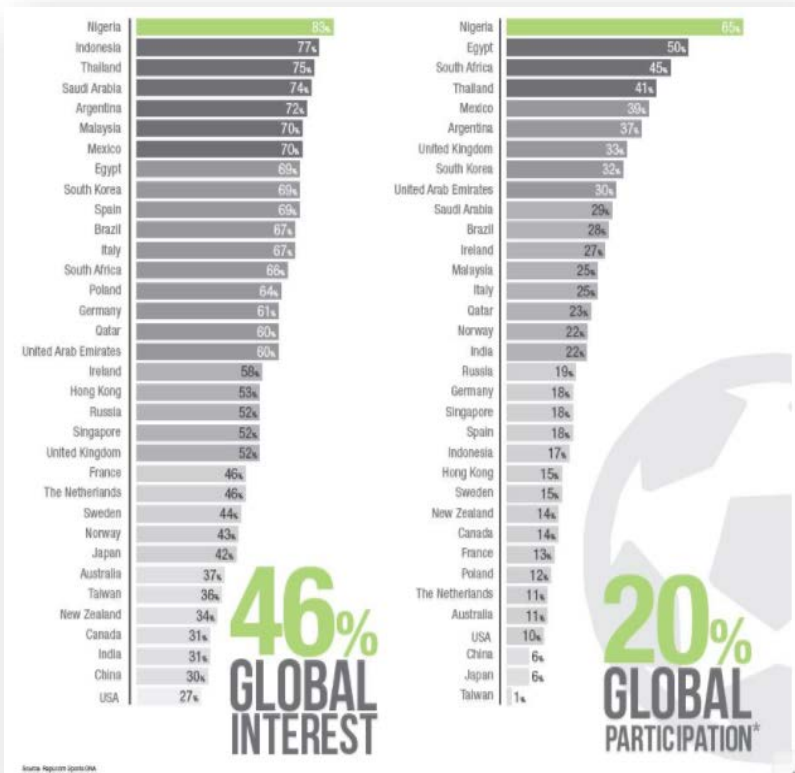
(FIFA Presentation, 2016)

Figure 7: Sports TV Ratings



(Chappell, 2014)

Figure 8: Global Interest in Football



(Nielsen Sports, n.d.)

Nicolas Evans, Verbal Conversation:

Interview with Nicolas Evans, FIFA.

Marshall:

How often does FIFA communicate with CONCACAF and UEFA, respectively? Or do the companies simply rely on set rules that have been set out by FIFA for the confederations to follow? Ultimately, the question refers to the autonomy of the confederations.

Nicolas Evans:

There is no numeric answer to this question. Contact is constant and driven by content i.e. on a need-to-be basis. FIFA will always be invited to a Congress of CONCACAF and UEFA but the vast majority of the topics are dealt with directly between FIFA and its members and the Confederations and their members. There are some dedicated projects between FIFA and CONCACAF and FIFA and UEFA which would require further communication but there is no set rule whereby there would be an institutionalised “Monday morning update call” between the federations.

FIFA has a Director for each of the Confederations’ members and each confederation will have a liaison for FIFA so much will also depend on these two individuals.

Marshall:

In what situations would FIFA intervene in an attempt to maintain the success of major financial football leagues (i.e. English Premier League) or to increase the development of leagues in new(er) markets (i.e. MLS or Chinese Super League)? Or is this completely outside the purview of the association?

Nicolas Evans:

In essence, never. All the above-mentioned examples are privately-run leagues outside the grasp of FIFA and its member associations (the FA, US Soccer and the Chinese FA). From a purely formal aspect there would therefore never be any attempted intervention. From a procedural point of view, FIFA would also never unilaterally intervene in any league for the purpose of financial success. Only if a Member Association were to ask for help, could FIFA consider providing expertise to support the league be commercially viable (as part of the income generation programme in the development projects for example).

Marshall:

Do language barriers create a larger issue with communicating to European members or members from Central and North America?

Nicolas Evans:

The superlative “larger” is probably correct as CONCACAF is mostly trilingual and Europe has more than 28 languages but in this day and age, each member will have a representative more than capable of speaking one of the four official FIFA languages. As problems come, this is probably the smallest possible issue you can imagine at the top level. It may however amplify when it comes to grassroots projects or education at lower levels where English may not be spoken as much.

Marshall:

How does FIFA interact with the EU? As FIFA is located outside of the EU but clearly operations effect member states.

Nicolas Evans:

FIFA has a Public Affairs Division that interacts with all political stakeholders that are of relevance. This includes Swiss Authorities, EU authorities but also any governmental and public bodies where FIFA holds stakes such as tournament hosts and/or special projects. FIFA does not tend to have a proactive lobbying strategy in the EU for example but have a permanent liaison to the key authorities in Brussels.