

Spring 2018

Labor Migration and Wage Effect on English Players

Matthew D. French

University of New Hampshire, Durham, mdf2002@wildcats.unh.edu

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**University of
New Hampshire**

**Peter T. Paul College
of Business and Economics**

Labor Migration and Wage Effect on English Players

How will imposed migration policy and legislation affect the value
of UK players inside and outside of the Premier League?

Author: Matthew D. French

Supervised by Professor Loris Rubini

Submitted in fulfilment of the requirements of the Peter T. Paul College of
Business and Economics Honors Program at the University of New Hampshire,
Durham

Submitted May 2018

Signed Statement

I have read the University's academic honesty policy. I hereby certify this material, which I now submit for assessment leading to the award of Honors-in-Major (Finance & International Business and Economics) is entirely my own work and has not been taken from the work of others, save and to the extent that such work has been cited within the text of my work.

Student ID Number: 971520988
Name of Candidate: Matthew D. French
Signature of Candidate:
Date: 4/17/18

Abstract

With European soccer becoming an increasingly global sport positioned around the globalization of the brand, clubs and players themselves, freedom of migration continues to be essential in the determination of a player's specific wage value. As more countries complete legislation to hinder the freedom of migration and the labor surrounding it, player's wages and value will continue to be threatened and effected in an adverse manner. This research paper explores the relationship between freedom of labor migration and the wages regarding, specifically, the UK players both inside and outside of the English Premier League. Using this quantitative data and the current values of these players under question, the research will examine how the constraints placed on the migration of labor will affect the values of the players. As this research explores the relationship between labor migration and wages of professional soccer players within the UK, it will be able to provide a foundational understanding of the effect of freedom of migration on wages for European soccer clubs and players moving forward.

Acknowledgments

I would like to thank everyone who supported me through my research, especially my advisor, Professor Loris Rubini, who has not only provided me with exceptional guidance in the process of my research but has helped me to dive further into the field of international economics as well.

I would also like to thank my family and friends who, as they have my entire life, supported me in my undergraduate career at the University of New Hampshire.

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1. INTRODUCTION

Since the introduction of the Bosman rule in the mid 1990's, labor migration for European soccer players has been largely uncontested and fairly unregulated. However, recent political events such as Brexit has put this in freedom of labor migration in doubt. A closed border could financially affect some of the top European soccer leagues as well as the wages of both the UK citizens and the rest of the international players within them. Additionally, with the globalization of sport reaching new heights in today's age, wages in European soccer are continuing to drive upwards in turn forcing owners and managers to spend wisely in an attempt to remain profitable. These monetary changes combined with the potential political change has put owners and players in a shifting environment that is unprecedented in Sports. This topic remains of interest to the international economics of sport and determine how these players will be valued under the new political environment with limited mobility throughout the EU.

This research has strictly quantitative aspects and be specifically focused on the value of three separate groups: 1) Non-UK players operating in the UK 2) UK players operating within the UK and 3) UK players operating within the "top 5" soccer leagues within Europe. In addition to the United Kingdom's native "top 5" league (the English Premier League), the other four leagues which are under consideration in this study include the domestic leagues of France, Spain, Germany and Italy. I identified the wages of all players using the official English Premier League rosters from the August 2017 as well as the other respective official rosters from the August period of the other leagues. Using the collection of this primary data, the weekly wages of the players under consideration, the research study the effect that freedom of labor mobility has on the welfare of both the players and the established owners.

Section II reviews the literature on the basis behind the origin of freedom of migration within the sport of European soccer including the case of Jean Marc Bosman. Additionally, the review of the literature focuses on the migration in quality and the labor markets within the professional sports culture. Later, the review covers the modern day political regulations surrounding Brexit and specifically how it impacts migration into and out of the United Kingdom. This section also defines the international labor mobility model as well as other applicable theories and necessary economics theories.

Section III reviews of the research methods undertaken and the process taken to conduct the research. This section begins by introducing the large research questions and what I hope to conclude through his analysis. The section further establishes the method and research strategy. I chose to use a method of strictly quantitative research methods and an analysis of the official premier league wage data compiled in preliminary research.

Section IV includes the in depth analysis of the Premier League wage data. I analyze and present an application of the international labor migration theory and thus the analytics of the data itself.

Section V provides conclusions provided by the data analysis. It draws on the finding of the analysis to develop conclusions that answers the overarching research question. These conclusions are followed with potential topics of further investigation.

2. LITERATURE REVIEW

2.1 Literature Introduction

This literature review presents relevant information that is used as a base for further explanation and research into the topic regarding the relationship between the effects of labor migration policies on value of UK players. Various authors' work has been explored and referenced in order to gain a more comprehensive understanding of the topics within.

This review is divided into eight sections, each section covers topics important to develop a background towards the understanding of the current "baseline" climate surrounding international labor mobility amongst European soccer players. The literature review begins with the history of labor mobility amongst professional sports players including the specific legislation surrounding the Bosman ruling in 1995. Later sections cover a broader take on the overall labor markets in professional sports such as the U.S. markets and the societal effects on the industry. The following sections observe the impact of potential Brexit legislation on the immigration policy. The remaining section discusses the topic of international labor mobility as a whole and the marginal product of labor.

2.2 Bosman Ruling

Freedom of migration amongst European soccer players was not always guaranteed. It was not until a ruling in 1995 by the European Court of Justice (ECJ). Jean Marc Bosman, a professional soccer player playing for the Belgian soccer team RC. Liegeois, was up for a contract renewal in June 1990. However, when the club offered him a new deal worth 25% of his previous contract, he exercised his right under the Royal Belgian Football Association (URBSFA) regulations to reject the offer. This in turn triggered the club to sell the player to any team for 12 million Belgian Francs. As no team considered this egregious offer, Jean Marc Bosman launched a lawsuit with the European Court of Justice demanding freedom of migration for soccer player. The counter argument posed by RC. Liegeois and the clubs within the European system was that they would be incurring a financial loss if they were unable to receive any compensation for the time and training that they had put into the development of the player. They knew that many decisions take place in the acquisition and valuation of players on the free market including factors such as a player requiring extensive additional training, age of the player as well as the player's participation on the International level. In spite of the European clubs, Marc Jean Bosman went on

to win the lawsuit in December 1995 which would change the landscape of the EU soccer market from that point onward. The effects of the Bosman ruling of 1995 established the freedom of migration for players throughout the EU. This freedom of migration has been a topic heavily researched among the international economics community. There is an extensive amount of empirical research that observes how the freedom of labor migration affects how the soccer clubs compete for players on the open market. (Antonioni, P., & Cubbin, J., 2000).

2.3 FA Regulation Regarding non-UK player Participation

Current regulations surrounding mobility of professional soccer players inside and outside of the UK are fairly straight forward. These regulations, established by the Football Association (FA) and the Home Office currently state that players can play in the UK through three main criteria: 1) a player holds UK citizenship and is therefore eligible to work within the country without restriction. 2) “players has to meet a minimum percentage of international matches played for their country over the previous 24 month period, as determined by that country’s FIFA world ranking.” The percentage of matches required under these regulations can be observed in Table 2.4. 3) If neither stipulations 1 or 2 are not met, players/clubs can file an appeal with the “exceptions panel”. The decision of the panel is “a points-based” system that accounts for their experience playing at an elite level abroad. Additionally, factors such as the amount the club is willing to pay in both wages and transfer fees are taken into consideration. If the panel feels the player is of “elite” quality than they may recommend a work permit be approved on the player’s behalf. (FA Staff, 2015)

| Official FIFA Ranking | Minimum % of international matches over previous 24 months |
|-----------------------|--|
| 1-10 | 30% |
| 11-20 | 45% |
| 21-30 | 60% |
| 31-50 | 75% |

Table 2.3: Current FA Work Permit Qualifications

(Source: Football Association, 2015)

2.4 Freedom of Movement: 'Brexit' and the EPL

When the legislation is enacted and the UK separates from the EU, the government of the UK has declared that they will no longer allow the freedom of movement amongst people. While no direct statement has been made regarding the legislations effects on the English Premier League (EPL), it is common understanding that it is unlikely the government would require clubs to acquire work permits for the current non-UK players on their rosters. However, the new waves of players coming into the league from outside EU countries would be restricted to the same stipulations and legislation of players currently coming from outside the EU region. Independent research shows that an estimated 40-42% of EU players would not have qualified for a work permit had the FA regulations for foreign players (observed in section 2.3) been applied to their EU colleagues. This same research also provides a base case scenario of the consequences faced by potential EPL players if all non-UK players were included in the FA work permit process as well as a scenario in which the EPL is exempt in any Brexit legislation. As observed in Figure 2.5, the first scenario shows how percentage of EU players would sustain current levels if they are not subject to additional migration screening. The second case observes the end of freedom of movement in which all non-UK players are subject to additional requirements. In the second case, the research projects a drop of EU players from 39% to 20% of the population of the EPL. In the same period we see an increase of UK players from 44% to 65% of the league population. (Shaw, 2018).

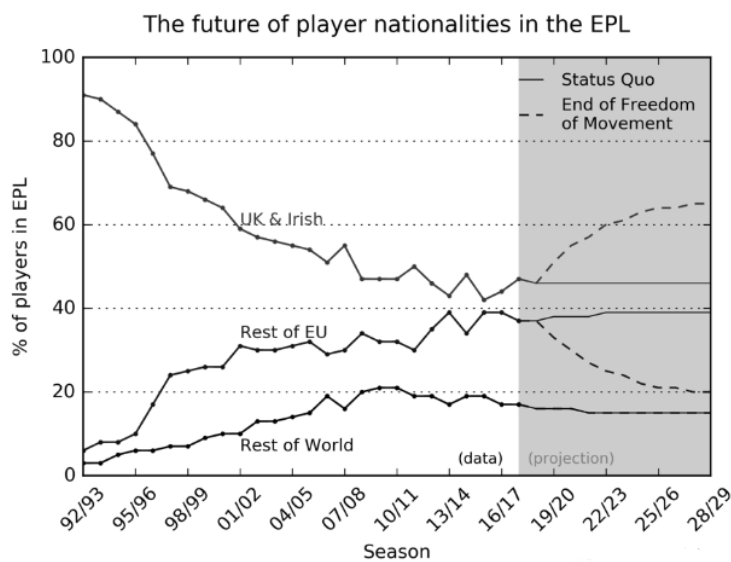


Figure 2.4

(Source: Shaw, Harvard)

2.5 Labor Markets in Professional Sports

While most research done within the professional sports labor market has been conducted within the U.S. markets, it can be said that total revenue in many sports are highly concentrated amongst the top players in the game. We know that demand is to be derived from the demand for specific goods and services. In the case of professional sports, this would mean customers willing to pay more for higher quality athletic performance. The marginal revenue product of a player is essentially the extra amount that a spectator will pay times the number of people who consume the product, either in person or remotely. A notable factor of the professional sports labor market is the wage discrepancy between other labor markets. This is due to the scale of operations effect in which a person's profession is able to immediately impact the consumer of the service or product. An example of this can be seen between the teaching profession and the professional athlete. Society values education and the demand for education is higher than those of professional athletics, but because a teacher can only teach about 20 students at a time, whereas a professional athletes performance can be consumed by thousands of people at once, it creates a significant wage discrepancy between the two. These principles hold true across the professional sports labor market regarding European soccer. The upper echelon of players in the European soccer market has an increased demand across the top clubs in the market, therefore increasing the demand for their services and thus increasing the overall earnings potential of top players. (Rosen and Sanderson, 2001 and references therein).

2.6 International Labor Mobility Theory

The international labor migration theory on the base level simply states that in a free market, the wage rate reaches an equilibrium. This theory is based around the assumption that workers operating in a low wage environment will migrate to a high wage environment. In this model, two assumptions occur in order to focus on the impact to international labor migration. These assumptions are that these two countries produce a single good and that an immobile factor, land. Due to the fact that there is only one good, there is no incentive for trade between the two separate countries and therefore only migration of labor will occur. As previously stated, the migration of labor will occur where workers will migrate in search of the highest possible wage for their services.

All of this can be seen in Figure 2.7 below. Graphically this is displayed with the total global labor force on the horizontal axis and the MPL (marginal product of labor) curves representing real wages earned. Real wages in this scenario is defined as “the wage divided by the price of the unique good in each country”. In the scenario displayed in the graph, you can see how the outside factors such as differences in technology and land endowment will lead to real wages being higher in “Foreign” employment (Point B) compared to “Home” employment (Point C) when migration is not possible. However, when workers are able to migrate, workers will move from the “Home” market towards the “Foreign” market to achieve higher real wages. If no restrictions are encountered, then the convergence of real wages will occur until an equilibrium between the two markets. (Krugman, Obstfeld and Melitz, 2018)

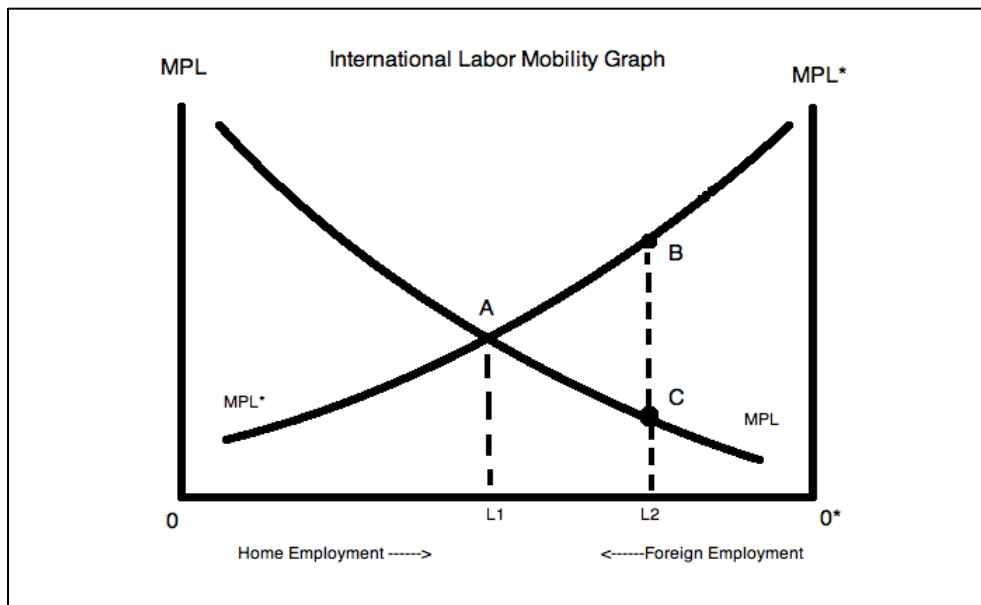


Figure 2.6: International Labor Mobility Graph

2.7 Literature Summary

This section introduced and defined concepts regarding international labor migration, specifically within the sector of European soccer. The literature review began with broader topics such as the history of labor migration within the sector such as The Bosman Ruling and moved towards an introduction of the potential legislation and theory behind labor migration as a whole. This section also helped identify key information and macro-economic trends which will be further applied and analyzed in later sections.

3. METHODOLOGY

3.1 Introduction

This methodology section describes the primary research question as well as the underlying objectives of the overall research. Succeeding the initial research question, I will explain the philosophy under which the research topic is approached. Strategies and methodology will then be explained in order to clarify the process in which the appropriate method is selected. Finally, the section will conclude with an explanation of the research method, possible limitations surrounding the study as well as any ethical considerations.

3.2 Research Question

This research has set out to answer the question: *“How will imposed migration policy and legislation affect the value of UK players inside and outside of the Premier League?”* Within this question, the underlying objectives will be to explore the theories surrounding the specific factors model and how international labor mobility will be effected. Specifically surrounding this model, I will observe how an increased restriction of international labor mobility will affect the welfare of the UK players operating domestically contrast to the UK players operating abroad.

3.3 Appropriate Research Methods

To test how professional UK soccer players would be affected by a restriction and changes to policy regarding international labor mobility, one would conduct research using observation of quantitative data. Regarding the quantitative data, I may collect data from a reported database which could allow for a base line of market conditions in the current environment and allow for constrictions to be placed on the marketplace to understand how a change to the environment would affect the overall labor force. This method could be conducted using either collection of data using one technique, also known as the mono method technique, or a method utilizing a data collection from a variety of techniques, also known as a multi method technique. Alternatively, looking at this research question, there is no appropriate qualitative approach to be taken.

3.4 Choosing a Research Method

When deciding on the research method, many factors went into the consideration of selecting the appropriate research topic. I observed that due to the numerical data, mathematical equations and modelling theories surrounding the research question, a qualitative approach does not seem to be applicable in this situation.

The researcher decided to apply a quantitative approach using a collection of primary data from an established database known as Sportrac. Sportrac is a published database that tracks and reports on the wages of the professional sports labor market including the EPL. This collection of primary data focused on the weekly wages of professional UK soccer players currently playing both inside and outside of the United Kingdom.

3.5 Description of Research Method

When conducting the research, to most effectively answer the research question, I used a quantitative strategy in which data is collected from a primary source. I started by finding the published weekly wages of UK players playing both inside and outside of the UK domestic league. Other leagues that were analyzed for the participation of UK players were the top domestic leagues in the countries of Spain, England, Germany, and Italy. To further the research, I compiled the wages of all foreign players in the English Premier League to further compare

The first step towards the collection of quantitative data is to establish the UK citizens which would be included in the set of wage data. After identifying the proper players involved in the research question, I began collecting the weekly wages of the players in question. With the data, I then established the real wage of each set of players; UK players playing domestically in the EPL and those playing abroad in each of the other established top 5 leagues: France, Germany, Spain, and Italy. Using this real wage, also known as the Marginal Product of Labor in the international labor mobility model, I am able to create a base case scenario which equates the current value of UK players both foreign and domestically. The same process is then undertaken to gather the wage data for the set of players that consisted of foreign players playing in the EPL.

In order to further analyze the data and conclude how the value of the UK players will change, I observed the proposed restrictions on UK labor migration. To place these restrictions I used the data gathered in Section 2.4 to determine the new levels of UK as well as foreign players in the EPL. To further determine the value of UK player's value, I assumed all foreign direct investment and wage pools would remain the same. Using this method, I am therefore able to compare the value of the UK players within both the foreign and domestic market to determine the effect of labor migration of the players.

3.6 Ethical Considerations

When observing this research question, the primary data collection from a reliable database used as well as the strict quantitative methods used pose no apparent ethical considerations to be used when conducting research.

3.7 Limitations

Much like the majority of research papers, some limitation will be included in the research. The first limitation I encountered is the small sample size of the UK players currently playing outside of the United Kingdom within the "Top 5" leagues of Europe. This provided a small subset of data with a wide range of wages for the UK players.

Due to the fact that this study included a small subset of UK players operating in the observed foreign markets, there is a potential for the determinant value of UK players operating outside of the UK to be higher or lower than previously concluded.

3.8 Conclusion

In order to answer the proposed question and the primary objectives, one must collect the wage data of each individual on the official 23 man rosters of the 20 separate English Premier League clubs. Additionally I had to identify UK players working in the observed foreign markets and derive the wage data for each individual. After identifying each the wage of each player under observation, I am able to calculate the value of each group of players by summing up the total wage pool of each group and dividing the total quantity of wages by the number of players in each subset. This derives a real wage value for each group of players under the current migration policies in place.

To gather this data, I utilized an established data base which tracks and reports on the wages of players operating within the EPL. By making use of these data inputs and analysing the data, I was able to determine the real wage value for each of the subsets of players within the current environment as well as the new environment of restricted migration.

4. FINDINGS AND ANALYSIS

This section presents research and data based upon the collection of wages from UK players both inside and outside of the English Premier League as well as the other “Top 4” leagues in Europe. Section 4.1 explores the findings from analysis of the wage data gathered. Additionally, Section 4.2 further analyses and discusses the findings while also connecting the findings back to relevant literature introduced in section 2.

4.1 Wage Data

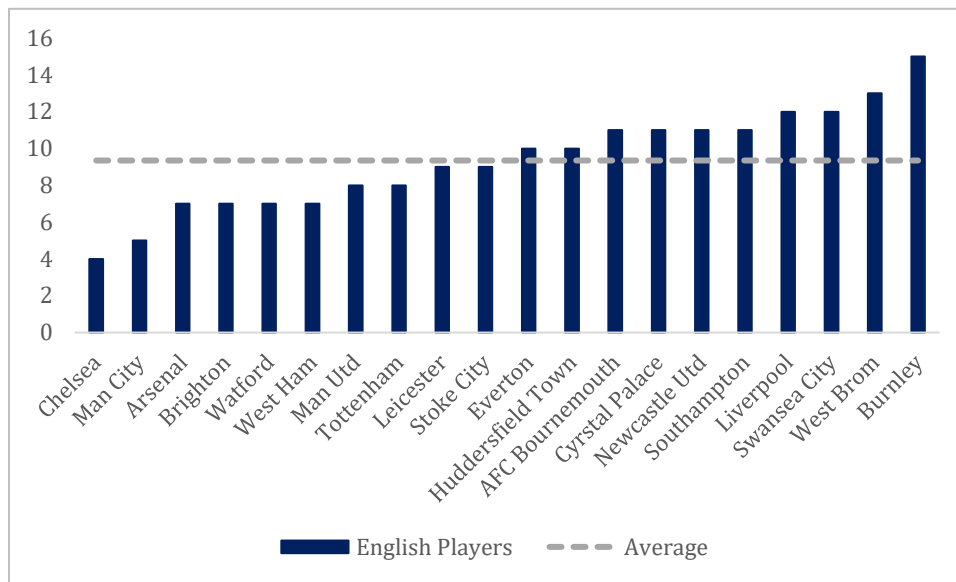
Section 4.1 looks at the wage data compiled of all UK soccer players both currently playing inside the top league of English soccer, EPL as well as UK players playing in the other top leagues of Europe including France, Spain, Germany and Italy. These sections are broken down and analyzed in two separate sections. The research and findings look to clearly present the data and relevant information surrounding the value of each of subset of the data. The first subset of data discusses and interprets the findings of the UK players currently operating within the UK. The following subset of data discusses and interprets the findings of UK players currently operating outside of the UK.

4.1.1 Value of UK Players within the UK

When looking at the value of UK players currently operating within the UK, it is first important to understand the scope of players as well as the definition of the subset. Citizenship of the UK includes citizens of England, Scotland, Wales, as well as Northern Ireland. While FIFA identifies these as independent footballing nations, legislation currently allows for citizens of each of these nations to play within each of these respective nations without restrictions. In the premier league, each team carries an official roster of 23 players, submitted at the beginning of each season. Amongst all 20 teams within the EPL, this leaves a total of 460 players within the league. At the beginning of the 2017/18 season, 187 or about 41% of the players operating within the league were citizens of the United Kingdom. Figure 4.1 depicts participation of these UK players on a team by team basis. Due to the heavy levels of foreign investment into the premier league, it can be seen that the players within the league has become greatly diversified as well. Per 23 man roster, each team contains approximately 9.35 players that meet the definition of a UK citizen.

However, when looking at each club individually, the range varies drastically. The team with the lowest amount of U.K citizens on their 23 man roster is Chelsea Football Club. Inversely, the team with the most UK citizens on their roster is Burnley Football Club with 15 players. On an individual basis, the highest paid UK player is Wayne Rooney at £160,000 per week. Rooney had previously been one of the top earners in the league before he took a 50% pay cut to join Everton F.C. prior to the 2017/18 season (Kirkbride, 2018).

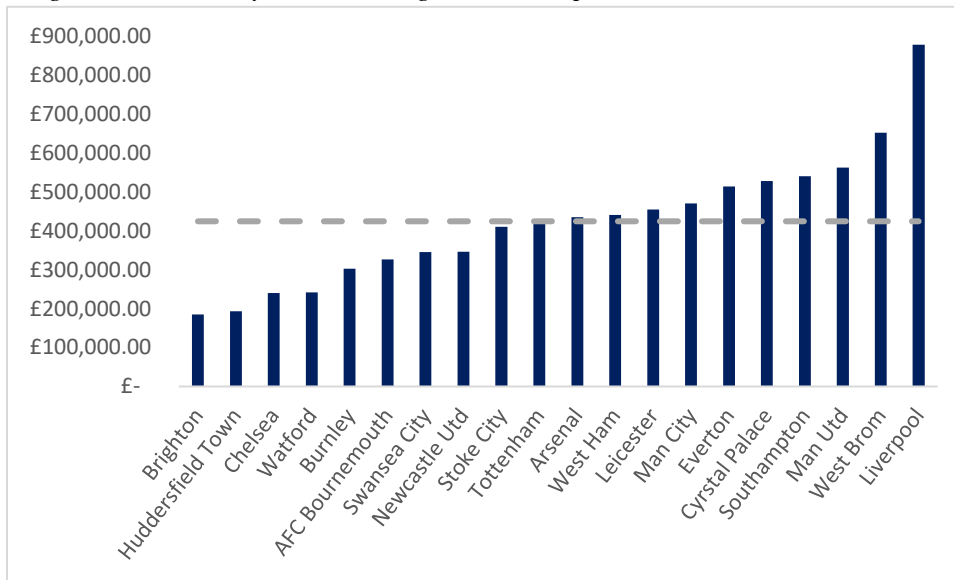
Figure 4.1: Number of UK Players per Team (23-Man roster)



Looking at the wages of UK players operating within the EPL, it is easy to see the vast amount of wages being paid to all UK internationals. Similar to the amount of ‘domestic’ players on each roster, there is a wide range of wages being paid to UK citizens. To understand the value of UK players, it is helpful to also observe the wage scale within the league. As you can see in Figure 4.2, on a team by team basis, in their first year in the premier league, Brighton Football Club pays their UK players a total of £185,000 per week. At the other end of the spectrum, a team that has one of the highest wage bills in the world, Liverpool Football Club pay their UK players a total of £878,000 per week. On average the premier league pay their domestic players £424,301 per week. When you take this average of total wages per team of UK players operating within the EPL and divide by the average amount of UK players per roster, it can be determined that the average UK player operating in the EPL receives an average of £45,379. This £45,379 average for UK players operating in the EPL can be used as the value at which clubs and their owners currently value of the UK player’s labor under the current legislation.

Looking at the new proposed legislation, only about 35% of foreign players would be eligible for a work permit and therefore allowed to operate within the premier league. Assuming that the interest in the EPL in terms of foreign direct investment would remain at current levels, the wage pool available for UK players would vastly increase. Currently UK players account for close to 34% of the total per week wage pool at £8,486,021. With proposed legislation seeing, the UK population grow from 44% to 65% (299 of 460 players) of the league, wage pools available to UK players would increase 91% to a total of £16,224,832 million per week. By determining this increase in wages, we can find out the increase in wage per week value towards the individual players as well. Using this data we can conclude that UK player’s average salary will increase to £54,311 per week. The comparison of new wages (£54,311 per week) with old average wages (£45,380 per week) we can see that these increasing levels would leave UK players playing in the EPL £8,951 per week better off than under current wage levels.

Figure 4.2: UK Players Total Wage Per Team per Team



4.1.2 Value of UK Players outside of UK

When looking at the value of UK players currently outside within the UK, the scope is vastly smaller. There are few UK citizens playing in the top leagues of Europe outside of the EPL. Due to the vast number of teams that exist within the English soccer leagues, many players will often play in less superior leagues within the boundaries of the UK to develop their skills rather than seek employment abroad. However, some players do choose to play outside of the UK. This data observes the UK players currently playing in the top soccer leagues within the countries of

Germany, France, Italy and Spain. Within this subset, there are 78 clubs, which contain a total of 1,794 total players. At the beginning of the 2017/18 season, 7 or less than 1% of the players operating within these leagues were citizens of the United Kingdom. The most famous of these players is Gareth Bale who earns £350,000 per week playing for Real Madrid in Spain's "La Liga".

Looking at the wages of UK players operating outside the EPL, it is easy to see the minimal amount of players within the subset. Similar to the amount of UK players on each roster within the EPL, there are a majority of respective 'domestic' players in each of their home leagues as well. However, even with the small subset, we are able to derive a value of UK internationals outside of the EPL. As previously stated, Gareth Bale of Real Madrid is the top earner at a value of £350,000 per week. When including the entirety of UK players playing outside of the EPL, these players earn a total of £407,000 per week or an average of £58,143 per week. For UK players operating outside of the EPL this value can be used as the value at which foreign clubs and their owners currently value the UK player's labor under the current legislation.

With UK players earning a total of £407,000 per week and an average of £58,143 per week in the current environment, this subset would be worse off due to the inflow of labor comprised of an estimated additional 112 players who would be competing for the same 1134 total roster spots within the top French, Spanish, German and Italian leagues.

4.1.3 Value of Foreign Players within the Premier League

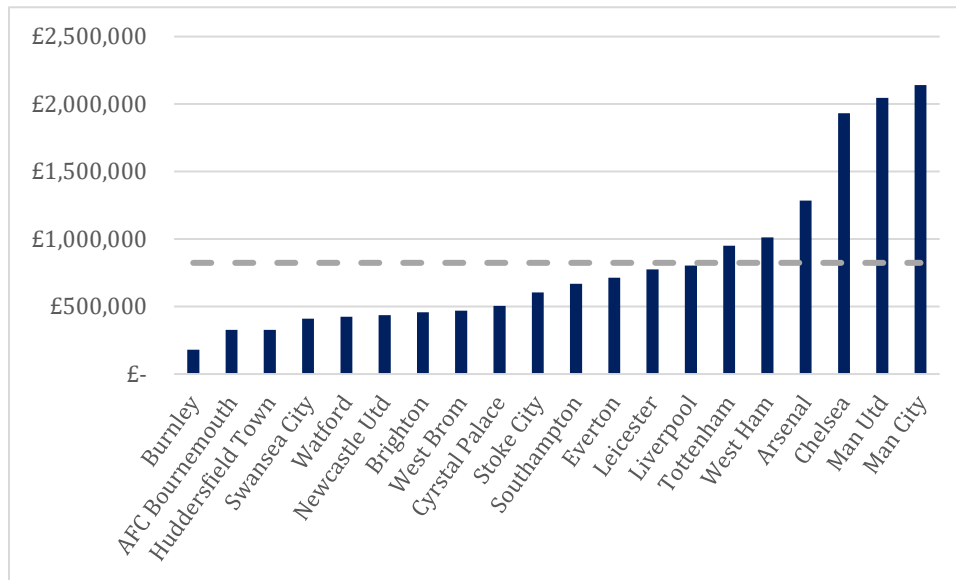
While the scope of this research encompasses the value of UK players, it is important to understand the value of non-UK players playing within the Premier League as well. Due to the vast amount of foreign direct investment, many of the most skilled foreign players come to the premier league in order to capitalize on the high wages available from some of the top clubs. On the official rosters of 23 players per club, submitted at the beginning of the beginning of the 2017/18 season, 273 or about 59% of the players operating within the league were foreign players. Of the 10 highest paid players within the Premier League, zero are UK citizens including the highest paid non-UK player is Paul Pogba at £290,000 per week. Additionally, Wayne Rooney, the highest paid UK player would rank 12th on the list of top wages in the EPL.

Looking at the wages of non-UK players operating within the EPL, it is easy to see that the wages are well above the average of their UK colleagues. The value of the non-UK Player lies just under

£15,000 per week higher than UK players playing in the same league. As you can see in Figure 4.3, on a team by team basis, Burnley Football Club pays their non-UK players a total of £180,444 per week. Burnley is also the club that employs the least amount of non-UK players on their official 23 man roster. At the other end of the spectrum, a team that has one of the highest wage bills in the world, Manchester City Football Club pay their non-UK players a total of £2,139,882 per week. On average the premier league pay their foreign players £56,970 per week. This £56,970 average for UK players operating in the EPL can be used as the value at which clubs and their owners currently value of the UK player's labor under the current legislation.

Looking at the new proposed legislation only about 35% of foreign players be eligible for work permit and allow the players to operate within the premier league. Assuming that the interest in the EPL in terms of foreign direct investment would remain at current levels, the change in demand for non-UK players would leave foreign players worse off than under current legislation. Currently non-UK players account for close to 66% of the total per week wage pool at £16,475,259. With proposed legislation seeing, the UK population shrinking to 35% from the current levels of 56% (161 of 460 players) of the league, wage pools available to non- UK players would decrease 89% to a total of £8,736,448 million per week. By determining this increase in wages, we can find out the decrease in wage per week value towards the individual players as well. Using this data we can conclude that UK player's average salary will increase to £54,261 per week. The comparison of new wages (£54,261 per week) with old average wages (£60,349 per week) we can see that these increasing levels would leave UK players playing in the EPL £6,085 per week worse off than under current wage levels.

Figure 4.3: Non-UK Players Total Weekly Wage per Team



4.2 Discussion and Analysis

This data analysis provides valuable insight regarding how the value of the value of UK players will change as the policy surrounding the freedom of labor migration occurs in the UK soccer market. Alternatively, there are also examples of how the value of foreign players within the EPL will be affected under proposed legislation.

As previously observed in section 2.6, the international labor migration theory states that in a free market the wage rate reaches an equilibrium. Assumptions surrounding this theory include the fact that that laborers operating in a low wage market will migrate to a high wage environment as well as the assumptions that these two countries produce a single good and that an immobile factor of land. Due to the fact that there is only one good, there is no incentive for trade between the two separate countries and therefore only migration of labor will occur. As true with the cases of international trade, changes in international labor mobility will cause some groups to be better off while other groups are left worse off. Observing the data analysis, UK players operating within the EPL currently obtain a value of £8,486,021 per week. However when imposing the proposed restrictions on the model the value of UK players increased by a total of £8,951 per week per player to a total of value of £16,244,832 per week. Furthermore, under the current migration environment, the UK players currently operating outside the EPL are better off than UK players playing domestically by £8,951 per week, however when labor immigration is restricted, this gap is closed significantly in terms of wages per week.

Figure 4.4: Estimated Changes in Value

| | UK Inside | Non-UK inside | Estimated Change for UK players inside |
|-----------|------------|---------------|--|
| # players | 187 | 273 | +112 UK players in EPL |
| £ Wages | £8,486,021 | £16,475,259 | +£7,738,811 Total wages per week |

The major argument of the “Leave” Campaign, regarding Brexit, was based upon immigration and the control over flow of immigrants between the UK and the rest of the EU. In the professional soccer labor market, this significant control of immigration would greatly benefit the UK players and their real wage value of their labor. In contrast, this control of immigration would greatly hinder the foreign player’s ability to earn within the EPL. Alternatively, the increased inflow of labor would hurt UK player’s ability to earn abroad perhaps causing a shift of UK labor to return to the EPL where the increased wages are more comparable to the wages earned in the other European leagues.

As Dhingra et al (2016) mentioned, the negative impact that Brexit has on the FDI inflows to the UK are expected to reduce by 22% as well as lower real incomes by 3.4%. Looking at the state of the labor markets in professional sports, Rosen et al (2001) show how globalization and TV rights of the sector allow for less volatility in earnings power. Returning to the example of the teaching profession and the professional athlete. Society values education and the demand for education is higher than those of professional athletics, but because a teacher can only teach about 20 students at a time, whereas a professional athletes performance can be consumed by thousands of people at once, it creates a significant wage discrepancy between the two. For this reason, real income would likely not be impacted by the immigration policy. However, due to the speciality of the labor service being offered by the soccer sector, as well as the globalized state of the EPL, it is difficult to conclude the labor restrictions impact on overall FDI.

5. CONCLUSIONS AND IMPLICATIONS

This section will look to draw upon the discussion and analysis of the data above and build conclusions regarding the value of UK players both inside and outside of the premier league in the presence of increased labor migration restrictions. It will use previously introduced literature to further reinforce the conclusions. This section will further provide evidence to construct conclusions, provide implications of the overall research as well discuss shortcomings of the research, and provide areas for future research based on the implications.

5.1 Evidence

Evidence within the data analysis shows that limiting the freedom of labor migration in the UK greatly impacts UK players currently operating inside and outside of the country as well as the foreign players currently in the EPL. In the case of UK players operating inside of the EPL, the effects of the proposed limited labor migration into the country produces a substantial increase in the value of wages paid to UK players. This demonstrates that the demand for UK players will increase as teams will replace the ineligible foreign players with the UK players thus increasing the value of the UK players themselves.

The case of the UK players currently operating outside of the EPL shows that while they currently are valued higher outside of the EPL, the gap will converge as clubs within the EPL will be more willing to pay higher wages to UK players in order to fill their rosters. Additionally, the inflow of foreign players into the other top leagues will decrease the demand for all players in the foreign market including UK players. For example, a player such as Gareth Bale, a UK citizen,

who is highly coveted in all leagues will become more valuable to EPL clubs as they look to replace top talent that will no longer meet work permit stipulations with UK eligible players.

Alternatively, as UK players generate more demand within the EPL, non-UK players will lose in terms of wage value. Owners within the EPL will also lose in the scenario of limited labor migration. This is due to the fact that the labor supply in which they fill their rosters will become increasingly smaller as the demand for player's labor will remain stable.

5.2 Implications

This research will provide owners within the EPL a baseline case scenario for proposed implementation on the restriction of freedom of labor within their sector. Owners could use this information to influence legislation as well as help adapt their transfer strategy in terms of targeting certain UK players in order to avoid increased wage bills moving forward. Additionally, this research provides players the ability to understand the effect of labor mobility on their own wage value. They could use this information to further understand their wage values as well as help determine the best possible environment for their labor. They could also use this data to help negotiate their future earnings potential to ensure they are receiving the proper value for their services.

5.3 Future Research

As the world of sport continues to globalize, this research could provide a basis for many areas of exploration moving forward. This study provides an analysis of how limited migration into the UK could affect the value of players inside the UK. In order to understand the concept more, various areas of research will be needed to find a stronger correlation between migration and the value of UK players. Additional areas of research could include but are not limited to impact of foreign direct investment (FDI). If foreign players were not able to play in the EPL, how would it affect FDI and if a drop in quality or FDI is to occur, would more UK players search higher wages outside of the EPL.

5.4 Summary

This data analysis research delivers some understanding as to the effect of freedom of labor migration on the value of UK players both inside and outside of the EPL as well as the effect on the value of foreign players within the EPL. The analysis shows a strong effect on the value of UK players inside of the EPL with a wage value increase of nearly 9.97 percentage.

Insights drawn from this research contributes to existing literature about the effect of labor migration on wages. It can serve as secondary data for further research on the topic and can provide owners and players an opportunity to evaluate the values of their services as well as the location in which to obtain the highest possible earnings potential moving forward.

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