

## Economics

In this group of authors - M.Yu. Terekhov [1, p. 33], A.N. Chegovitsyna [2, p. 241], D. A. Punkov [3, p. 43], M.A. Morozov, O.A. Puzankevich, V.I. Petrova, N.P. Drobyshevsky and some other.

However it is necessary to emphasize that "the activity result" is broader concept than "profit" because this category as the object of accounting is defined by economic profit which can be positive (directly profit) or negative (loss).

Second group of authors: I.V. Sanko, A.I. Kravchenko, A.I. Danishevskaya [4, p. 25], G.V. Savitskaya [5, p. 386], L.G. Chichkin and some other – in addition characterizes financial result from the point of view of revenue and its analytical component – profitability.

In our opinion, such characteristic of financial result as "revenue" in case it isn't added with the sum of expenses, isn't result of activity of the managing subject, profitability has analytical character and doesn't consider economic essence of this category as object of accounting in full measure.

Based on the above, we offer the following definition of financial result which is the fullest reflection of essence of considered category as object of accounting:

The financial result is the total result of activity of the managing subject for a certain period expressed by means of the sum of economic profit.

This definition differs from an existing one in the fact that the indicator "economic profit" of the managing subject is considered. It can be both positive, and negative. As the majority of authors identify financial result with profit, we consider that it is more correct to define "financial result" as economic profit.

Offered definition will allow to bring into accord terminology of accounting and also will help to form most fully and authentically information about this object of the account.

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**THE ECONOMY OF THE NATIONAL HOCKEY LEAGUE: A VIEW FROM THE PAST  
TO THE FUTURE**

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*The article is devoted to the economy of the NHL. The article considers the issues of income in the League and profit of all clubs, players' salaries and contracts with the media in the National Hockey League, as well as the long-term business plans for the future.*

In marketing activities NHL there is much in common with the NBA. Not accidentally President of the NHL, G. Bettman came from basketball League. The main source of NHL income is the sale of tickets for the games. Attendance in the middle of the 90's has reached 15 thousand people per game on average which accounted for about 90% of sports palaces bandwidth. In 1997, the attendance rate of games increased to 18217 viewers per team on average.

Like in basketball, a huge impact on the attendance of the matches has presence of "Superstars" in a team. In 1988, the owner of the team "Los Angeles King", B. McNeil, bought U. Gretzky from the club Edmonton for 15 million dollars. His appearance in Los Angeles team increased attendance by 5000 spectators on average, despite of high cost of tickets (18 – 25 dollars). Additional economic effect after moving U. Gretzky in Los Angeles was estimated by the specialists at 12,7 million USD per year. The similar situation was observed

in "Pittsburgh Penguins" team. In 1984 – 1985, the average attendance of the games was about 10 thousand, and in 1986-1987 – more than 14 thousand spectators. This is due to the appearance of a young rising star – forward M. Lemieux in the team. In 1991, the team won the Stanley Cup which allowed to completely fill the Palace of sports and to increase the prices for tickets. In the 1998/99 season teams of Dallas, Detroit, Colorado, New York (the "Rangers"), Toronto, Philadelphia had the full 100% occupancy rate of ice palaces, and the highest attendance in the League was with "the Montreal Canadians" team – 20762 people per game on average. Occupancy rate of all 27 palaces of sport, where game with the NHL teams took place, reached 93% [1, p. 123].

In the 90th years in the NHL there was a trend towards the relative reduction in teams' budgets, related to income share from ticket sales. So, in 1990 it accounted to about 80%, in 1994 – 68%, in 1999 – 59%, despite the increase in ticket prices. The average income from ticket sales in all teams reached 19,7 million dollars, with the highest income of "New York Rangers" (34,7 million dollars), "Chicago Black Hawks" (28,5 million dollars) and "Detroit Red Wings" (27,0 million dollars), and the lowest "Winnipeg Jets" (9,2 million dollars), "Edmonton Oilers" (9,8 million dollars) and "Quebec Nordiques" (11,2 million dollars). As you can see these three teams were from Canada.

Although the relative share of income from ticket sales is decreasing, the absolute size of the income is constantly growing, as well as the average ticket price, which was from 10 – 15 up to 40-50 dollars in various cities in the late 90s.

Unlike League football, baseball and basketball NHL has a relatively small income from the sale of rights for broadcasting games. We consider the channels where the games are aired, but not the number of games that are shown on television (about 600 games per season). All above mentioned professional leagues sell the rights to national TV companies, in baseball and basketball also to cable ones, but the USA NHL has a contract only with the latter, on the screens of their national television on ABC, NBC, CBS hockey is not transmitted, as in the US it is not popular enough, which is required for these companies. For being shown on national television 25% rating is required, i.e. every fourth USA landlord possessing a TV set must watch hockey. For cable television no matter what percentage of subscribers will watch hockey broadcast. The main thing is to receive money in advance.

Revenues from television unlike other professional leagues (MLB, NBA, NFL), although are relatively low, but pretty stable – 18 – 20% of total income. Thus, in 1994, they accounted to about 140 million, or 5,3 million per team on average. In 1998 the NHL signed a four-year television contract with ABC and ESPN for 600 million dollars. ABC broadcasts 7 backup games each season, the game of the team all-star, 6 playoff games and 5 of the final games of the Stanley Cup, and ESPN – more than 2000 games in a season. According to the American press, television hockey audience in the United States has 4,5 million owners of TV sets, or about 5% [1, p. 124].

As with ticket sales, the top three teams with the lowest incomes from television are Canadian teams as well. In 1998 the Canadian and American television paid 3,4 million dollars a year to hockey teams on average.

The permanent source of income should include the proceeds from the Parking area. As a rule, from 14 – 16 thousand spectators a third comes by cars. Parking costs 4-6 dollars. They pay about 1 million dollars to a club for 41 game season.

In the mid-90s, there was a trend towards increasing income from sports palaces concession. Thus, in 1994, they reached 5,1 million dollars per team on average, which comprised 16% of total revenues. This includes revenues from the lease of the boxes, Parking cars and deductions from sales of food products and soft drinks. According to this indicator top teams are Detroit – 15,2 million dollars, Anaheim – 12,9 million, Toronto – 12,5 million and Boston 11,4 million dollars [1, p. 124].

Profit of the leading teams in the mid-90s ranged from 5 to 15 million dollars. Analysis of the economy of the NHL shows that the financial situation of the teams in the League in general is relatively stable. Six NHL team clubs give up to 1 billion dollars to the Federal Treasury in the form of various tax revenues. In December the report "Sport in Canada: business for all" recommended to release the clubs from the payment of taxes, but the government did not support this initiative of the parliamentary Committee. This is confirmed by the decision of the NHL to increase the number of teams in the 90s from 21 to 30. In 1991-1992 season the team "San Jose sharks" appeared, in 1992 – 1994 – teams from Ottawa and Tampa (Florida), Dallas and Anaheim, in the season of 1998-1999 – the team "Nashville Predators" (Tennessee). It should be noted that in addition to increasing admission fees (about 75 million dollars in 1998 and 80 million in 2000), teams – applicants for inclusion in the NHL had to pass competitive selection. The main selection criteria are the following:

- availability of modern ice arena;
- the possibility of signing profitable contracts with local and regional TV companies;
- in addition, the requirements for clubs-beginners include sales of 12 thousand season tickets and the sale of 75% of tickets in the VIP box [1, p. 125].

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In 1989/90 season hockey players' contract payments accounted to 110,8 million dollars, approximately 32% of the total revenues of the League, which is much less than in the NBA, NFL and MLB. The lowest average salary was in a team of St. Louis – 3,5 million dollars, the highest – in a team of Los Angeles – 8,4 million dollars. In 1994, the following teams spent most money on salaries: Pittsburgh (20,7 million dollars), the New York Рейнджерс (19,4 million dollars), the least – Ottawa (7,7 million dollars), Edmonton (7,8 million dollars) and Winnipeg (8,9 million dollars).

In 1995/96 the following players had the highest wages: U. Gretzky – 6,5 million dollars, M. Messiera – 6,3 million dollars, C. Stevens – 5,8 million dollars, P. Bure – 4,5 million dollars, M. Lemieux – 4 million dollars, E. Lindros – 3,6 million dollars, P. Lafontaine – 3,5 million dollars. In the 1989 NHL there were only 2 hockey players receiving over 1 million dollars per year, in 1990 – 8, 1992 – 18, in 1994 7 hockey players received more than 3 million dollars, 22 – more than 2 million and 70 players – over 1 million. Participation in the Stanley Cup gives additional earnings. Average monthly salary of 16 hockey teams for the participation in the Cup was over 25 thousand dollars to each player. In 1996 each player got 75 thousand dollars for the victory in the final. Compared with baseball and football it was, of course, little money. Not accidentally hockey players say that they are not fighting for money, but for the possession of the Stanley Cup. In 1998 a player's average salary reached 1,3 million dollars a year. In 1998/99 season the average salary fund for one NHL team was about 40 million dollars, while the highest one "Detroit Red Wings" had – 55,9 million dollars. As for salary sizes, bonus payments and other benefits NHL hockey players are far behind the players of MLB, NBA and NFL.

Among other costs there are administrative expenses, including salaries of coaches and staff. Hockey tutors' salaries are significantly lower than those of other leagues. The highest-paid coach in the League, 1998, was Scotty Bowman from a Detroit team – 970 thousand dollars a year. This is the only coach in the League, which led three different teams to the victory in the Stanley Cup. The lowest wages among NHL head coaches in 1998 had Jacques Martin from Ottawa – 236 thousand dollars. Although since 1994 the coaches' salaries have increased significantly, it is difficult to compare with the players' salaries. [1, p. 125].

In the early 90s transportation costs increased sharply. If in 1980 they were 160-200 thousand dollars, in the late 90s they have risen to 1,0 – 1,5 million per season. About 200-250 thousand dollars is spent on public relations and advertising.

Unlike basketball and football in professional hockey there are lower leagues where team are farm clubs of the NHL. Among them we can mention American (HL) and International (MHL) hockey League, "Pacific Coast hockey League" and others. As a rule, NHL clubs pay out salaries to hockey players, coaches, managers, as well as insurance premiums. All other costs are borne by owners of these commands. Hockey players' salaries in the lower leagues are ten times lower than in the NHL teams. The regular annual budget of such teams is 2 – 3 million dollars. In the early 90s NHL clubs allocated from 500 thousand up to 1,0 million dollars a year for maintenance of such teams. Recently, however, not all NHL teams have their farm-clubs. First, their maintenance is costly; second, the output from the point of view of increasing NHL teams' young promising players is reducing every year. Not accidentally the NHL supervisors and hockey league clubs have become more attentive to student hockey and its problems. [1, p. 126].

Analyzing the economy of the professional hockey, it is necessary to consider that in 1995 – 8, and in 1999 – 6 NHL teams were located in Canada. In 1998, 399 out of 653 NHL hockey players are Canadians (61,1%), 102 players (16,1%) – Americans and 156 (23,9%) are hockey players from 16 other countries. This has an impact on their financial situation. So, the Canadian teams had the advantage over the American in obtaining income from television, because in Canada hockey is a national sport. At the same time, Canada has a more rigid system of taxation on the earnings (in the province of Quebec to 50%, in the USA – 21 – 33%). If we take into account the exchange rate of Canadian and the US dollars, a hockey player, who earns 500 thousand dollars in Canada, will be 25% poorer than in the USA.

In addition, Canadian clubs are in a worse economic position than the US, because Canadian tax law prohibits charge depreciation on the contracts of players. However, this is covered by the popularity of hockey in Canada. For example, the annual budget of the team "Toronto Maple Bodice" in the second half of the 90s accounted to about 50 million dollars. [1, p. 126].

Edition of Forbes announced the results of 2011 NHL in terms of its business component, which stimulates the League to increase the value of its teams. However, the growth of expenditure on players keeps down the profitability of this sport.

So, the cost of an average NHL club is equal approximately to 240 million dollars. This is 5% more than in 2010 because of a similar 5% increase in revenue for the season 2010/11, on average, totaling 103 million dollars per team.

Income of clubs and especially the League are growing due to the sale of television rights. So, for example, "Winter classic" on NBC became the most watched game of the regular championship for 36 years, with the average number of viewers of 4,5 million people in Prime time. The NHL audience in the Internet is increasing as well. The average monthly number of visitors on the official website of the League and 30 sites of clubs representing the NHL is about 22 million people. Also NHL has recently extended its European contracts on the games broadcast for the UK and Ireland, Czech Republic, Germany and Austria, having discovered new territories [4].

The NHL is gradually expanding the area of their informational influence, attracting more people to the ranks of its supporters. Information, which is generated using loyalty programs and research, allows developing new, more successful strategy. Not so long ago NHL predicted the total collapse. And today League is successfully increasing its revenue sources, starting with souvenir products, to commercial content that sports channels buy. Besides it is actively cooperating with Yahoo, Hulu and YouTube. Search does not stop even for a minute. And soon we will become witnesses of new victories of the NHL marketers [2].

The NHL supervisors have negotiated about signing an agreement with the company Rogers Communications to broadcast matches of the League in Canada for 12 years in the amount of 5,2 billion Canadian dollars (4,9 billion U.S. dollars).

The contract has been the largest in the history of media agreements of the National Hockey League. It will enter into force from the season-2014/15. The agreement will allow the company to broadcast all matches of the NHL on the territory of the country, including the playoffs and the finals of the Stanley Cup [3].

Sponsorship and sales are also increasing due to successful transactions, such as, for example, with a network of fast food restaurants «Tim Hortons». This brand has become the General sponsor of the Match of all stars of the NHL in January 2012, as well as the reality show "24/7 "Pittsburgh" – "Washington": a road in the NHL", which was just a crazy success. [4].

However, not everything is as smooth in the NHL. 2010/11 current profit (before interest, taxes, cost reductions, as well as other unforeseen expenses) accounted to 126 million dollars, which is 21% less than in the previous year. The main reason for that: the costs of the players rose by 11% to 59 million dollars. In 2010/11 – 18 out of 30 teams in the League wasted all their money before they had to pay on Bank loans or write off assets. While in previous years the number of such clubs was equal to 16.

From a positive point of view it is worth noting Winnipeg (former "Atlanta"), the value of which increased by 21%. This is the best index among all 30 teams in the League. After the purchase of Atlanta in May for 110 million dollars plus 60 million dollars for the relocation of True North Sports and Entertainment transported the team to Manitoba, where previously existing team Winnipeg played in the NHL from 1979 to 1995 before moving to Phoenix. In Atlanta, during the latest season the team sold only about 70% of their tickets, while now all cherished passes to the stadium were implemented within 30 minutes after their coming into sale.

There are several teams playing on a really big "markets", thereby earning a lot of money. The most advanced club in this regard is "Toronto", which is estimated to cost more than 521 million dollars. Next are the "Rangers" (507 million dollars) and "Montreal" (445 million). Three of these teams have a total income greater than other clubs in the League combined. It can be stated that the average NHL team cost 47% more than it was before the lockout, so the 2004/05 season wasn't held. NHL needs trying to continue the more profitable development from an economic point of view, without interruption to the lock-outs. After all, business is too strongly rooted in this sphere over the past seven years [4].

The revival of the NHL is one of the most interesting examples of good management that realized their problems and took measures for the solutions. They managed to do sports industry fashionable and popular in situations when it seemed impossible. And now all the world leading sports leagues want to be like the US sports leagues – sports marketing is strong in this country. Marketers of NBA, NFL, NHL made the brand of not only teams with different characters, but also the sport, highlighting the quintessence of achievements, competition and success in brilliant bright slogans and videos.

In conclusion, one can say that the leadership of the NHL quite conservatively refers to policies of sports marketing, which is actively implemented in basketball, baseball and football League.

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**THEORETICAL BASIS, COMPOSITION AND CONDITIONS  
OF BALANCED LABOR MARKET****ALENA BAHDANAVA, INHA ZIANKOVA****Polotsk State University, Belarus**

*The article deals with the essence of the labor market, its structure, types and models. Theoretical approaches of different authors in the category "labor market", the functions of the labor market as a result of the laws of supply and demand. Discussed the theoretical foundations of the labor market are needed to assess the degree of balance in the labor market and to develop ways to improve the management mechanism of the balance of the labor market. The basic aspects that will serve as criteria for assessing the balance of the labor market.*

Theoretical basis for the study of labor market laid by representatives of the classical school in economics. This Scottish economist Adam Smith (1723 – 1790), British economist David Ricardo (1772 – 1823), French economist J. Say (1762 – 1832). Labour market research engaged Marx (1818 – 1883), John Maynard Keynes (1883 – 1946), A. Phillips, M. Friedman, Paul Samuelson and others. Employment and unemployment are reflected in the Marxist, Keynesian, monetarist and other theories.

Labor market – the nominal market in which workers find paying work, employers find willing workers, and wage rates are determined. Labor markets may be local or national (even international) in their scope and are made up of smaller, interacting labor markets for different qualifications, skills, and geographical locations. They depend on exchange of information between employers and job seekers about wage rates, conditions of employment, level of competition, and job location [1].

Labor market is a place where labor is exchanged for wages; Labor market is defined by geography, education and technical expertise, occupation, licensure or certification requirements, and job experience [2].

Significant contribution to the development of human resources problems was made by Belarusian scientists – N. Bazylev, V. Shimov, S. Lebedev, L. Tikhonova, A. Bondar, E. Vankevich, N. Sukhanov, I. Ziankova.

V. Shimov, L. Tikhonova, A. Gallovbelieve that the labor market – is "a way of organizing work, the conditions of which are determined by the sale of goods workforce by the highest efficiency." A group of Russian scientists stressed that "the labor market – a system of market relations on the reproduction, distribution and redistribution of manpower, training, employment of the population" [3, p. 56]. For a more accurate picture of the labor market it is necessary to define the concept of "work" and "labor" and the one commodity that is bought and sold. The concept of "work" means "functioning workers, people purposive activity of producing goods and services associated with the expenditure of their physical and mental energy. The term "labor force" is most often used in one of three values: a set of physical and spiritual abilities possessed by an organism, a living person's identity, and that they go to them in the course whenever he makes any use value, of the working population, busy or looking for work; workers in general or specific enterprise workers [4, p. 25].

Hiring of labor is the transfer of an employee to the employer of their ability to work for a specified period for use in the production process while maintaining the legal freedom of the worker as a person. For the use of available labor remuneration, payment in kind or in cash [5, p. 41]. As payment for use of labor expended in the process of final consumption, the purchase and sale of labor power – is selling for acquiring the necessary means of subsistence.

Means of subsistence – a collection of goods necessary to restore labor expended during physical and mental strength and to maintain and develop the worker's family, their composition does not include luxuries.

Thus, the labor market – a set of commodity-money relations, covering the supply and demand of labor, employment and its exchange for subsistence [5, p. 52].