

Salary of professional athletes

[Sport & Tourism](#)



Professional athletes are among the highest-paid individuals in the world nowadays. Their salaries have catapulted to meteoric levels; and there are no signs of going down. Ridiculous amount of money is always in tow, whenever an athlete is signed by a team owner in order to bolster the team's popularity. This will generate revenues, and entice advertisers and athletic companies to sponsor the team as well. Team owners always mean business. There are no business ethics involved in transactions in order to augment the team's performance and popularity. Team managers are always at the helm of retaining their prized franchise players.

Managers are more than willing to hand out hefty contracts to their franchise and star players in order to match any other team offer. The minimum annual salary of athletes is beyond \$100, 000. This amount increases whenever an athlete is showing tremendous performance to help the team increase their popularity by winning games. Athletic salaries, exuberant and irrational as they may seem, are not crucial to economic requisites of a country. With this in mind, some people with blue-collar jobs have perceived that professional athletes are ridiculously making large amounts of money.

In a society that people value hardwork, athletes are sometimes seen as complacent overpaid professionals who don't live up to the various expectations of the society. Ironically, this meteoric salary issue is the result of an awesome manic fan feedback to sports teams. People are the ones who shell out absurd amounts of money to buy team merchandise. Season tickets increase due to the fact that this is the way how team owners make money to pay their star employees. This only shows that sports are highly considered an important part of the society itself.

People find professional athletes ridiculously overpaid, yet they tolerate such by buying merchandise and tickets, which fuels a team's funds. One must ponder how a country's government can use such exuberant amount of money to solve problems and to pay debts in world banks. Some athletes don't really value the worth of hard-earned money. However, some athletes are helping the society by engaging in charitable acts. This suggests that huge athletic salaries can either be a good thing or a bad thing. How are Sports Leagues Moderating Player Salaries?

Obviously, basketball players have the highest average salary among all professional athletes. NBA teams are known for allocating large amounts of money to its players, which are very popular in an international scale. NBA players average more than \$4 million on an annual basis. Former Miami Heat center Shaquille O'Neal has amassed an estimated \$20 million in the 2005 season alone. Surprisingly, the minimum salary at that season for rookies was \$398, 762, which was more than the \$1. 1 million that 10-year NBA veterans get (Woolford, 2007). This only shows that the average minimum salary has experienced its peak.

With this in mind, non-sports aficionados have generate opinionated statements towards the exuberant salary that is tolerated by team owners. However, the most expensive sports contract handed out for a professional athlete was not in the NBA. Alex Rodriguez of the New York Yankees signed a 10-year \$252 million contract in 2000. Derek Jeter succeeds him as the second highest-paid player in the MLB. Let us compare the salaries of baseball players to teachers. Baseball players make an average of \$2. 9 million, while teachers were getting an average pay of \$46, 597 in 2003.

<https://assignbuster.com/salary-of-professional-athletes/>

This of course generates the notion that how matter you contribute to the society; it only shows that you are not worth the monetary value you deserve while contributing to your society. A teacher from South Carolina has this to say: “ I don’t mind that athletes get paid so much,” said Franklin Davis, a history teacher at Spring Valley High School in Columbia, S. C. “ I enjoy what I do and don’t do it for the money, even though it wouldn’t hurt to make more. ”(Woolford, 2007). Among the sports league, only the National Football League (NFL) implements an iron fist on its players' salaries.

Teams from the NBA, MLB, and NHL all guarantee a contract, which grants its players a salary security due to the fact that an athlete will only play for a team that offers his desired salary. The only consolation an NFL player gets is a signing bonuses stipulation that aids teams if a certain player is inactive (Woolford, 2007). In order for the NBA to moderate team owners in spending exuberant amounts of money on player contracts, the league has proposed the system of salary cap that will limit these owners from handing out huge contracts. A salary cap helps maintains the balance in a much competitive league like the NBA.

Teams can very well overwhelm and outspend some teams by handing out huge contracts to free agents who would augment their rosters. This concept suggests that a talented free agent can only sign for a team who will not exceed its salary cap. With this in mind, a team with much financial capability is playing in a level with the other teams (Coon, 2008). Statistics have shown that the salary cap system have moderate the league in terms

of competitiveness. The correlation between team payroll and regular season wins was at a low 0.12 (Coon, 2008).

This suggests that there is no correlation between a team winning and the salary of its players (Coon, 2008). The salary cap system has been first introduced in 1947. NBA players were earning between \$4000 to \$5000 at that time. Salary cap limit was \$55,000. The latest and modern salary cap proposal was ushered in 1984 at \$3.6 million (Coon, 2008). Eventually, it increased by \$1 million each season. In 1994 it was halted at \$15.964 million (Coon, 2008). Salary cap increases are associated with the fluctuations of currency exchange as well. In 1995, salary cap increased again at \$23. million acknowledging a huge television contract from NBC. In the 1997 season, it increased at \$26.9. In 2002, the much anticipated ABC/ESPN contract was imminent and generated a \$4.6 billion over six years, but less than what NBC paid in 2001. This salary cap was greatly affected with such. It shows that the salary cap system has its flaws as well, yet it aids in moderating a team's financial capabilities in spoiling its players from getting large and irrational amounts of money. The Holistic Consequences of Athletic Compensation A myriad of economic issues has plagued the NBA for the 1998 season.

A massive player lockout and other issues have seen NBA players union and the Commissioner arguing and debating about revenues and player salary restrictions. The lockout has caused a delay of the season and games suspended until a compromise is reached by both parties. During the negotiations between the two parties, Andrew Zimbalist, a consultant for the union, has asserted that the league has employed strategies in order to

<https://assignbuster.com/salary-of-professional-athletes/>

preserve the competitive balance of the league per se. Yet this move hampered the salaries of basketball players who want spontaneous salary increases in an instant.

The lockout has generated a handful of rational amendments, which included the apt salary regulation of players. Amendments include: restriction of players salaries to a certain limit, evaluating the draft order of players in order to accommodate poorer teams, and revenue sharing among team owners (Kern, 2000). NBA team owners are the primary proponents of the massive salary cap restriction movement. The restriction will make financially weak teams secure in surviving in a widely competitive league. Arguably, this notion is not completely true.

If such financially-challenged teams are complaining, then most teams are losing money and arena-hopping would be impossible. Yet those moves are easily initiated by most NBA teams. Ironically, the same teams who proposed such are the same teams who clamored for the omission of the “ Larry Bird exception” that augmented the maintenance of competitive league balance. This generated the not all owners are willing to pay exuberant amounts of money to their players; and their only goal is to raise more profits. With this in mind, compensation for basketball players is hampered.

The notion that these athletes are overpaid is easily omitted, and brings about a favorable opinion about salaries of professional athletes (Ocampo, 2008). Arguably, if NBA team owners are really bent on promoting competitive balance; they must adhere to the NFL's method of revenue sharing. Yet such strategy would generate more complicated issues for

basketball and baseball leagues alike. The best solution for such is to generate a new set of league rules in order to hamper to the increasing. Eventually, large market teams will be compelled to share their market with teams from competing leagues.

Cities will not have to compete against each other by showcasing newly-built teams in order to attract teams (Kern, 2000) Player compensation are also affected by such moves on the part of team owners. Eventually, the issue of redundant salary of professional athletes are place in further scrutiny by spectators. In conclusion, most professional athletes are making excess amount of money in the most irrational way. Team owners are spoiling their players in giving in to their monetary demands. These athletes are supposed to be role models for children. Yet, in one way or another doesn't exemplify the apt behavior towards monetary issues.

Arguably, they do not teach the youth to value hard-earned money, and earning in a proper way. Yet this is not the real issue per se. The real issue here is that how are professional athletes spending their salaries. It is good to know that some players use their monetary capabilities to put up charitable institutions; and involve themselves in community service as well. With this in mind, the debate on whether these professional athletes are overpaid or not are not completely answered. Professional athletes are either overpaid or underpaid depending on the economic state of the country they reside in.