

## Economics

In a broad sense, international freight forwarding services include, in addition to direct transport activities, a variety of related transactions:

- cargo delivery from the warehouse of the sender to the nearest freight terminal;
- loading of goods by main means of transport;
- cargo transfer to other means of transport at intermediate points;
- cargo unloading at the point of destination;
- temporary storage of cargo at intermediate points;
- recompiling shipping documents for the cargo [1].

*Thus, in addition to cargo carriers, various economic agents, including freight terminals in the ports and stations are involved in the international freight forwarding process. During international shipments, especially of finished and semi-finished goods, the cargo moves repeatedly sequentially from carriers to terminal operators and from them again to carriers, etc. Subjects responsible for the goods change simultaneously.*

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**ECONOMIC REGULATION OF FOOTBALL CLUBS IN THE ENGLISH PREMIER LEAGUE**

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*The article is devoted to the economic regulation of clubs in the English Premier League. The issues of income, wages, investment and net transfers of football clubs in the Premier League are dealt with.*

Football has a direct and indirect impact on the global economy. The impact is often extremely significant. The famous financial company Goldman Sachs has published a report, according to which the growth of stock markets in developing countries, whose teams have won the world championship, on average has exceeded the growth of stock markets of countries-losers by 9 – 10% on average since 1966. In turn, the countries, whose teams lost the finals, have suffered damage at their stock market – the indices have decreased by 20 – 25%.

A new study conducted by the Dutch banking group ABN-AMRO has shown that the influence of football victories and defeats on the economy cannot cause a financial crisis or, on the contrary, boom, but it is very significant. The victory in the World Cup final in most cases accelerates the growth rate of gross domestic product (GDP) of the country-winner by 0,7 %. At the same time, the losers, in other words, those teams that dropped out at the preliminary stages of the tournament, usually lose 0,3 % of their GDP. However, this rule has some exceptions: in 1974 and 1978 Germany and Argentina entered a period of economic recession despite the fact that their teams had received the "Golden Goddess". It is curious that the economy of the Netherlands, the unlucky finalist of both Championships, also suffered, but less than the winners [3].

Football economy has a number of restrictions.

Firstly, the World Championships have been held since 1930, but only two continents – Europe and Latin America have produced the champions. Major world economies based in North America, Asia and Australia have not experienced such influence of football. So far only teams from seven countries – Argentina, Brazil, Uruguay, England, Germany, Italy and France have won the world football crown. Due to this fact, the scale of analysis is limited.

Secondly, economists began to analyze the phenomenon of football only in the mid-1990s; most scientific works are devoted to micro- but not macroeconomics. In other words, the influence of football and other popular sports on the economy of some cities has been studied quite well. The theory of sports business has been worked

out too. The authors of some works analyze the social impact of football. For example, John Sugden and Alan Tomlinson published a number of articles in which they analyzed one of the paradoxes. On the one hand, Asian teams do not do particularly well in international competitions, but on the other hand, the broadcasts of matches of European championships are incredibly popular in Asia.

Thirdly, there are some problems with obtaining the necessary data for analysis. Many poor countries participating in football Championships do not have clear statistics. Therefore, it is extremely difficult to determine how football affects their economy.

Nevertheless, there are some representative facts. The International Federation of Football Associations (FIFA) consists of 240 members – more than in the UN (191). FIFA unites more than 300,000 clubs and approximately 240 million players. FIFA has the status of a non-profit organization. According to the reports its annual profit amounts to 700 million dollars. FIFA gets 96% of its income through football competitions, and the most profitable event is the FIFA World Cup [3].

The sponsorship of the World Championships is constantly growing. Football positively affects traditionally "non-football" countries. In 1994 the World Cup was held in the USA. Some matches were held in Los Angeles and New York. The research conducted by the consulting firm Waltz showed that the economy of Los Angeles had received 623 million, and New York – 452 million dollars.

The latest release of the Deloitte Annual Review of Football Finance contains the audited figures for the seasons 2007/08-2011/12 in dynamics. It is clear, that ManCity has been leading in the wage growth rate for 5 seasons – almost 400%, Tottenham is in second place – 90%, and Arsenal is in third place – 40%.

But if the growth rate of ManCity is justified by the fact that in the 2011/12 season the club became the champion of England, the growth of Arsenal wages – is unclear. The wages of Tottenham increased by 90% in the season 2011/12. However, the club did not reach the level of Arsenal in the season 2007/08 under this item. ManUnd showed a small increase in 2011/12 (as in all previous reporting seasons), while Chelsea and Liverpool generally reduced expenses on the statement. Fig. 1 shows the total of wages spent by the clubs in million pounds [2].

If you apply the rule "the larger statement, the better position in the table", than ManUnited achieved the best results for 5 years, but according to the statement the club is not the leader. However, the current season can worsen the statistics reached with Sir Alex dramatically.

There is no doubt that now Chelsea and ManCity are contenders for the title, so their huge statement does not cause any amazement. The success of Arsenal is comparable with Tottenham, but Arsenal spent 1,6 times more. Liverpool, of course, paid the salary the least efficiently but its growth has already stopped.

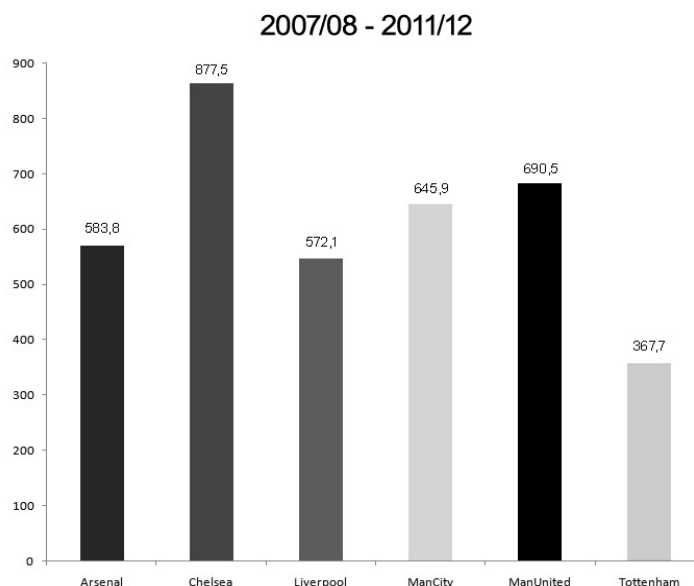


Fig. 1. Indicators of the clubs' total expenditure on wages for 5 years, million pounds

Except the salary net transfers refer to investments in the team. It is absolutely obvious that bringing the team to the level of the contender for the title requires significant investments in the acquisition of new players (ManCity, 95 million pounds on average during the season). Staying at the same level requires fewer investments (Chelsea, 28 million pounds).

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The low costs in the United were compensated for Ferguson's genius, but now the team will have to be invested in much more than 14 million pounds on average during the season. Liverpool (24 million pounds) and Tottenham (16 million pounds) are engaged in the transfer policy, which can be called reasonable. Arsenal was the only leading club which did not invest in players but took out of players.

The overall investment in the teams in the form of net transfers and wages is shown in Fig. 2 [2].

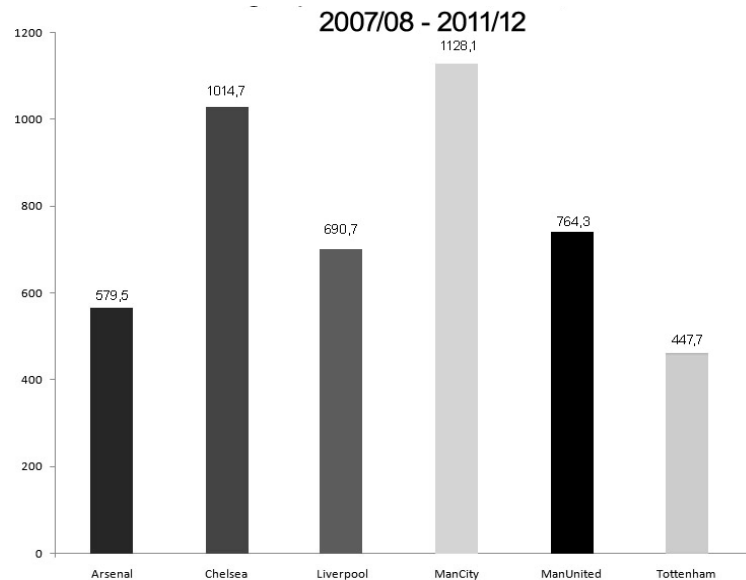


Fig. 2. Investments in the teams in the form of net transfers and wages for 5 years

For four years of the reported five years ManCity was busy creating the team-contender and spent the most. Chelsea is pursuing an aggressive transfer policy and remains a contender for all the titles. By the way the club won the Champions League in 2011/12, therefore it spends more than 200 million pounds per season on investments in the team. There is a tendency to reduce this amount. ManUnited spent funds most effectively, having won three Championships of five during the reported period. Tottenham acted reasonably, constantly strengthened the team, and it has been very close to regular qualification in the Champions League in recent years [2].

Therefore, the English system of "managers" (the coach works with the team and is responsible for the budget at the same time) seems to be absolutely unworkable, as it generates the internal conflict, and people are forced to choose between money and results. The revenue of English clubs in comparison with two previous seasons (total and on the following items: the stadium, TV rights and merchandising; without income from transfer activities) is shown in Fig. 3 [4].

The fall of ManUnited and Tottenham, as well as the growth of Chelsea are directly related to their results. The stagnation of Arsenal and Liverpool has various reasons. The growth of ManCity is largely dependent on UEFA's strange position regarding the club's business.

The fall of the United is connected only with the reduction in the number of home games. There have been fewer games due to early "flight" out of the FA Cup and the Champions League/UEFA Europa League. But the average revenue per one game increased in the previous season from 3,8 to 3,9 million pounds. Thus, the results of the team resulted in the fall on this item. The growth of Chelsea, on the contrary, can be explained by three additional matches. The club receives 2,6 million pounds per game, which is due to the low capacity of the stadium. It is clear that the owners of the club are looking for a possibility for the construction of a 60-thousand arena to raise the revenue of the game at least to the level of Arsenal – 3,3 million pounds. The stadium gave Arsenal more during the reported period because the club had extra qualification home game in the Champions League. The revenue would not have exceeded the indicators of the previous periods without this game [4].

A slight decrease in the revenue of Tottenham from the stadium is connected with the fact that it had one game less. On average, the club receives 1,6 million pounds from the game. If it is true that it can fill a 58-thousand stadium, the club will be able to match its bitter rival Arsenal for total proceeds.

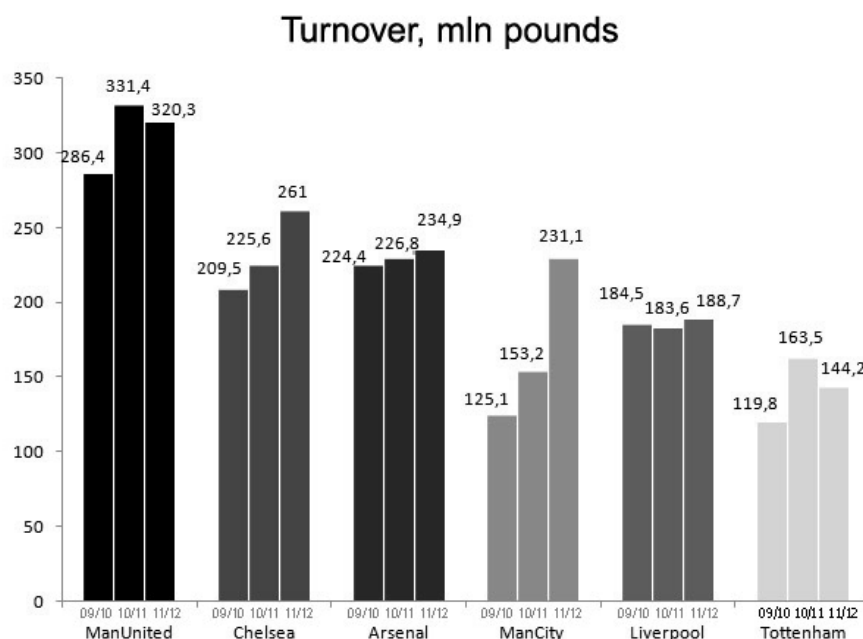


Fig. 3. The revenue of English clubs in comparison with two previous seasons, including the items of stadium, TV rights and merchandising

It is absolutely obvious that United has lost 15% because of the failure in the Champions League. Actually, this item of income of all clubs directly depends on their performances on the field. It is this item that is followed by the greatest losses if the club does not get into the Champions League – not less than 25 million pounds.

With the season 2013/14 the incomes of all clubs will grow by 30 – 40 million pounds, thanks to new extraordinary TV contracts of the English Premier League. The indisputable leader here is ManUnited. Even after a relatively unsuccessful last season, the club continues to make extremely profitable commercial deals, enhancing the understanding of the market sponsorship agreements in sports. It is assumed that by 2014/15 the club's commercial revenue will double again [4].

In general, the situation in various clubs is different. Manchester United is on the financial rise thanks to the sharp growth of commercialization of the club. And if the club did not have debts, today ManUnited would undoubtedly be the most financially secure world club. Chelsea and ManCity have no cause for concern. However, if the owners decide to sell the clubs, ManCity will have more problems than Chelsea.

Arsenal has been stagnating for three seasons. The coming increase in TV-payments will keep the club at the same level instead of falling down. The current policy aimed at deriving profit from the sale of the best players will inevitably lead first to a further decline in results, and then to the financial collapse. Liverpool is at the bottom of income now, but as soon as the club enters the Champions League, the revenue will rise sharply. The same thing will happen when Anfield is reconstructed.

England was the first European country to introduce the so-called ceiling of wages in their League– the limit on players' earnings. Financial rules have been tightened too. The tragedy of "Portsmouth" and poor financial performance of many clubs forced the Premier League to introduce new financial rules. They are similar to the rules of financial fair play in UEFA. The clubs cannot suffer losses of more than 105 million pounds over three years. If the club's rich owner is not able to cover the loss, the maximum minus should be only 15 million [1].

The English clubs the owners of which did not invest in the budget much wanted to impose strict rules like the financial fair play in UEFA. The American owners of Manchester United and Liverpool have never intended to invest a lot of money in transfers and wages. But "Chelsea" and especially "Manchester City" were against any restrictions, because their owners want to continue investing in the team on a large scale.

The so-called ceiling of wages is popular in North America, but it is not accepted in European football. UEFA intended to introduce it but ran into resistance from the EU. Restrictions in payment do not correspond to labor legislation of the EU. Such restrictions are necessary in closed leagues, where the teams neither increase

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nor decrease in class as in the North American NBA and NHL. England was the first European country to introduce the ceiling of wages (outside Europe it exists in Australia and the USA). However, in England it will be very soft.

The rule is following: the club which salary item for this year will exceed 52 million pounds, in the future be able to increase it only steadily – not more than 4 million pounds per year [1].

Next year English clubs will earn on television even more than before. The new TV contract amounting to 5,5 billion pounds will come into force. However, the clubs fear that the growing appetites of the players can eat up a large part of their television lot. Currently 13 of the 20 Premier League clubs have payrolls exceeding 52 million.

Clubs can spend any amount on the players' salary but the growth of payroll is limited. ManchesterCity does not have to sell out their leaders. Next year they will buy four players instead of eight. Or they can buy eight players and sell four instead [1].

In addition, clubs may increase the payroll at the expense of their fans, raising the cost of tickets for matches. This is an extremely sensitive issue for England – football there ceased to be affordable long ago. This measure, respectively, does not intensify competition in the League but forces the clubs to act more carefully in their transfer policy.

We cannot say that English clubs have started to care about the common good – everyone voted for the reforms because they saw some benefit for them. The reforms can be called liberal – none of the rich will have to tighten the belts. Nevertheless, thanks to these reforms English clubs will be more sustainable in financial terms. The risk of economic collapse for the Premier League clubs has noticeably decreased. In England clubs are obliged to publish their financial records. Due to this fact the fulfilment of these rules can be controlled.

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## PREREQUISITES FOR THE FORMATION OF INTELLECTUAL POTENTIAL IN THE REPUBLIC OF BELARUS

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Speaking about the practice of forming intellectual potential, we mean the process of integrating of a qualified technician into the profession. However, the integration of a specialist into the profession does not happen instantaneously. This process is carried out through a number of stages:

- to choose the future profession ;
- to receive appropriate education;
- to integrate into the profession.

We believe that all steps are equal but have their own characteristics. So when selecting the future profession applicant may not have sufficient information about the demand level for the profession at the moment and in the future, as well as about wages. One more important stage is choice of the educational institution, as it has different degrees of prestige and certain differences in the educational process. At the stage of integration into the profession young professional should choose an organization in which he will be demanded and receive all the necessary conditions for work.