

## COMPARISON OF ECONOMIC ACTIVITY LEADING U.S. SPORTS LEAGUES

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**Annotation.** The main activities of the leading sports leagues were described. Sources of revenue and expenditure were identified. The economic performance of professional sports leagues of the United States of America was compared. In the course of the study of economic efficiency of the leading American sports leagues are defined payroll (expense commands on the salaries of players for each team, the total payroll in the League and the average payroll, respectively, for each of the American League. The largest estimates on wages, both in the League and in teams – in the National football League, the largest player's contract – in the Highest League baseball, the minimum wage in the National hockey League; the highest average wages, a greater percentage of athletes with a salary of more than 1 million. \$ (82,85 %) in the National basketball Association were showed. This difference in the maximum income of the League and of average wages is due to several factors: the number of players in the team, the number of games in a season, and expenses on carrying out of competition and training activities.

**Key words:** professional, sport, national, league, business.

### Introduction

For the last years sports have become an important branch of economy of many countries, including the USA. It involves significant amount of finances and a lot of labor force. New models of sports' managing and financing are constantly developing and improving [1]. The trend to commercialization and professionalization, acute competition witness that sports shall independently gain profit from resources available at its disposal. [7].

As V.M. Platonov, S.I. Guskov, M.M. Linets, B.M. Yushko affirm for long time sports and economics have been regarded, even in the West, as two different branches. It was considered that sports is only hobby, amusement and has nothing common with economics, profession, trade. In our time everything has radically changed: in modern professional sports great money is earned in conditions of severe competition [3, 4].

Due to these processes it is clear that sports require not only professional sportsman and coaches, but also professional economists, managers, administrators, lawyers, sociologists. Sports require people, who have substantial knowledge of finances, management, marketing and are the experts in sports produces, organization, culture of sports [9].

R. Berry, G. Wong, G. Sade affirm that, as far as sports in many of its manifestations is classified quite clearly form economical and management side, then a lot from economical and management theories is purposeful to use in sports. That is why, it is reasonable to interpret economics of sports as a science, which studies economical, psychological, legal and sociological aspects of sports [8, 10].

Sports economics undoubtedly still has many unsolved problems, among which there are the problems of sports management, labor market, sports sponsoring, etc. Though, the process of its development progresses rather quickly [5].

One cannot but agree with specialists in the field of sports, that for the development of professional sports in Ukraine, it is necessary to have certain experience of leading sports leagues and associations. In the opinion of economists of the whole world American sports in general and National association of basketball in particular are the standard of sports business for the whole world. It is one of the most profitable and perspective sports leagues [2]. Economical activity of this sports organization points at constant increase of money turnover around this league. Just due to this fact, for development of professional sports in our country it is useful to study the efficiency of economical activity of leading American sports leagues and it proves the urgency of our research.

This scientific work has been fulfilled as per the plan of scientific & research works of Olympic and professional sports department of KSU, subject 1.1.4. "Historical and organization directions of professional sports' development in Ukraine". "State registration No. 0106U010760".

### Purpose, tasks of the work, material and methods

*The purpose of the research:* study and comparison of economical activity of different leading American sports leagues.

*The methods of the research:* a lot of special scientific and scientific-methodological literature has been analyzed as well as many electronic sites of leading teams and leagues of United States.

*The tasks of the works:*

- 1.To determine main directions of economical activity of leading sports leagues of the USA (National basketball association, National hockey league, National football league, Higher basketball league);
- 2.Compare the leading American sports leagues' economical indicators;
- 3.To prove experimentally the efficiency of NBA economical activity, comparing it with other spots leagues off United States.

Experimental part of the work has been executed as an analytical analysis of the obtained information with determination of peculiarities and efficiency of National basketball association activity's efficiency.

**Results of the research**

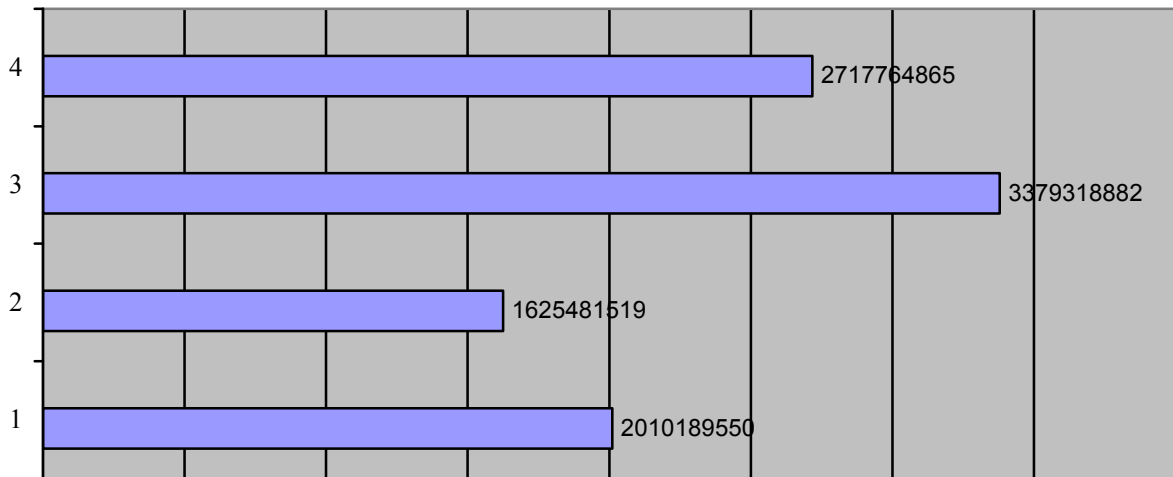
For determination of economical activity's efficiency of National basketball league in relation to other professional leagues, we compared its profits with the profits of National hockey league, National football league and Higher baseball league.

During researching of the enumerated above leagues' activity with the help of mass-media and internet resources we analyzed: payroll for every team, total payroll in a league and average payroll for every leading American league.

Due to analysis of the research's results it was established that High baseball league is a league of contrasts. Maximal quantity of payroll money is 6 time higher than minimal. So, the richest club "New York Yankees" affords to spend 206.333.389 \$, and the least payroll of "Pittsburgh Pirates" is only 34.943.000 \$. Total sum of expenses for players by league's contracts is 2.717.764.865 \$, while average payroll of one team is 90.592.162 \$. Average profit of one conducted match is not very high in comparison with other professional sports leagues (20.237 \$), however, gaining of substantial profit is possible due to the fact that during season, baseball leagues have by two times more games than in basket ball or hockey.

After studying of economical activity's efficiency in different sports leagues, we compared the obtained results. From main criteria of comparison we selected the most informative: general fund of salary, average payroll of a team, minimal and maximal salaries, average salary of a player, average profit for a match. The results of salary general funds' comparing in NBA, NHL, NFL, MBL are presented in figure 1.

Comparative analysis of teams' expenses for players' salary proved that this indicator is the highest in National football league (3.379.318.882 \$) and the least is in National hockey league (1.625.461.519 \$). The indicators of other leagues are within the limits 2.0 to 2.7 million \$.



1 – NBA; 2 – NHL; 3 – NFL 4 – MLB.

*Fig.1. Average payroll indicators in American leagues*

Such distinctions are explained by the following factors: quantity and comfort of seats on arena, popularity of the kind of sports, and attendance of competition, quantity of matches in competition and ticket prices. Average payroll indicators for every team are distributed in correspondence with the date of players' average salary funds.

The greatest salary expenses are born by heads and presidents of clubs in NFL (105.603.715 \$), these indicators are less a little in main baseball league (90.592.162\$) and in the teams of National basketball association (67.006.318 \$; National hockey league is the lowest.

From the given comparison it is clear that the greatest profits are gained by those kinds of sports which have arenas of big capacity and which are popular in the USA.

The further step in our research was determination and comparison of maximal and minimal salaries in American professional leagues.

After analyzing indicators of maximal contracts in American sports it was established, that, in spite of the fact that maximal amount of money is assigned in NFL, the greatest salary is earned by base baler Alex Rodriguez 33.000.000 \$.

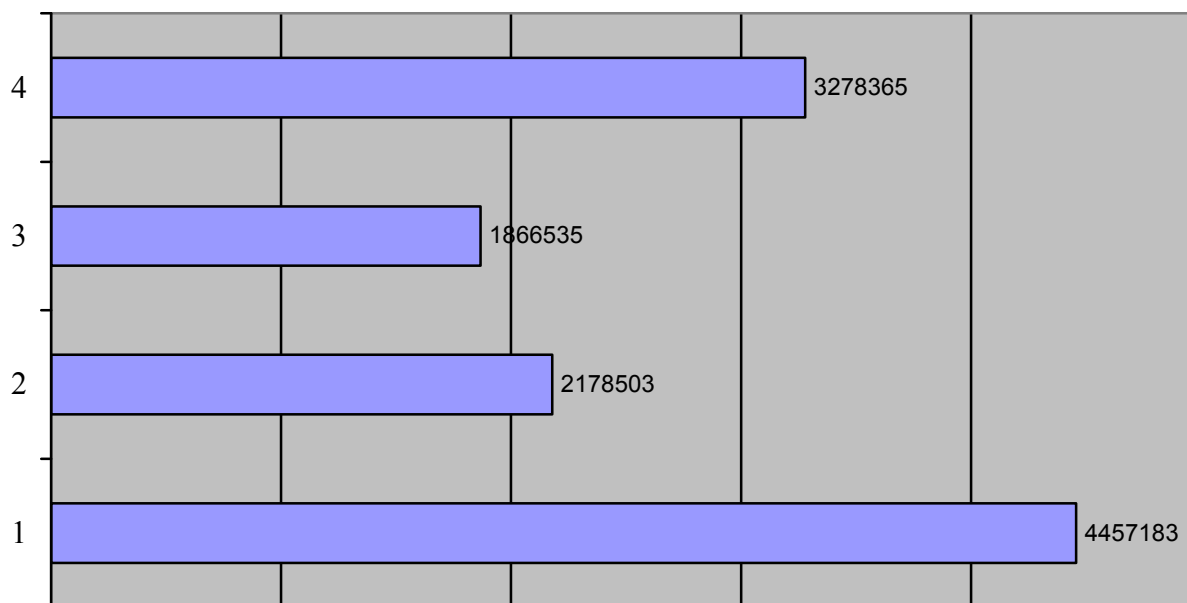
American footballers and basketball players have practically equal maximal fees (Philip Rivers – 25.556.630 \$ and Kobe Bryant – 24.806.250 \$ correspondingly), while maximal contract of hockey players is only 10.000.000 \$.

Absolutely other situation appears when comparing the levels of minimal salaries in sports leagues of the USA. So, in NHL, the salary of hockey player shall be not less than 500.000 \$, in NBA – not less than 473.000 \$ and the lowest level of minimal salary is characteristic just for NFL (310.000 \$).

The obtained results underline that, with maximal salary budget, sportsmen cannot always expect maximal income, and player-beginner earns salary which is practically two times less than a sportsman from other league.

However, in our opinion, for more objective analysis of the conducted comparison we determined average salary of every league (see fig.2).

In opposite to other comparisons the highest indicators of average salary are observed in National basketball association: 4.457.183 \$, and the lowest belong to American footballers (1.866.535 \$). Average salaries in baseball and hockey are 3.278.365 \$ and 2.178.903 \$ correspondingly.



1 – NBA; 2 – NHL; 3 – NFL 4 – MLB.

*Fig.2. Average salary indicators in leagues*

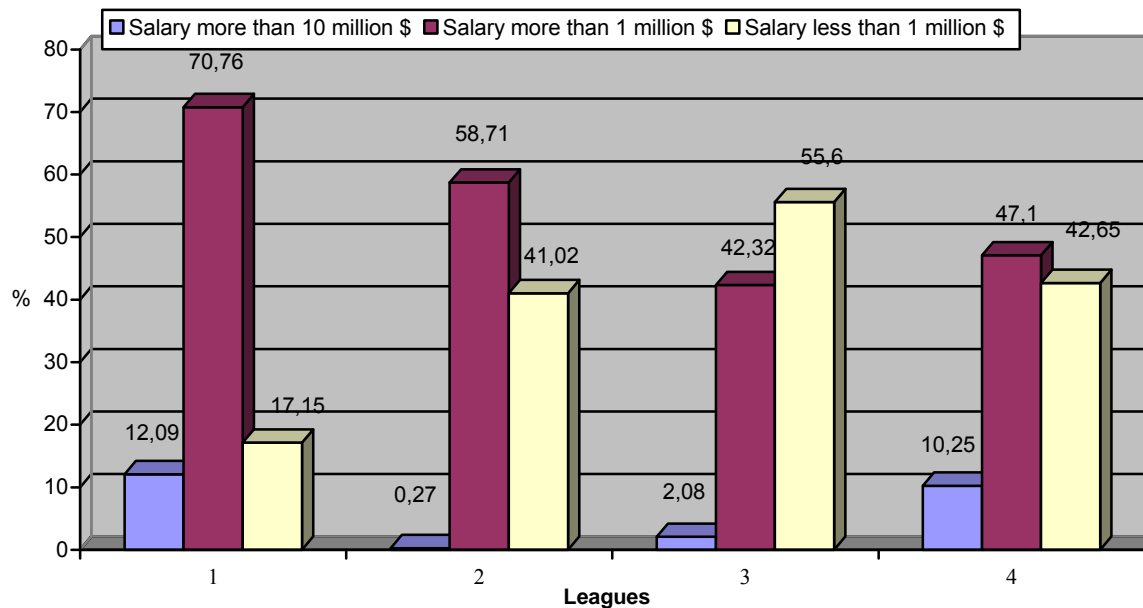
The obtained in the course of the research results show that in spite of high income of league and maximal payroll, average income of players and, correspondingly, the level of economical efficiency can be rather low. So, in National basketball association practically all indicators by every enumerated aspect were not maximal, though the level of income is the highest in this league. Besides, a little bit higher indicators of minimal players' salary show that players' income is maximally high and, consequently, league's activity is economically efficient [6].

The final stage of our research was percentage co-relating of salaries' quantity: more than 10 million \$, more than 1 million \$ and less than 1 million \$ in every sports league of United States (see fig.3).

Analysis of the obtained data helped to establish that the percentage of sportsmen, who earn by contract more than 10 million \$ is 12.09% in NBA, 10.25% in MLB, 2.08% in NFL, 0.27% in NHL.

Average salary from 10 million \$ to 1 million \$ is rather often observed in professional leagues, though in NBA every 7<sup>th</sup> player has such salary (70.76%), in NHL – every 6<sup>th</sup> (58.71%), in MLB – every 5<sup>th</sup> (47.1%) and at last in NFL – every 4<sup>th</sup> (42.32 %) with the greatest payroll in American sports leagues. In compliance with the said above the greatest quantity of sportsmen with salary less than 1 million \$ is observed just in NFL – 55.6% and the least – in NBA – 17.15%.

Summarizing the results, which were obtained in comparing of economical activity's efficiency, we determined that the highest salary budgets, both in league and in teams, is in National football league, the greatest player's contract is in High baseball league, the highest minimal salary is in National hockey league and the highest average salary, the highest percentage of sportsmen with salary more than 1 million \$ (82.85%) – in National basketball association.



1 – NBA; 2 – NHL; 3 – NFL 4 – MLB.

Fig.3. Comparing of salary's level in different sports leagues

### Summary

Analysis of economical activity's comparing of leading professional sports leagues proved that:

- 1 the greatest salary budgets in league and teams are in National football league;
- 2 the greatest player's contract is in High baseball league, the most minimal salary is in National hockey league;
- 3 the greatest average salary, the highest percentage of sportsmen with salary more than 1 million \$ (82.85%) is in National basketball association.

Such discrepancy in maximal incomes of a league and average salaries is conditioned by a number of factors: the quantity of players in a team, the quantity of games in a season and by expenses for competition activity and trainings.

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