

Report on individual economic sustainability report on afl

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This report presents an assessment and analysis of the Australia football league in terms of the sustainability of the league. Additionally, the paper discusses the arguments that are made for the expansion of the league which include the money factor, support to local infrastructure, employment creation and building a base for a future viable football business. The argument discussed against the expansion of the league is in terms of salaries and wages for players, financial capability of the clubs and the impact it might have on the environment. The paper draws attention to the economic justification to the changes in the AFL in terms of its impact to the football business.

Individual Sustainability Report

Football business is one of the major sectors in the sports industry. Over the years, around the world, it has grown both in wealth, number of players, salaries, and the value of clubs and increase in involvement of government and the community. It has an exceptionally large market due to its ability to attract a large audience. The purpose of the paper is to give a detailed analysis of the sustainability of the Australian football league after expanding the league to incorporate two more football teams. This is a big league that has big teams and makes it prone to many economic situations which affect both clubs and the league itself. In the following analysis we are going to discuss the factors both for and against the expansion of the league and the justification for its expansion.

Australian football league background

The Australian football league was started in 1897 by eight teams and was known as the Victorian football league. All the teams that made up the league were from the state of Victoria (Weaver, 2012). The name was changed to Australian football league in 1990. It is the highest level football sports organization in Australia. It consists of eighteen teams from five different states. Its competition is the second most watched after cricket in Australia.

Argument for the expansion of the Australian football league

The Australian football league has grown from a modest state league to become one of Australia's major sports organizations with a big following within the country. This has made it also one of the most profitable sports businesses in Australia. In the year 2012 there are plan to expand the league to accommodate two more teams. The economic sustainability of the league has been put to question with various arguments put forward for and against its expansion. The reasons put forward for the expansion of the league include the following.

The money factor

In recent years football has been and continues to be a major business (Smith and Westerbeek, 2004). The business has continued to expand in terms of player's salary, value of clubs and the wealth of the club owners. The football market is big both nationally and internationally. With the expansion of the league the clubs and the league itself can be able to pursue

better sponsorship deals which will help them gain financial stability. With the increase in the number of teams the league becomes more competitive which increases its success on the fielded.

The league governing body will attract better commercial deals from the sponsors due to its attractiveness. More television stations will be attracted to buying the rights of broadcasting the matches which increases revenue for the league (Rowe, 1996). The clubs will attract more supporters which increases their memberships. The membership increases the revenue available for the clubs to invest in top players and sports equipment which in-turn increases success on the pitch. With success on and off the pitch clubs can also be able to pursue private sponsorship deals. This is similar to what happens in elite leagues like in England, Spain and Italy (Goosens, 2006).

Employment creation factor

The football business employ's a large number of people both on and off the pitch. The expansion of the league creates more opportunities for employment. The player can launch a satisfying and attractive career path (Maguire, 2004). There will be even more opportunities for those people who work off the pitch. The clubs will gain more revenue from the expansion of the league which they invest in better sports infrastructure. This creates more employment opportunities for people to work in the football stadiums. This is similar to what happens in European football where big elite clubs employ a large number of people to maintain their facilities. The expansion of the league also creates an opportunity for business startups that support

sporting activity to improve. There is also the opportunity to grow international friendship and exchange through players from other leagues playing in the Australian football league. Expanding the league increase its competitiveness and local players will be scouted for by big European clubs to play in their leagues. Football loving fans from foreign countries can also visit to watch the big matches and contribute to the tourism revenue.

Building a future for better football business in Australia and increasing competitiveness

The expansion of the league will help in building a future for football in Australia at all levels. With the expansion of the league the local football clubs will become more active in competing for a place in the top flight in order to gain the benefits the top flight clubs will gain. This is very important in building a future for football in Australia. The talent pool available for the top flight will also increase creating more competition in the league. This is similar to what happens in other top flight leagues. The development of football at all levels also grows the sporting culture to assist in growth of both the mental and physical health of the people. Improving the health of the people also improves their productivity.

Support to the local infrastructure

Commercial sporting has an advantage to the local community in the form of infrastructure outlay. Both the elite and local community football clubs strive to achieve success on and off the pitch. To achieve this kind of success the clubs invest in the best trainers, buy the top players and invest the best sports equipment. This is more evident in the European leagues but has

also started to take place in Australia. Clubs are not only spending big money on players but also on development within their local community for example Canberra football club invested huge sums of money in developing the club by contributing money to build a national standard stadium. This is an example of how clubs can support local sporting within their community. This is similar to what elite clubs in top leagues do. The expansion of the league will ensure that the clubs engage in development activities as failure to do so many false their players to move to clubs which are able to invest in better stadiums (Guzmán, 2006).

Co- evolutionary perspective

In the analysis football is seen as an agent of change in Australia and influences the society in terms of education, politics, and economic activity. The expansion of the league is likely to create new markets, sports consumers, retailers and sponsors. Globally the trend in football is to develop each club individually as a global brand (Maguire, 2005). The club brand is very important and stands for everything about the club. The core strategy of many clubs is to get global recognition and remain in the limelight. The expansion of the league should help marketing the league globally and the teams will have a chance of global exposure.

Salaries and wages of players

The salaries of players and the ability of clubs to pay them is becoming a concern for both the public and economists. The exorbitant levels of money earned as salaries by players have come under analysis and criticism from the public in the global football labor market (Frick. 2011). In the elite

European league player earn exorbitant salaries and economists are worried about the sustainability of these salaries by the clubs. In the Australian football league player do not earn as much as their European counterparts (Barajas, 2010). However the league is growing fast and inclusion of more teams will make it as competitive as other renowned world football leagues. If players are going to be paid according to their performance both locally and internationally these will have a huge impact on the player's value and wages affecting the clubs and the league. Due to the fact that the wages of players in top leagues are increasing fast the financial capacity of the clubs needs to be considered to avoid financial crises. Increasing the number of clubs in the league will increase competition for the best players and therefore increasing their value and salaries which may be unsustainable in the long run (Guzmán and Morrow, 2007).

Financial stability of the football clubs

The financial stability is an essential element for a club to remain successful on and off the field. Due to recent club financial problems the financial stability of the clubs has come under great scrutiny. In a strong market like football there is needed to protect it from the bad reputation that results from clubs falling into disproportionate huge debts (Tomlinson, 2005). The bodies that govern football are taking measures to ensure that clubs maintain their spending to the acceptable levels. The spending by clubs has a direct effect on how competitive the league is and fair play. Research conducted in Italy, Spain and England shows that clubs have the common problem of accruing into debt and being unable to break even due to

excessive spending on transfer fees and player's salaries which is less than the revenue gained. Expanding the Australian football league may open it up to problems similar to those experienced in the elite European league (Andreff, 2000). These may lead to clubs falling into debts as they compete to buy and pay their players. These results may result in some clubs running into debts and therefore becoming unable to finance themselves.

Environmental impact

The expansion of the league has a negative impact on the environment. Football fans travel with many different things that have a negative impact on the environment (Beech, Chadwick, 2004). The expansion of the league is bound to increase the level at which the environment is degraded. The building of new sports grounds the use of more environmental degrading objects also increases (Dolles, Söderman, 2005).

Economic justifications for expansion of the league

There are more economic and financial reasons to support the expansion of the league than there are arguments against its expansion. The economic justification for its expansion include increase in more job opportunities, increase in revenue for the clubs and the league, support to infrastructure and local communities and building a better future for the football business in Australia (Meenaghan and Shipley, 1999).

Conclusion

Economic stability is an important factor to consider for any business organization to remain competitive in the market. It's important to maintain

financial stability both within the league and participating football teams. Football remains a major business and operates for both profit and success on and of the pitch. As seen in the elite leagues the financial stability of clubs is an important contributor to the success of the league. The expansion of the Australian football league provides a fertile ground for the league to be more competitive and attract the finances required for both the clubs and league to be stable. However the league and the club should be cautious in order to avoid the problems experienced in Europe of clubs spending beyond their financial capability. The league should put in place measure to deter clubs from overspending in order to keep the league competitive and clubs in good financial stability (Rowe, 2000).

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