

**ECONOMICS FORMATION AND DEVELOPMENT
OF THE NATIONAL BASKETBALL ASSOCIATION****ANHELINA FIODARAVA, ALIAKSANDR MATVIENKA****Polotsk State University, Belarus**

The article is devoted to the economy of the NBA. The article dwells on the questions of income distribution, financial condition, operating profit and players' wages in the National basketball Association.

In the late 70's – early 80s leaders and owners of the League's teams considered that financial position were threatening. In 1980-1981 the total revenue of all 23 teams was 110 million dollars. The attendance of 943 games of the teams was approximately 9,4 million or 10,3 thousand spectators per game. The occupancy of the palaces of the matches was only 58%. Of the 23 teams in the League 17 were unprofitable.

The main reason for low attendance, as some experts considered, was nonequivalence in team compositions and, as a consequence, the absence of intense struggles. The leadership of the League changed the players between teams, which significantly increased the competitiveness of commands. Since 1983 attendance began to increase, but in the seasons of 1988 – 1990, has been a sharp increase in attendance, due to the sharply increased competitiveness of the teams and the League's expansion into two teams. The highest attendance for the whole history of the NBA was 61983 man in 1988 at the match of commands of Boston and Detroit.

The total number of seats for spectators in all 27 sports palaces, which played an NBA team, is more than 470 thousand, or 17 thousand places in average, one Palace. In the 1994/95 season, these seats were sold more than 350 thousand of season ticket, i.e., in a free market before the games received only 25% of the tickets. Thus, the early sale of season tickets is the basis of successful financial policy in many NBA teams [1, p. 119].

The team of Minnesota in the 1989/90 season set a record NBA attendance – 1072574 people during the season. It should be stressed that the growth of attendance is observed while increasing average chains for tickets: 8 dollars in 1983 to 20 dollars in 1990, and the lowest average ticket price was in the team, "Indiana Packers" – 13,74 dollars, while the highest of the "Los Angeles Lakers" – 27,25 dollars. 1995, the average ticket price increased to 29,5 dollars in 1998 to 35 dollars. The highest average ticket price in 1999 was the team Portland – 47,5 dollars. The difference in prices is explained by a popular team in the city, as well as the location of the place designated in the ticket. The most expensive tickets near the benches playing teams. So in 1999 on the play of the team "New York Knicks" the cost of tickets in the first row was 100 dollars.

As noted above, a huge impact on ticket sales renders presence in teams in the League of "superstars", or as their called journalists, "moneymen". After 1984, the Chicago bulls signed a contract with M. Jordan, the attendance of the games that it has sharply increased. So, in the 1983/84 season, appearing in a team M. Jordan's average attendance for the game was 6365 man in a subsequent season – 11445; 15871 and 18060 people increased attendance teams met by the team of M. Jordan. Today in most of the teams in the League has such "moneymen's".

Significant revenues the NBA receives from the sale of rights for radio and TV broadcasting of matches. These revenues tend to increase. Since the mid 80-ies of the NBA changed the attitude to the number of broadcast games on their contracts. If in the 1983/84 season, aired 178 games, in 1994/95, just over 100, that has allowed raising their rating. Such a policy NBA continued and in late 90-ies. In addition, League teams conclude contracts with local and regional broadcasters of those games that are broadcast by NBC and the ITN. The amount of these contracts varies from 1 to 5 million dollars a year on the team [1, p. 121].

An important source of income commands is a commercial activity in sport palaces: revenues from concessions for sale spectators during the games, soft drinks, snacks and Souvenirs, etc. from advertising placed in the Palace of sports, from the Parking and others In 1994, the average income from concessions amounted to approximately 5,3 million, in 1999 – 7,5 million dollars per team.

In the second half of the 80s, the NBA stepped up activities associated with non-traditional sources of income, such as licensing, publishing, production of video films, sponsorship. Because on the domestic market of business entered into "adulthood", to find additional sources of income. International market provides an excellent opportunity to increase revenue, especially from TV and radio companies, licensing and sponsorship contracts.

The number of permanent sponsor companies increased. The use of attributes NBA teams on the products of different firms began to bring a lot of income, because of their total sales League receives from 5 to 8%. Only

in 1987, these goods were sold to the amount of 173 million dollars, in 1988 – 350 million, in 1989 – 525 million dollars, in 1994 this amount exceeded 1 billion dollars, and in 1999, close to 3 billion dollars. About 140 species of various goods sold on the American and world markets with the attributes of the NBA, and the League is holding this trade in their hands. For example, if a company wants to put a picture of M. Jordan on its production, then it has to make two contracts – one with M. Jordan, the other with the "NBA Properties" [1, p. 121].

At the conclusion of advertising contracts involving several NBA players, the League is in a unique position. "NBA Properties" at the request of the basketball players began their business representative and the paper was called "a multiple license for the players". This license allows for "NBA Properties" to find customers in an easy way for advertising services basketball without special permission from the side of the Association players. The main thing is to respect the interests of groups of players participating in promotional projects, and each of them separately. All of the firms, entering the NBA contracts the group licence, obliged to use the services of at least 100 players of the NBA, therefore, the project involves representatives of all the teams in the League, i.e. "NBA Properties" is not dealing with individual advertising contracts players, but only the group and makes it quite successfully.

The proceeds from sale of rights to broadcast matches of NBA abroad and from sale of video tapes with records of these games increased.

Among other incomes of commands one can call the sale of players, receipts from Central funds leagues. So, the performance of the four new teams in 1987 – 1988 brought to the Fund of 130 million dollars, which were distributed to all existing then 23 teams in the League.

The highest indicators of profit (income minus expenses) of the League were in the middle of 90-ies. For example, in 1993/94, the total income of the League amounted to 1,2 billion dollars. But compared with the same period of the 80s they have increased almost in 3 times. At the end of 1999 income NBA approached 2 billion dollars. All 27 team in the League, according to the newspaper "New York Times", had an average of 5 million us dollars a year, and profit of 10 teams reached 15-20 million dollars a year. Successful financial activity of the basketball teams contributed to the growth of their cost. If in the beginning of 80th it was about 20 million dollars, at the end of 90-ies increased about 10 times [1, p. 122].

Keeping basketball business requires considerable expenses. The predominant costs in teams are the salary of players. In 1970, the average size was 40 thousand dollars, in 1984 – 350 thousand dollars. In 1987, when the average salary in the League 520 thousand dollars from 321 player of the League 202 basketball player received from 100 to 500 thousand dollars, 77 – from 500 thousand to 1 million, 26 from 1 to 1,5 million, 10 – from 1,5 to 2 million and 6 players – more than 2 million dollars. In 1990 – 1992 she exceeded 1 million dollars, in 1993 – 1994 350 – 370 League players received an average wage of 1,6 million, and pivot it is close to 2 million dollars a year, and in 1997 – 1998, the average salary of all players were 2,2 million dollars.

The salary of the highest-paid players M. Jordan in the 1996/97 season amounted to 30,14 million dollars in 1997/98, about 36 million dollars.

In 1996, Shaquille O'Neal signed the largest contract in the history of sports – 123 million dollars for 7 years. Contracts for the sum of more than 100 million dollars were signed in 1996, two basketball player (Javan Howard – 105 million dollars for 7 years; Alonzo Mourping – 105 million dollars for 7 years). After seven basketball players signed contracts of varying duration (from 3 to 7 years) in the amount from 2 to 88 million dollars. In 1999, J. Williams signed 6-year contract with the team "New Jersey Nets" for the sum of 100 million dollars, and Iverson – with a team of «Philadelphia 76» amounting to 70,9 million dollars.

The head of the NBA D. Stern is considered to be among high-paid athletes: sport – is an entertaining industry, and the players are like artists, so they will get their share of revenue in the industry [1, p. 122].

In the NBA the fund limit of a salary of a player is set. So, in 1989-1990 the salary limit fund amounted to 11,8 million in 1993 – 1994 – 19,3 million and in 1999-2000 – 34 million dollars on average per team. In the limit of Fund of the salary does not include amounts contracts basketball teams, which received the status of a free agent and signed a new contract with the team.

Analyzing their salary players should be aware that some of them receive a different kind of award for contract signing, playoff games, records, enabling the teams of "stars", more traffic beyond the limit number of viewers per season, etc. In this connection it is interesting to note that the U. Chamberlain, established in the 60-70-ies 103 record in the League, received no remuneration. However, in 1985, K. Abdul-Jabbar, improving record U. Chamberlain and typing 31419 points for his career as a professional basketball player, got a car "Mercedes", worth 65 thousand dollars. In the early 90s to the record of the NBA paid 70 thousand dollars. In addition, participation in the semifinal game of the subgroup on 41,5 thousand, in the final – by 68,8 thousand dollars. The winner of the NBA championship gets 410 thousand, and the losing team – 275 thousand dollars.

Economics

Many players are engaged in the advertising or other business. Some of them receive from this activity even more than under a contract with the team. So, a basketball player Johnson of the Los Angeles Lakers got in 1990 from 18 different sources of 9 million dollars, or nearly 3 times more than for the contract.

At the beginning of 90-ies the salary of the head coaches of the teams was 100 – 400 thousand dollars a year. By the end of 90's salary was increased more than 2 times. High wages are got by the chief coaches of the leading teams in the NBA. So Phill Jackson, the coach of "Chicago", which for the last 7 years 5 times became a winner of the Golden basket, signed a contract worth 6 million dollars (1997 – 1998), the previous contract – 2,5 million dollars. The highest-paid coach of the NBA is Rick Pitano, who led the Boston, who signed a contract for 6 years in the amount of 40 million dollars [1, p. 123].

NBA players were the first among the members of the American professional sports leagues, who organized a trade Union, and it was founded in 1954. In 1983 he signed a first collective agreement in income, which regulates the attitude of the players and the owners of the teams of both workers and employers. CBA – collective agreement between representatives of the interests of the players and the club owners is the main document which defines all the rules and nuances of the operation of the Association [2].

In the same year (1983) "ceiling salaries" were established, thus they had a maximum allowable sum of the costs of one club on payouts to players as wages (i.e. the sum of all wages in the team). The so-called payrolls – the amounts that can be spent on the salaries of the individual players, depend on the income of the Association and the same for all teams.

For many years before that, all players receive roughly the same amount, which was just under a thousand dollars a month. But the salaries of the players was growing, and in 1964 Chamberlain became the first player in NBA, who had a hundred thousand dollars for a season. Trying to prove his advantage in the competition, Bill Russell, of the Celtics signed a contract with the sum of 100 thousand and one dollar, but it was in 1968 that Chamberlain put his signature under the 750 thousand for three years contract. Since 1984 year up to the lockout in 1999 the salary of players grew almost 10 times [2].

The collective agreement signed in 1995 provided for the dissemination of such restrictions in case of exceeding of the level of salaries of players from the planned profit of the League of 51,8%. I.e. if the League began to spend more than received. In the season 1997 – 98 this level exceeded 58%. The consequence of this was the shortened 50-game season. But in addition, both sides of the debate came to the consensus on all aspects regarding the business relations between the players, teams, and the NBA. Given that the contract was valid until June 2005, and then was again resigned to season 2010 – 11 bienniums, it can be argued that the guys did a great job in 1999 [3].

The growth of ceiling salaries since 1985, individual payments and overall ceiling of salaries are formed based on the forecasted rating BRI total revenue NBA in all spheres.

The ceiling of salaries is an article in the CBA, according to which all the clubs in the League set a maximum number of collective payments to players' contracts.

The ceiling of salaries in the NBA is soft – there are many officially authorized exceptions when signing contracts with the players and developing an overall picture of the economic situation of the club.

The ceiling of salaries can be exceeded. However, for exceeding the owners of the clubs have to pay in the budget of the League of special tax (luxury tax) in the amount of 100% of the excess. Payments occur if the costs for salaries exceed certain, also registered in the CBA, the level of taxes (70 million dollars for 2011). Money is distributed between other teams – equalizing the financial potential of clubs.

There are also individual limits of income players for both minimum and maximum salaries. For example, the rookie NBA cannot earn less than 473 thousand dollars a year (in 2010/11), and after 5 years in the League minimum salary exceeds the threshold of one million dollars. In turn, the maximum salary for "first-year" and for a person acting in an NBA sixth year, the same and amounts to about 13 million a year. As for veteran (more than 10 seasons) upper limit on the salary that exceeds 19 million [2].

Significant costs in the NBA associated with the payment of refereeing games. As is known, in 1994, the judge went on strike to demand a salary increase. Now newcomers receive 75 thousand dollars in the first year of his judicial career, then their wages increased to 99 thousand dollars. 200 – 300 or more thousand dollars a year get the most qualified judges with great experience [1, p. 123].

Just in NBA history there were four lockouts. The first lockout began on 1 July 1995 and lasted until September 21 of that year, resulting in canceled summer training camps. 11 July 1996 had a second lockout, which lasted a little less than three hours and was called "the three-hour war".

But in March 1998, the team owners came with a decision about the use of the right to early revision of the previously concluded agreements. Again not coming to a compromise in the established period, of 1 July 1998 the owners of the teams announced the third lockout. The cornerstone of the long lockout (204 days) was

the judicial sitting, where the question of if should the clubs pay to players in case of absence of matches was discussed. And if, before the court verdict players were in a safe situation, after the problem was resolved in favor of the holders of the players, the players stopped receiving money under contracts, many of them had to move on to play in Europe. The position of the player's Union sharply deteriorated, and they had to come to terms, which led to the conclusion a truce on 6 January 1999. After the expiration of the agreement in 2005, both sides reached consensus in just a few days.

On 1 July 2011 was the fourth in the history of the League's lockout. The owners of clubs required to reduce the salaries of the players at 25% and to establish a «hard» fixed ceiling of salaries at the level of 45 million. The entire season 2011/2012 was under the threat. On November 26 at the press-conference it was announced the end of a lockout, which lasted for 149 days. A new agreement between the players and the team owners was confirmed and entered into force on 9 December 2011; on the same day were opened training camps and allowed the signing of contracts with free agents. The schedule of the 2011/2012 season was reduced to 66 games; the first games were on Christmas day, December 25 [2].

Among other items of expenditure, we call salaries of service personnel, administrative and travel expenses, contributions to the pension and medical funds, payment of accommodation and power athletes during the games away, the acquisition of forms, inventory, equipment, rental of sports facilities, insurance players, expenditure on advertising and public relations, the development of sports programs (shooting educational films, search depot, etc.), the payment of taxes (Federal and local), and other.

The analysis of the economic activity of the NBA and its teams indicates that basketball business in the United States has entered a period of prosperity. The basis for the economic prosperity of the League is selling tickets for the games and rights for radio and TV broadcasting of the games. In recent years, the NBA significantly increased licensing and advertising and sponsorship activities. More than 57% of the income of the League is spent on the salaries of the players. NBA players are the most highly paid in professional sports.

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THE SUCCESSFUL BUSINESS MODEL OF FUNCTIONING OF THE GERMAN BUNDESLIGA

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Article is devoted to the economic regulation of the clubs in the German Bundesliga. The article discusses the model of functioning, income, financial stability and accountability in the Bundesliga.

Among the industries that actually sell work as television, film, other sports, football is characterized in that the least weakly associated with the real state of affairs in a particular economy. As an example of doing the right and decent football management stewardship often lead the German Bundesliga. The German system was recognized as one of the best in the world – in preparing young people in charge of the club's economy, transfers, in relations with the state and sponsors.

German Bundesliga is only fifty years old, is the youngest of all the European Championships 'big five'. In this anniversary season immediately became the most profitable Bundesliga club in the history of the championship. Back in April signed a lucrative contract with a TV, and starting next season German Football League, which distributes the income from the sale of television broadcasting rights between the clubs will receive 628 million euros per season. This is double the current amount. And the contract for the elite show matches and second leagues concluded once for four years. German Soccer receive more than two billion euros in fact just what will exist. In other words, reputation will now work on German football. Although this