Sustainability of debt in the football industry: One, nobody and one hundred thousand owners

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Abstract

Today, football is widely regarded as one of the most significant leisure activities in people's lives, given its considerable impact in terms of fostering social cohesion, promoting physical and mental health, generating economic and financial benefits, as well as attracting millions of viewers globally. The football industry is a major industry with a plethora of stakeholders that support a complex and dynamic multi-billion-euro industry. However, the unique and unpredictable nature of the football industry presents ongoing challenges to debt management and financing strategies.

Debt in the football industry, especially at the club level, is a matter of concern and discussion among academics, as well as politicians, financial investors, and organizations. This study aims to analyse the financial and economic performance of Italian football clubs, their trends, and perspectives in comparison to their European counterparts. The results in the table show clear economic and financial difficulties facing the professional Italian football industry. Our findings and our reflections on the operational strategic consequences may be useful for both practitioners, who might know the impact of their sports-related choices in their clubs' debts, and policymakers.

Keywords: Football industry, capital structure, football club's debt, debt sustainability, industry organisation.

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Sommario

Oggi il calcio è ampiamente considerato come una delle attività di svago più importanti nella vita delle persone, dato il suo notevole impatto nel favorire la coesione sociale, promuovere la salute fisica e mentale, generare benefici economici e finanziari, oltre ad attirare milioni di spettatori in tutto il mondo. L'industria del calcio è un settore di rilievo con una pletora di portatori di interessi che sostengono un'industria complessa e dinamica che vale miliardi di euro. Tuttavia, la natura unica e imprevedibile dell'industria del calcio presenta continue sfide per la gestione del debito e le strategie di finanziamento. Il debito nell'industria del calcio, specialmente a livello di club, è motivo di preoccupazione e discussione tra accademici, così come politici, investitori finanziari e organizzazioni.

Questo studio mira ad analizzare la performance economica e finanziaria dei club di calcio italiani e le loro tendenze e prospettive in confronto ai loro omologhi europei. I risultati mostrano chiare difficoltà economiche e finanziarie che l'industria del calcio professionistico italiano deve affrontare. Le nostre scoperte e le nostre riflessioni sulle conseguenze strategiche operative possono essere utili sia per i professionisti, che potrebbero conoscere l'impatto delle loro scelte legate allo sport sui debiti dei loro club, sia per i responsabili delle politiche.

Parole chiave: industria del calcio, struttura del capitale, indebitamento dei football club, sostenibilità del debito, organizzazione settoriale.

1. Introduction

The football industry certainly involves aspects of irrationality, emotionality, unpredictability, and passionate enthusiasm, as well as the socialisation and networking of talent. These characteristics may seem unrelated to conventional value creation, but in fact they guarantee the creation of "sustainable value". Football is an entertainment cornerstone with a massive impact on inclusion, health, and the economy, attracting millions of viewers worldwide.

The football industry is a major industry with a plethora of stakeholders that support a complex and dynamic multi-billion-euro industry. The European football market grew by 7% to €29.5 billion in the 2021/22 season, driven by record matchday and commercial revenues[1].

Football clubs are traditionally organised under an associative legal form. Their aim is therefore not to make a profit, but to carry out an activity that is of general benefit to the community (both members and non-members of the

[1] Deloitte, 2023. The 2023 edition chronicles the 2021/22 season, a period framed by significant regulatory change.

club). Today, serious financial and management problems have recently come to light in the professional football sector (Ribeiro, 2020). However, the unique and unpredictable nature of the football industry presents ongoing challenges for debt management and capital structure.

Evolving regulatory frameworks and the increasing globalisation and digitalisation of the football industry are leading to radical changes in sports clubs' business models. These include their revenue streams, economic-financial balances, consumer-fan attitudes, and attractiveness to international investors. These changes are also affecting governance and therefore ownership structures. As a result, the way in which football clubs generate revenue, the structure of their debt and even their ownership have changed rapidly over the years, as the table below shows (table 1); the strong digitalisation and globalisation of the football industry has contributed significantly to changing the nature of the industry's business model.

Table 1 – From pre-television Era to digital Era

	Pre-television Era	*Television Era*	*Digital Era*
When	<1992	1992-	2010-
Focus	Supporter	Viewer	Fan
Ownership	Maecenas Sugar Daddy	Corporation Maecenas Industrialist	Funds Corporation Sovereign States Oligarchs
Marketing	Passive: audio-visual (signage, stadium speakers)	Unidirectional: from the TV to the viewer	Bi-directional
Brand	Local National	Global brands Food Beverage	New Economy Financial Services Betting
Tool	Stadio Radio	Pay TV	Smartphone
Time extension	Game	TV time	7/7 h24
Fan base	Subscribers Spectators	TV Subscrivers	Social Media Fan Zone

The widespread adoption of social media platforms has enabled sports rights owners to expand their commercial inventory and allowed buyers to make more data-driven decisions. Increased access to content has driven demand for sponsorship assets with global appeal, focusing on "premium sports" properties that attract a large, passionate fan base.

The following table shows the evolution of the football industry over the last 50 years in terms of ownership, brand, marketing strategies, fan base, etc. This is a long economic history (from the pre-television era to the digital era) that has made football, like the oil industry, digital technology and finance, an essential element of politics.

Giudice (2020) underlines that there are three phases in the economic history of football. A pre-television era, when football wasn't on television and the only way to watch matches was in the stadium. Marketing was audio visual, linked to the billboards and the public address system in the stadium. It was a football where television was seen as a threat. The clubs' main source of income was admissions and season tickets, and showing football on TV could discourage people from going to the stadium. Then comes the television era from '92, when the Premier League was born in England, with English clubs leaving the federation to form their own championship. The advent of digital television made it possible to broadcast matches live at a time of your choosing, only to those who paid for it, segmenting everything. In the television era, marketing was one-way.

We have now entered the digital era of the football industry, where we are able to reach the individual fan at the end of the world through a large number of apps. And not just to give them the advertising message, but to get the information from them by registering on the club's Facebook page, downloading the club app, participating in social networks, all information that the club can sell to sponsors and partners. Barcelona, Manchester City, Manchester United no longer just sell football, they sell products in partnership with sponsors, and they sell them to an audience that they can reach and select through the football show, thanks to digital tools that allow them to know everything about this consumer.

After Covid, football has gone through a period of great uncertainty and loss of turnover, like the whole world economy: the money is missing. Covid interrupted the historical trend and had a significant impact on professional football clubs, leading to financial and management problems.

In this historical development, it's important to underline that the distinctive and unpredictable nature of the football industry creates ongoing challenges for financing strategies, notably *debt management.*

Debt in the football industry, particularly at club level, has attracted the attention of academics, financial investors, policymakers, and financial organisations alike. From this perspective, policy makers, regulators, investors, and academic researchers worldwide are increasingly interested in the debt and ownership of the football industry, in particular the sustainability of financial balance, capital, and debt structure. Debt management is also influenced by the performance indicators of clubs. For example, an increase in revenue, participation in the Champions League and a reduction in leverage all have a positive effect on the share price of listed European football clubs.

This suggests that capitalising on revenue-generating opportunities and avoiding financial distress are key for these clubs. However, debt management in football clubs is not without its challenges. Persistent deficits, growing debt and additional financial problems are common to the majority of top league clubs.

In recent years, the ownership mix of football clubs has continued to evolve. With an evolving ownership structure, new ownership groups will continue to bring new ideas and implement new operational, organisational, and financial models. It's crucial for clubs to better manage their financial equilibrium and adopt good governance practices to ensure their sustainability and success. European football clubs manage their debt through a combination of internal and external financing, regulatory compliance, and strategic financial management. One of the most important regulatory frameworks is UEFA's Financial Fair Play (FFP). This aims to ensure a level playing field in the financing and management of European football clubs. The FFP limits the amount of debt clubs can take on, and breaches can result in sanctions such as points deductions and fines.

Football clubs rely on both internal and external financing to meet their financial obligations. Internal financing consists mainly of broadcasting, matchday and sponsorship revenues. On the external side, clubs can rely on a variety of financial instruments, including bank loans, bonds, and capital injections from external corporate or private partners. In recent years, the importance of bank loans for football clubs has decreased, and football clubs have therefore tried to use other forms of external financing, such as bonds, external investors, international funds, etc. In particular, there is a high prevalence of debt financing for football clubs. In particular, the phenomenon of multi-club ownership (MCO) and the acquisition of European football clubs by foreign investors has become very widespread. MCOs are a single entity that enjoys the privilege of owning several football clubs; the two most famous names in this field are undoubtedly the City Football Group and the Red Bull conglomerate, both of which enjoy ownership of a plethora of clubs on different continents of the world – from Europe to South America. In 2017, based on UEFA's analysis, there were more than 20 first division clubs spread across the European continent that were involved in cross-ownership. In this phenomenon, a club or private organisation has a say or a decisive influence on more than one football club.

The acquisition of European football clubs by foreign private investors has raised questions about the financial impact and potential distortion of national competition. Chinese, Russian, and Arab capital investment in the European football market has been a visible consequence of the recent liberalization and commercialisation of European football. In conclusion, European football clubs manage their debt through a combination of internal and external financing, compliance with regulatory frameworks such as the FFP and strategic financial management based on key performance indicators. Each of these aspects plays a critical role in ensuring the financial health and sustainability of the club. However, the unique and unpredictable nature of the football industry presents ongoing challenges for debt management, or rather, funding strategies.

Many football clubs rely on limited budget allocations and require novel sources of additional funding for various development purposes, such as the construction of stadiums, training grounds, youth academies and day-to-day operations. In this perspective, the purpose of this study is to analyse the financial and economic results in Italian football clubs and their trends and prospects, also in relation to European football club competitors. Due to the state of the art of literature, to our knowledge, there are many studies focused on the financial economic perspective of the football club, however this study is the first that try to analyse the funding strategies in relation to the evolution of the football industry. Analysing main management balances of the Italian football industry and, in particular, the financial situation of each Serie A club we try to identify the key industry financial perspective giving suggestion for stakeholder and policy maker of the football industry. In this perspective, this study enriches the existing literature.

2. Literature Review

There is a growing interest in literature on the economic, financial and capital balance, ownership of the football industry and also on ESG considerations. Beyond the academic literature, there are a lot of analytical reports from Deloitte and KPMG that contain empirical data on European football on different aspects, offering some analysis dedicated to the financial aspects of European football clubs.

We focus on these areas of literature because we want to better understand, through the different works of literature on the subject, the source and structure of revenues in the football industry, the evolution of debt, financing activities, ownership, and governance in recent years.

The football market is of particular interest because it is traditionally characterised by overinvestment, low profitability, and high debt levels (Franck, 2010). However, debt management in football clubs is not without its challenges. Ongoing deficits, growing debt and additional financial problems are common to the majority of top league clubs; Lago *et al.* (2006) examine the financial crises in football in several European countries and highlight a common set of problems affecting clubs, with negative financial consequences for all stakeholders.

Different authors have tried to study the relationships between debt problems and other economic-financial and/or operational aspects. For example, Marciano de Freitas Neto (2017) explores the relationship between the debt ratio of Brazilian football clubs and several potential determinants, both financial and sporting. The study highlights that the debt ratio is more related to the popularity of clubs or their participation in the highest division of their main championship than to titles won, access to different competitions or relegation to lower divisions. This suggests that clubs that are more popular or that participate in top-level competitions may have higher debt levels.

However, the financing formula, the debt-equity ratio, adopted by the football club is linked to various determinants and, in turn, impacts on various management balances. Dimitropoulos (2014) attempts to examine the impact of corporate governance quality on the capital structure of European football clubs and, in particular, on the level of debt that football clubs decide to issue. The paper analyses a sample of 67 European football clubs over the period 2005-2009 and uses a panel data technique to assess the impact of specific corporate governance provisions on the capital structure of football clubs.

The main evidence of the paper suggests that efficient corporate governance mechanisms, such as increased board size and independence and the existence of more dispersed ownership (managerial and institutional), lead to a reduction in leverage and debt levels, thus reducing the risk of financial instability. This study is, to our knowledge, the first study internationally that examines the capital structure within the football industry and provides some issues of corporate governance and financing decisions, contributing to the existing literature on governance mechanism and management of capital structure. The findings will guide policymakers in different countries in determining the effectiveness of available corporate governance reforms to improve the structure of capital. In the context of Spanish football clubs, the government and the football league announced measures in 2012 to help clubs repay their outstanding tax and social security debts; this highlights the need for regulatory intervention to address the debt issue in the football industry.

In the context of this specific branch of literature, it can also be attributed from our point of view Rezende *et al.* (2009), who create a corporate governance index for football clubs, consisting of 50 questions that can be answered using public information from the financial statements, by-laws, and websites of Brazilian football clubs. The authors analyse 27 clubs in 2008 and argue that good governance practices can improve the ability to aggregate value in the business of football. Oliveira *et al.* (2018) also create a Football Club Governance Index (FCGI) based on a reduced version of Rezende *et al*'s (2009) index and analyse the relationship between the governance of football clubs and their financial and sporting performance. The FCGI index consists of 18 questions that can be answered from publicly available information and allows analysis for a large number of clubs over a long period of time.

The issue of the financial formula adopted by football clubs, as already highlighted, impacts its strategic development also in relation to the digital one; Solntsnev (2019) analyses the opportunities offered by digital assets and the associated risks, their specificities for sports organisations, the fan token allocation scheme, and finally provides relevant recommendations for football clubs.

Timing and development of the financial formula is at the same time impacted by the development of regulatory frameworks which in recent years have constrained the football industry. Recently (2023), Ruiyang Chen try to understand how European football clubs could work under the restrictions of Financial Fair Play and provide a case study on Manchester City's violations in 2023 and other teams violations and estimates the best way European football clubs can survive under the policy. Thus, UEFA could make it the fairest for every group of clubs and fans and form an equal environment for European football.

In recent years, the importance of bank loans for football clubs has diminished, partly due to reputational damage, and clubs have sought to diversify their sources of funding; some European football clubs have shares listed on the stock exchange, which can provide an alternative source of funding. The unique and unpredictable nature of the football industry presents ongoing challenges for debt management, or rather, funding strategies.

One of the most striking consequences of the recent liberalisation and commercialisation of European football is the increasing level of Arab and Chinese capital investment in European football clubs. A few articles (Garcia-Garcia and Amara, 2013) seek to provide valuable insights into the impact of foreign investment on European football clubs, shedding light on the changing ownership landscape and its impact on club management, financial performance, and corporate identity.

However, the evidence suggests that multi-club ownership (MCO) can have both positive and negative effects on the financial performance of football clubs. Positive effects include economies of scale (multi-club ownership can lead to economies of scale, allowing clubs to share resources, knowledge and best practices, which can improve financial performance); diversification (multi-club ownership can provide diversification benefits, spreading risk across different clubs and markets); financial synergies (such as shared sponsorship deals, marketing opportunities and player transfers, which can improve financial performance). Among the negative effects, it's important to highlight: conflicts of interest (MCO can lead to conflicts of interest as owners may favour one club over another, which can negatively affect financial performance); regulatory constraints (some football associations and leagues have regulations that limit or prohibit multi-club ownership, which can limit the financial benefits of multi-club ownership); reputational risk (multi-club ownership can create reputational risk as actions taken by one club can affect the reputation and financial performance of other clubs owned by the same entity). The presence of MCOs in the ownership structure of football clubs is an evolving phenomenon; the impact of MCOs which will be evaluated in terms of operations, governance, and economic-financial results in the near future.

Compared to existing studies, ours tries to investigate the economic-financial situation in the years analysed and to reflect on possible future strategic developments in relation to the main finding.

3. Analysis of the economic and financial performance of the Italian football club

3.1. Methodology used

Referring to what has been already affirmed in the introduction, the aim of this study is to verify the main management balances of the Italian football industry, focusing on the debt situation. The sample used is composed by Italian Serie A football club. To achieve our research goals, we extrapolate data from the 2023 report of the Italian Football Federation (FIGC)[2].

With its 13 editions published from 2011 to today, the Report represents a virtuous path that aims to enhance the pillar of transparency and build a wealth of numbers, data and trends of strategic value for the entire football industry.

The topics analysed in the reports are many and reflect the growing multidimensionality of Italian football; however, our analyses, also carried out in comparative terms over the years, have focused on the financial aspects in line with the research objectives. From a methodological point of view, attention was paid to key budget indicators whose trend was analysed over the period 2018-2020.

[2] The data exposed in this paragraph are extrapolated from the 2023 report of the Italian Football Federation (FIGC), *Report Calcio 2023*, https://www.figc.it/it/federazione/federazione-trasparente/reportcalcio.

3.2. The main results

In 2021-2022, Serie A recorded a production value of just under 3 billion euros, a decrease of 6.5% compared to 2020-2021, a season strongly influenced by higher revenues from television rights and commercial activities, taking into account the end of the sports season before August 2020 (with the revenues of the July-August period, relating to the 2019-2020 season, included in the 2020-2021 economic results). Revenue from stadium admissions recovered in 2021-2022 to reach 218 million, an increase of 196.9% compared to 2020-2021, a season in which almost all the championship matches were played behind closed doors or with limited access. In any case, the data on ticketing represents a reduction of 84 million compared to 2018-2019, the last season before the impact of the pandemic crisis.

Production costs exceed 3.8 billion (-7,7%); again, the trend is influenced by the comparison with the costs of the 2020-2021 season, which also includes the costs of the two-month period July-August 2020 (relating to the end of the previous 2019-2020 season). Labour costs amount to 1.9 billion (-177 million compared to the previous season, -8,4%) and represent 50% of total production costs. Depreciation will amount to 970 million in 2023 (-180 million compared to 2020-2021). The costs attributable to registered staff (salaries + depreciation) represent 87% of the value of production (compared to 91% in 2020-2021, 79% in 2019-2020 and 64% in 2018-2019, the last season before COVID-19).

Taking into account these dynamics, Serie A will have a negative net result of more than one billion euros in 2021-2022, with a slight improvement; there's no doubt that the year 2020, starting from the months of February and March, and the whole of 2021 were characterised by the significant negative economic impact caused by the health emergency linked to the COVID-19 epidemic, while the situation gradually returned to normal in 2022.

However, the Italian football industry has shown an extraordinary ability to absorb the impact of the pandemic on the decline in membership in the short term; at the end of the 2021-2022 sports season, the number of registered footballers is essentially back to the pre-COVID-19 level, increasing by 24. 9% (with an increase of almost 210,000 footballers in just one season); the density of registered footballers in the Italian population has gone from one Italian in 70 to one in 56, and 41% of the provinces analysed (43 out of 107) have a higher number of registered footballers in 2021-2022 than before COVID-19.

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The increase in ticketing revenues is partially offset by the reduction in revenues related to television and radio rights, which reached 1.2 billion in 2021-2022 (-28.9%), mainly due to what was described at the beginning of the section and the decrease recorded in the value of contracts for TV rights relating to the period 2021-2024. Revenues generated by the sale and temporary transfer of footballers recorded an increase of 132.5 million in 2021-2022 (+32.4%) but are still far from the results achieved before the pandemic, when such revenues amounted to 835 million.

Production costs exceeded 3.8 billion (-7.7%); in this case too, the trend is influenced by the comparison with the costs of the 2020-2021 season, which also include the costs of the two-month period July-August 2020 (relating to the end of the previous 2019-2020 season). Labour costs amount to 1.9 billion (-177 million compared to the previous season or -8.4%) and represent 50% of the total production costs.

Considering these dynamics, Serie A presents a negative net result in 2021-2022 of more than one billion euros, with a slight improvement compared to the loss generated in 2020-2021, which amounted to approximately one billion euros (as shown in the table 2).

Table 2 – Economic Results

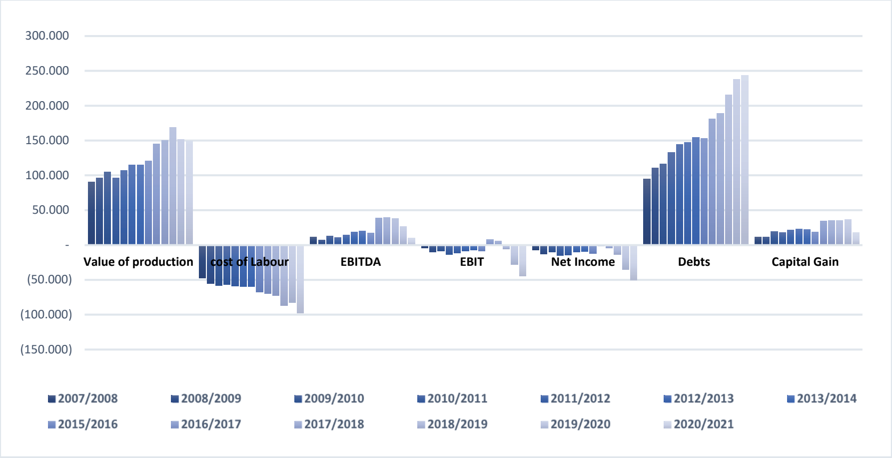
	18-19	*Var.%*	*19-20*	*Var.%*	*20-21*	*Var.%*	*21-22*	*Var.%*
Value of production	€ 3.437m	n/a	€ 2.927m	-14,80%	€ 3.129m	6,90%	€ 2.927m	-6,50%
Operational cost	€ 2.650m	n/a	€ 2.458m	-7,20%	€ 2.974m	21,00%	€ 2.838m	-4,60%
Ebitda	€ 788m	n/a	€ 469m	- 40,50%	€ 155m	-66,90%	€ 88m	-43,00%
Depreciation and impairment loss	€ 899m	n/a	€ 1.099m	22,30%	€ 1.150m	4,70%	€ 970m	-15,70%
Ebit	€ 111m	n/a	€ 630m	<100%	€ 995m	-57,90%	€ 882m	11,40%
Extraordinary income and expenses	€ 74m	n/a	€ 94m	27,10%	€ 103m	9,00%	€ 120m	16,90%
Taxes	€ 92m	n/a	€ 22m	-76,30%	€ 14m	-34,60%	€ 2m	-89,20%
Net Income	€ 277m	n/a	€ 746m	<100%	€ 1.112m	-49,00%	1.004m	9,80%

Source: Author’s elaboration on FIGC Report 2023

The trend in EBITDA and EBIT does not seem to underline a good outlook for the company's economic performance. It is interesting to analyse the evolution of the main economic and financial indicators of Serie A clubs in the 2007/2008-2020/2021 season, which further confirms the critical points that emerge from the previous tables (Figure 1).

At balance sheet level, there is once again an increase in debt, which reaches the value of 4.9 billion of (+1.1%), and at the same time we are witnessing a decrease in net equity (-24.1%), in contrast to recent years (we went from 564 million in 2018-2019 to 603 in 2019-2020 and 622 in 2020-2021, to 472 in 2021-2022), mainly due to particularly large operating losses generated by some clubs, which have eroded their capitalisation levels.

Figure 1 – Economic and Financial Performance (2007/2008-2020/2021)



Source: Author's elaboration on OpenEconomics data[3]

All this calls for in-depth reflection on the economic and financial sustainability of the debt levels of football clubs and possible future financing strategies in the near future. The situation is similar for B division clubs, which have seen an increase in debt to 525.4 million (an increase of 148.5 compared to 2020-2021). The capitalisation of the clubs is also reduced in 2021-2022, with equity falling into negative territory for the first time, highlighting the problems of debt sustainability. At the same time, the ownership situation may change rapidly, which could affect the future funding available to the clubs. Therefore, an operating model that relies on ongoing ownership

[3] We are grateful to Openeconomics (Dr. Calvosa) for making the data elaborated in the table available to us.

funding, or one that carries a high debt burden, could put significant financial pressure on clubs that have reached their limits in terms of spending on and off the pitch. The following table (n.3) shows the equity and revenue data for the period 2018-2019/2021-2022.The increase in debt over the period considered is significant, as is the parallel reduction in equity, suggesting problems in the area of capital and financial balance. Undoubtedly, financial sustainability and good governance are key pillars for the well-being and growth of football in Italy.

Table 3 – Financial and Equity Data

	18-19	*Var.%*	*19-20*	*Var.%*	*20-21*	*Var.%*	*21-22*	*Var.%*
Total debts	€ 4.423m	n/a	€ 4.768m	7,8%	€ 4.867m	2,1%	€ 4.920m	1,1%
Equity	€ 564m	n/a	€ 603m	6,8%	€ 622m	3,1%	€ 472m	-24,1%
Total asset	€ 5.385m	n/a	€ 5.949m	10,5%	€ 5.907m	-0,7%	€ 5.913m	0,1%
Capital gain loss	€ 835m	n/a	€ 725m	-13,1%	€ 409m	-43,7%	€ 541m	32,4%

Source: FIGC Report 2023

However, the football industry continues to be the largest contributor to tax revenues; in 2020 the 99 professional football clubs alone accounted for 73.1% of the overall contribution generated by the Italian sports sector. Between 2006 and 2022 alone, the collection of bets in soccer, increased more than 6 times, going from 2.1 to 13.2 billion euros, with state revenue equal to 342.4 million euros. The results in the table show clear economic and financial difficulties facing the professional Italian football industry.

4. Conclusions

4.1. Discussion of results

Football, as an industrial sector, is unique in its kind, extremely risky and dynamic, influenced by a multitude of unpredictable and sometimes random events. Many of the problems that afflict the football system, emerging from the data analysed: levels of debt, unsustainable player compensation, disproportionate agent commissions, degradation, and obsolescence of the infrastructural system; the data shows that Italy does not even rank among the top 10 European nations in terms of number of structures built in the last 15 years. It's of fundamental importance to underline that, at present, there is a lack of an efficient funding plan, a strategic and programming plan to expand club revenues capable of freeing clubs from the very strong dependence of revenues generated by television rights (which to date still represent by detachment the first source of revenue with 44% of turnover excluding capital gains). Nonetheless, between 2015-2016 and 2021-2022, the budget made available by the professional clubs of Serie A, Serie B and Serie C for the development of youth sectors increased by 25% from 131.6 to 164.7 million EUR.

4.2. Strategic implications and suggestions

On the basis of the analysed data, we can state that, despite the financial problem, the sector continues to attract international capital and investors, confirming that the football industry in Italy undoubtedly has a value that is not yet reflected in its economic, asset and financial results. It would be appropriate, in this sense, to understand how to overcome the financial problems. Moreover, it would be important to overcome the lack of an effective financing plan; a strategic and programmatic plan for the development of club revenues, capable of freeing them from excessive dependence on television revenues and careful economic-financial planning; virtuous systems and models for monitoring and controlling expenditure; adequate skills for the management of club financing activities; greater investment in sports facilities; and the definition of a technological and digital strategy, still not fully adopted by many clubs. From our point of view, with respect to what emerged from the analysed documents, one of the factors that produces the debt problem is also linked to the scarce financial skills of ad hoc professionals. In the current market context, football clubs would need a financial manager who is familiar with the different sources of financing and the strategic-operational implications of these.

A driver of development, as we pointed out earlier, is investment in the women's football sector, which is also urged by ad hoc regulatory frameworks that require the creation of a complete chain of youth women's football in professional football clubs. In addition, it would be appropriate for all (public and private) stakeholders in the football industry to jointly build a new development programme, a new management approach aimed at strengthening the overall sustainability of the football industry, on a sporting, social, economic and environmental level, within the new regulatory framework. In fact, this orientation is already explicit in the latest regulations in the football sector.

On 28 June, the UEFA Executive Committee approved the latest version of the UEFA Club Licensing and Financial Sustainability Regulations (Edition 2023), which will enter into force on 1 July 2023. The regulation has objectives that are closely linked to control at all levels of management and the creation of an appropriate organisation, while encouraging cooperation between licensors and clubs to enable development in Europe, the use of benchmarking between clubs, which can enable the standardisation of financial, sporting, legal and administrative criteria, as well as criteria related to the social responsibility of football, which includes personnel and infrastructure management. The entire new framework is based on the rationality of inter-club football finances, in order to improve the economic and financial viability of clubs and increase their transparency and credibility.

Money is an issue in sport in general and in football in particular because of the considerable role it plays in the current development of the sport, as evidenced by the macroscopic sums involved in transfers, broadcasting rights and competition reorganisation plans, also contrary to the sporting ethos of free sport. The change taking place is marked by some recent innovations including the financial fair play reform, with the introduction of the salary cap, the amendments to the growth decree and the new FIGC liquidity index. In particular, the "squad cost ratio", a new rule introduced in the "UEFA Club Licensing and Financial Sustainability Regulations" one of the three parameters that UEFA will monitor together with "football earnings" and overdue debts[4]. Very important in this dynamic is the sustainability index of Serie A for clubs present during the 2022-2023 season[5].

The radical "economic rationalisation" of football could profoundly change the sporting culture characterised by the underlying uncertainty produced by competition between peers and the identity logic that binds a national team or club to a territory: all characterising elements at the basis of the many analyses of football historians by sociologists and anthropologists (Andreff, 2000; Ehrenberg, 1991).

However, the most important clubs are aware of the fragility of their business model, are not able to generate recurring profits commensurate with their status as international brands and have to cope with the dynamism of the new legislative-regulatory framework underway.

With this in mind, it is time to work transversally, also involving politics (Latta 2023), in order to strengthen the increasingly important role of Italian football as a strategic asset for the sustainable development of the entire national system, at a sporting, economic and above all social level. UEFA, in

[4] A gradual entry into force is planned: the percentage will be 90% in 2023-24, 80% in 2024-25 and then 70% in 2025-26.

[5] The study is structured exclusively on public data communicated by football clubs through their websites, reports or social media, promoting transparency and reflecting the international Good Corporate Governance orientation, in line with other established international ESG indices in the world of corporations involved in sport. https://innovando.it/wp-content/uploads/2023/09/Il-documento-Strength-through-Unity-della-UEFA.pdf

fact, is considering the possibility of introducing additional requirements in the financial regulations for clubs participating in UEFA competitions, including the prospect of an absolute cap on player expenses. Such a pan-European restriction could also facilitate future measures at national level to promote financial and competitive balance.

The regulations specify the necessary importance of creditor protection and the promotion of better cost control, but above all, the fundamental objective is to promote responsible investment in the long-term interest of the game and to protect the long-term profitability and sustainability of European club football.

4.3. Limits of the study

We look forward to future developments in our study that address its current limitations: the lack of a detailed study on the regulations of the sector, a comparative analysis of the financial formula with other European clubs, and a thorough investigation of the determinants, as well as their genesis and evolution, of the financial formula adopted by clubs.

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