

The professionalization of the sport agents: cartels, networks and enterprises within the football industry in a comparative perspective, 1950s- 2010

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The development of football as a business sector has led to the emergence of new professional figures and, amongst them, undoubtedly football agents have become influential actors worldwide. Using a variety of secondary literature as well as extensive interviews with some key actors of the football sector, we investigate the historical transition of football agents from a social acceptance at national level to an institutional recognition in the transnational football markets. Here, we show that the institutional framework has been critical to the emergence of the football agent as the development of different transfer regulations and labour market systems worldwide has made this profession crucial to overcome information asymmetries about players' evaluation. Moreover, deregulation in the media industry has strengthened their role as middlemen. Their major role within the football industry has shaped a rapid evolution of their expertise towards a more business-oriented approach even though, as football labour markets are socially embedded, person-to-person networks remain pivotal.

I. Introduction

The emergence of the first intermediaries was closely related to the phase of football professionalization, but the first agents appeared when football developed an overtly business context in the early 1960s. Favoured by the labour market reforms against the 'retain and transfer' system, obtained by player unions, agents started assisting players in order to fulfil their requests for negotiating contracts (Rottenberg, 1956; Magee, 2002). Furthermore, agents were already relevant figures thanks to their knowledge of distant and unexplored football markets. This factor allowed them to open and create migratory channels in order to serve clubs' requests. With the European Court decision related to the Bosman case in 1995 the football labour market was liberalized and agents acquired a further recognition in order to fully exploit their ability of creating relational networks connecting clubs and players at a global scale.

This work shows that the agents' pivotal role within the football industry has been greatly strengthened by reforms of the transfer markets and regulatory contexts as well. From the mid-1990s, European football revenues have increased extraordinarily in almost all football leagues; the annual growth rates of player salaries exceeded annual growth rates of revenues during the last decades. Players' salaries grew at an annual rate of over 30 percent in England, Italy and Spain in the period 1996-2002. Following the Bosman case, clubs had more serious financial capital to play with than ever before and offered radically improved salaries to players in an effort to stave off the effects of the Bosman ruling. Transfer fees rose radically on the transfer market and this put players

in a powerful position, as clubs could not afford to lose a player without transfer fee reimbursement. Moreover, given the Bosman verdict, international mobility of players in Europe greatly increased, while agents became a central element in contract negotiations in the 1990s. Agents, of which there are a variety of types, build up a player "bank" of clients and represent these during contract negotiations. Some also perform other duties, such as financial management and negotiating sponsorship deals. Arguably, the agent has become the most important figure involved in the football business.

We prove also that this new market scenario occurred alongside exponential revenue growth in the football industry resulting from greater competition and de-regulation in the broadcasting market with the introduction of pay-TV and "pay per view" television in the 1990s. The general growth of clubs turnover, which is reflected in the increase in fees paid for the signing of players, has boosted the earnings possibilities for middlemen. However, because of the different institutional environments agents elaborated different strategies to maximise their profits, or to acquire a competitive advantage against their rivals. For example, since every country had its immigration rules and football transfer regulations, this favours the formations of immigration flows of players linked to specific countries where agents can better operate. Another relevant example is provided by the organization of professional sports in US where the formation of cartels by franchise owners is permitted by the antitrust law. For this reason, the allocation of talent in the league is made in function of pursuing competitive balance between franchises. In other words, teams need to be equally competitive through the allocation of strategic resources such as athletes and revenues. In this context, collective bargaining agreements are crucial to support this market framework and the interference of external stakeholders such as agents are highly limited and controlled. In the US, Sport agents mainly operate on the behalf of athletes and franchises highly control their scouting and intermediary departments. Conversely, in Europe the sport is seen as a pure competitive market and cartels are not permitted. In this context, sport agents benefit more freedom of action in the transfer market.

Here, we consider firstly under which circumstances sports agents have developed and which factors contribute to the development of their profession in North America. Then, the attention is directed on the history of football agents in Europe which allows drawing a parallel with the figure of sport agents conceived in general terms. In doing so, we focus mainly on the development of the principal agent tasks: a) the negotiation of contracts for players; b) the scouting of footballers for clubs; c) the management of the best known players' image rights. Simultaneously, we investigate how liberalization of the football labour market and deregulation in the media industry contributed

to transform agents in powerful ally for players. By following the evolution of the football agent as a profession, we show how the agent's expertise has changed accordingly, becoming more business oriented.

II. The origin and history of sport agents in North America

The development of sport agents as recognised professionals was by no means accidental. It was a response to remarkable changes witnessed in the professional sports arena during the 18th and 19th centuries. Initially, such figures did not pose any problem as players' remuneration and their professionalization were instrumental to the progress of North American sports and the formation of the sporting leagues. In this way, professionalism in sport was gradually favoured and seen as a key factor that contributed to the emergence of sport agents (Guttman, 2004). Their influence was not a contentious issue and it was essentially explained by the fact that the advent and subsequent professionalization of modern sports appealed to the private sector. The U.S. government took a position not to make sport an affair of state and it allowed individual promoters and organizers to enjoy considerable autonomy. This situation gave a number of people the opportunity to shine through initiatives very avant-garde for their time (Lamster, 2007).

Historically, athletes represented themselves in contract negotiations with experienced general managers. Consequently, this often led to a bargaining imbalance between teams and players (Gould, 1992). Players soon began consulting attorneys or other professionals regarding their contracts.¹ Nevertheless, the first sports agent in the modern sense was actually 'Cash & Carry' Pyle, who represented prominent athletes during the 1920s and 1930s.² He had invented a profession representing and managing athletes in every day aspects of their life. At that time this style in the sports world was visionary and revolutionary but its influence would take decades to have an impact on professional sports (Reisler, 2008).

The 1960s represented the crucial decade for the business of sport intermediation. Insofar many teams showed an unwillingness to negotiate with such professionals, agents started having a useful role in the bargaining process (Sobel, 1987). The growing emergence of sports agents was not favourably greeted by the sports community. However, in team sports, sports agents did not appear until the late sixties and early seventies. In baseball, the MLBPA³ did not allow players to have an

¹ The famous and legendary New York Yankees baseball player 'Babe' Ruth hired as a financial consultant Christy Walsh, a sportswriter-turned-manager (Neff, 1987).

² Such as the French tennis star Suzanne Lenglen (Berry, et al, 1986).

³ MLBPA: Major League Baseball Players Associations.

agent according to their CBAs⁴ (Ruxin, 1993). Despite so, the number of sports agents increased and individuals from diverse backgrounds and professionals entered the industry (Holt et al., 2006). The role of the upcoming modern agents as player representatives was pioneered by the Mark McCormack. He was the first to recognize the commercial potential of the major sports stars and he represented a generation of leading golfers including the so-called Big-Three, Jack Nicklaus, Gary Player, and initially Arnold Palmer (Katz, 1994). Through his company IMG, he utilized the image and skills of his clients to generate commercial value through endorsement contracts and advertisement campaigns.

As argued by scholars (Shubert et al. 1986; Sobel, 1990; Shropshire and Davis 2008), several factors transpired during that time period to account for the prominent position agents currently have in the sports industry. First was the demise of the extensive use of reserve and option clause in standard player contracts. In making more flexible the transfers of players and in recognizing the need to professionalize individual sports, leagues and governmental institutions made legitimate and valid the use of various intermediaries (Mason and Dunquette, 2005). Then, the competition from new formed leagues offered an appealing alternative to athletes that played in the established ones. Consequently, athletes were able to tell owners that they would command fair-market compensation, or they would take their services to the rival leagues. This demand led to higher salaries, which were simultaneously enlarged by the strong desire of the new formed leagues to sign notorious players (Robert, 1992; Miller et al, 1992). Third, the increasing bargaining power of players' unions went from informal to the influential position most hold today.

This situation had an impact in escalating players' salaries. As a result, players' unions have also been responsible for solidifying the role of agents (Crandall, 1981; Lock and Hoffman, 1985). Additionally, new services offered by consultants became a necessity for athletes. The higher salaries made it necessary for athletes to require the consultancy of professional advisors in legal and financial matters. Many agents are attorneys that provide services as parts of their broader professional practises such as financial management and legal dispute resolution. Finally, media interest in including sports as part of regular television programming expanded very rapidly, pouring enormous amounts of revenue into the leagues. This increased athletes' media exposure and consequently their popularity, which resulted in booming the commercial endorsement business for players (Shropshire and Davis, 2008).

⁴ CBA: Collective Bargaining Agreement.

Apart from these factors, the profession of sport agents also became popular for the potential earnings made through representing athletes. In looking purely at the economics of the agent commission fee system, the union and the owners are effectively shifting US\$ 230 million of their pie to the agents annually. Indeed, the agents total fees keeps growing each year as salaries in the four major American sports increased 125% from 1996 to 2005 (Karcher, 2007). In the 1990s were introduced the first legal framework to regulate the profession of sports agents mainly focusing on the recruitment of university athletes. Sport agents in the US are genuine representatives, rather than merely initiators of transfers (COM, 2009). Franchises are not allowed to use the services of a sport agent in order to transfer players and to scout players. In the MLS, players' contracts are negotiated with the league as it owns the players' transfer rights. Football players are under contract with the league and not with the football franchise. The transfer market in the US is based on the strategic exchange of contracts or signing players at the end of their current contract in order respect the different mechanisms of revenue distributions.

III. Football agents in Europe

The historical transition of football agents from a social acceptance at national level to an institutional recognition in the transnational football markets can be sectioned in three periods following labour and transfer system reforms (Magee 2002; Gouget and Primault 2006):

- From the late 19th century till the late 1950s: scouting and intermediation on the behalf of clubs
- From the early 1960s till the mid 1990s: the representation of football players
- From the mid 1990s to the present: the professionalization of football agents.

The profession of football agents originated and evolved differently state by state according to the respective advent of professional football. Although football agents have been socially recognised since the early 20th century, the formal recognition and definition of this working activity could be officially estimated in 1994 when FIFA enacted its regulations on this matter. Since then, public authorities have also started to consider the relevance of this profession within their state from legal and economic perspectives. With the formal recognition more rigorous classifications of football agents' roles, duties and responsibilities of are clearly identified within the world of football.

a. Scouting and intermediation on the behalf of clubs from the late 19th century till the late 1950s

The figure of football agents has been present in football since the inception of the first competitions during the second half of the 19th century in England. The responsibility of agents can

be seen in the context of changing labour relations in professional football when they emerged as a feature of football in the decade of the legalisation of professionalism. In the days of amateurism, their visibility and role were limited and confined to wise counsellors for clubs in order to discover new football talent. Although the first case of professionalism in football dates back to 1876 in Sheffield, the creation of the English FA slowed the advent of professionalism. The FA hoped to curb the use of professionalism by making some concessions, including the reimbursement of expenses for players participating in FA Cup matches. However, in 1885, it eventually allowed the professionalism while stressing the need to define this new status. In this context, football agents were active in scouting and recruiting players.

During the 1880s, clubs explored various avenues such as placing advertisement in newspapers in order to recruit players (Carter, 2006). Club committeemen were usually informed of promising players through a network of personal contacts, who then approached the players themselves. Some early managers signed players that they had not seen mainly based on the random recommendations. Clubs also used football intermediaries who were not agents as we would recognise them today. Accordingly, the first generation of agents were small-time entrepreneurs exploiting the lack of organisation in early professional clubs, who had yet to establish independent recruitment and scouting networks. Crucially, they represented clubs rather than players. The central issue was the role of agents and how they could tout a player around clubs while he was under contract (Banks, 2002). Such intermediaries existed to serve the clubs management which managed players' careers according to the opportunities offered. In this context, the activity of agents is recognised as a job since it is socially accepted.

The involvement of agents in domestic transfers and wage deals was still a long way off. Nevertheless, in March 1891 JP Campbell from Liverpool was probably the first agent to promote some players to clubs through proper newspaper advertisements (Taylor, 1999). Since 1893 football clubs had exercised a great degree of control over the movement of players with the introduction of the 'retain and transfer' system (Magee, 2002a). Whilst workers' free-market mobility was a right already acquired in the overall business activities, in the football transfer market, by contrast, fees had to be paid to the selling club as a reimbursement for its investment in training, whenever players were moved to another club. Hence football clubs exercised a great degree of control over the movement of players since every player needed the approval of his own club in order to move to a different one.⁵ In the early years of the 20th century, clubs began to take the responsibility for their

⁵ J. Magee, 'Shifting Power Balances of Power in the New Football Economy', in Sugden, J. and Tomlinson, A. (ed.), *Power Games*, Routledge 2002.

own recruitment and agents' activity declined. The activity of individuals who attempted to profit as the go-betweens of clubs and players were officially banned. Although clubs were regularly warned not to deal with notorious agents, they still demanded for their services.

Regardless of their disputed image, agents started gaining a prominent position in the development of football through the growth and the openness of the international transfer market. From the beginnings all the professional leagues imported foreign players in accordance with the respective transfer market restrictions (Taylor, 2006). Limits on importing foreign players were implemented in different ways all over the European leagues. In 1933, the German federation banned foreign players and managers at every level, while in Italy only foreign players with dual citizenship from South America, the so-called *oriundi*, were allowed to play. Since 1931, in England foreign players were required to have lived in the country for at least two years before having obtained the residential qualification according to the FA. For this reason, their number remained limited and they were used to play with the status of amateurs. In addition, the presence of the maximum wage favoured the transfer of several British players towards French clubs. Since the English FA was not member of FIFA at that time, foreign clubs were not obliged to pay any transfer fees for any player. Agents appeared from abroad to collaborate with local intermediaries, who mainly operated within the British borders, in order to transfer British players abroad (Taylor, 2002). Consequently, agents were not welcome and team general managers did not want to deal with them.

A bit later than in England, after the First World War, French football experienced a significant and similar development when it became more popular through the diffusion of amateurism (Gouget and Primault, 2006). With the growing success of football and the increasing match-day revenue, it started being common as a normal practise the reimbursement of expenses and the match prizes for players. Gradually, football became more working class and mining areas were full of players with a strong contingent of Polishes and Italians. At that time players were allowed to change clubs without limitation and since then clubs hired scouts in order to tout players from other clubs. All amateur clubs were then subjected to special surveillance of recruiters from big clubs. This situation contributed to the origin of intermediaries in French football. In order to control players' touting, a factor of instability for clubs, the FFF, Fédération Française de Football Association, also established the retain and transfer system, the so-called *licence A*, on 18 April 1925 (Wahl and Lanfranchi, 1995). In 1932, professionalism was introduced in France with the support of the most powerful clubs which wanted to impose their power over the players. At the same time, a massive recruitment of players from abroad started (Lanfranchi and Taylor, 2001). In contrast to the UK, after the formation of the French professional league, over the period 1932-1939 approximately

30% of players were foreigners. Since clubs were allowed to field up to five foreign players in every match, they hired intermediaries abroad to scout players who were in contrast with their clubs and were keen to emigrate (Taylor, 2006).

In general, players did not have anybody to advise them professionally in transfer deals or contract negotiations (Taylor, 1999). Players were purely seen as a commodity without the proper labour legislation in order to protect their rights. Some players themselves often acted as middle men in negotiations. However, the sole idea that players could be represented by an agent was seen as a threat to the fundamental power of club management over transfers. In the early 1950s, in Italy born the so-called *Calciomercato*, the official football transfer market, located at the Gallia Hotel in Milan where clubs owners, club directors and intermediaries could have their meetings. Still the main current football happening in Italy, the *Calciomercato* was founded by the Prince of Trabia, Raimondo Lanza, at that time the owner of Palermo Calcio (Sorgi, 2011). Players were sold and bought by clubs which speculated on their value and interests to be transferred as soon as possible. Wahl and Lanfranchi (1995) mentioned about "human flesh brokers" who organised players' market. Players were not to free workers employed for the choice of the employees but to a "true slave" that an owner could sell to another one. Since the mid 50s, conflicts between players and clubs owners were systematic with respect to dual problems of wages and transfers. In general, players started to react making more explosive their dependence with respect to clubs.

b. The representation of football players from the early 1950s till the mid 1990s

Within the football transfer markets, managers and club directors played a major role. While in England club managers were the main manoeuvres of the transfer market, in the rest of Europe club directors became prominent figures in the transfer markets. For example, in Italy and Spain some directors such Giuseppe Viani, Italo Allodi, Romeo Anconetani, Pablo Hernandez Coronado and Luis Culina became the Domini of all football transfers and deals using their unique and precious knowledge of transfer networks and players' characteristics and attitudes (Esposito, 2011; Vasco, 2012).

Although, football agents were banned and increasingly unpopular with clubs as long as they started acting on player behalf, consultants for promotional contracts and intermediaries had emerged in order to represent and support players' interests mainly as since the early 1950s (Harding, 2004). The competition from foreign leagues with the strong desire to sign notorious players offered appealing alternatives. Consequently, players were able to tell owners that they would command fair-market compensation, or they would take their services abroad. This demand led them to

emigrate for higher salaries as it happened to top British players who moved to Italy in the 1950s and 1960s through agents who became ever more closely embroiled in player/club negotiation. At that time, the most renowned intermediary was Gigi Peronace (Foot, 2006; Maximo, 2011). Described as the real agent or Italian man in England, he worked as part-time scout and agent in the Anglo-Italian transfer market for several clubs such as Chelsea, Manchester United, Lazio, Torino, Juventus and Milan. According to Greaves (2003), his knowledge of football and players was deep and matched by his financial expertise. Likewise, in Spain important football consultants and intermediaries were Juanito Cadenas, Luis Guirajjo and Arturo Bogossian who were renowned for the transfers of several South American players to Spanish clubs.

As the transfer market expanded as a business and players' rights increased due to unionization efforts, the services of agents became more common and accepted. The increasing bargaining power of players' unions went from informal to the influential position most hold today. In England, the bargaining position of players grew with the abolition of maximum wage in 1961, following a long campaign by the PFA⁶. This decision balanced the bargaining power to the point where most athletes started negotiating their contracts with the assistance of personal representatives (Magee, 2002b). Between 1960 and 1964, in First Division wages increased by 61% and in general for all divisions the increase was by 54% (Szymanski and Kuypers, 1999). In 1963, in the George Eastham case, the High Court ruled illegal the 'retain and transfer' system on the basis that it constituted an unjustifiable restraint of trade (Banks, 2002). In making more flexible the transfers of players, leagues and football associations made legitimate and valid the use of various intermediaries. However, clubs were still able to hold onto players' registrations so long as terms equal to their previous contract were offered.

The use of agents by players also flourished in the 1960s and 1970s as the commercial opportunities and international market for players slowly expanded. The business for agents was also in arranging product endorsements for their player clients.⁷ Likewise, players required the consultancy of professional advisors in legal and financial matters. New services offered by consultants became a necessity which favoured the arrival of professionals from different business consulting sectors. Some early agents were attorneys that provide their assistance as parts of their broader professional practises such as financial management and legal dispute resolution. In some cases, agents started their career as they were simply friends of players (Rosner, 2004). For instance, Bobby Moore and

⁶PFA: Professional Footballers Associations.

⁷For example, George Best was represented by Denis Law's agent Ken Stanley. He involved the Northern Irish International player in the advertisement campaign of Irish sausages and modelling assignments for the Great Universal Stories catalogue (Harding, 2004).

Geoff Hurst, England's 1966 World Cup Champions, shunned offers to join IMG, preferring the service of a loyal West Ham club servant and real estate agent, Jack Turner.

In France, a similar process of reforms started when players founded their own union, the UNFP⁸, in 1961 (Gouget and Primault, 2006). A further step was the signing of the collective agreement in November 1962. Although in France the maximum wage system was not in force, seven years later, in 1969 the fixed term contract reform was finally approved. A player, at the end of his contract, could negotiate with a new club without the former club's opposition and the payment of any transfer fee. French football was experiencing a reversal of the power balance in favour of players and for the next twenty years France had been the only country without a formal transfer system (Lanfranchi and Taylor, 2001). Two regulations partially limited the free movement of players (Faure and Suaud, 1999). Firstly, a player who had been an apprentice at his club for three years could renew the contract only with the same club. Secondly, in order to recompense the investment and time spent on training clubs received a compensation only for players who were transferred for the first time. In this context, players' conditions were considerably improving at the point that they were having an impact on clubs' budgets. This situation explained the massive arrival of intermediaries given that clubs could not impose their conditions on players as it was in the past. Since the early 1980s, agents offered their services to clubs and players, who gave them the management of their career (Azhar, 1996).

In other countries, the reforms of the transfer market were approved with the governmental support (Marzola, 1981). In Portugal, on 15 May 1975 the government enacted a law that established players' rights and duties in relation to their labour contracts. In Argentina, the players' union, Futbolistas Argentinos Agremiados, obtained the full recognition of its request to abolish the retain and transfer clause with the approval of the law n. 20160. Similarly, in Brasil, the approval of the law n. 6354 radically reformed the transfer market. The movement of footballers within and between national federations remained highly regulated. In Europe, there were approximately four main transfer systems (Marzola, 1990):

- The classic retain and transfer system which was still in vigour in Belgium, Holland and Germany;
- The system which allowed a player to transfer under the payment of predetermined fees based on different parameters in Italy;

⁸ UNFP: Union Nationale des Footballeurs Professionnels.

- The free agency system, valid in France, Spain and Portugal, which allowed any players out of contract to freely move to a different club without the payment of any fee;
- The UEFA system which fixed a maximum transfer fee limit

Within these labour markets was necessary to create a homogenous and standard transfer system approved by football governing bodies which could allow the free movement of players at national and international levels (Marzola, 1990). In 1978, on February 23 in Brussels, the meeting between several Football Associations from different European countries and the Executive Committee of the MEC established the principle of free movement of football players within borders of the members of the European Community. Nevertheless, it was agreed that a period of transition was needed before the Football Associations could determine the specific regulation for a common transfer system to be implemented within European football.

By the late 1970s, with clubs looking increasingly at global markets, players were marketable beyond these shores and this situation gave to agents a deal more to exploit. Trevor Francis agent Dennis Roach explained that the tag of being the first £1m player opened up avenues not previously available to footballers that started to realize how much they could have exploited the transfer market in their favour (Harding, 2004). In 1977, Kevin Keegan became the wealthiest football player in Europe by signing for Hamburg (Bradford, 2006). He also sold his image rights to his agent and club to promote whatever products they deemed fit and he quickly became the most recognizable player in the world through the endorsements of several products. As the value of contracts increased, the profession of football agents became more lucrative and the first wave of professional agents arrived representing the first generation of agents that initially assisted players with their endorsement contracts and provided legal consultancies to foreign players: Dario Canovi and Antonio Caliendo in Italy, Norbert Pflippens and Wolfgang Fahrian in Germany, Dennis Roach and Mel Stein in England, Jose Minguella in Spain.

Football agents increasingly started to play their role within the process of internationalisation of football. With different transfer regulations and labour market systems country by country, there were relevant information problems about players' performance and their evaluation. For football clubs, it was still considerably difficult in obtaining reliable information on players at national and international levels and, even when they were available, the prediction of future performance was extremely difficult to assess. Football clubs tended to look for players who could resemble themselves in the belief that they were better able to predict how they perform in situations of uncertainty. As McGovern (2002) argues, patterns of migration within the football industry were

mainly socially embedded along regional lines and appropriate economic evaluations of players were hardly feasible. In this environment, football agents slowly strengthened their position in the transfer market. They started building their football networks and establishing migration channels favoured by the loosening on transfer limitations on foreign players in different countries, such as the cases of England in 1978 and Italy in 1980, and the openness of new markets with collapsed of the Soviet Union block. Within the top five European leagues, the first wave of player migration happened from the late 70s till the mid 90s and the percentage of expatriates players increased from 8,1 percent to 18,6 percent (Poli, 2010). This period is identified with a process of internationalisation defined as the simplest extension of economic activity across national boundaries (McGovern, 2002).

The increasing presence of agents in the transfer market became an increasing reality revealing the presence of an upcoming stakeholder in the football industry. Without an official recognition by any football governing bodies, the activity of football agents was totally unregulated and the absence of any supervision in the transfer negotiations determined a void which favoured the adoption of inappropriate behaviours by agents, managers and football directors. The lack of criteria of accountability in the transfer market remained exposed to the presence of unwritten code of conducts based on the bungs culture within the football industry. In the early 90s the involvement of some football managers, such as the case of Brian Clough and Graham Taylor, with illicit payments received from agents in player transfers confirmed the necessity that the activity of football agents urged to be officially regulated by football governing bodies at national and international levels. In 1994, FIFA formally recognised and regulated the activity of football agents with the first license system accepted by all football federations signing the transformation of the activity of football agents into a profession. Finally, this formal recognition implied a more rigorous definition and regulation of the role, duties and responsibility of the agents who got officially licensed.

c. The professionalization of football agents from the mid 1990s to the present

In 1995 with the Bosman ruling, the European Court gave complete free agency to players once their contracts expired and guaranteed them freedom of movement inside the EU (Dubey, 2000). This new market scenario also occurred alongside exponential revenue growth in the football industry resulting from greater competition and de-regulation in the broadcasting market. Agents found themselves in a market that allowed them to fully exploit players' bargaining power and their transfer freedom within the EU football leagues. Clubs had to start fully dealing with players' representatives, who negotiated the best possible contracts for their clients as well as for themselves

(Banks, 2002). With players able to move for no fee at the end of their contracts, the only way that clubs could recoup their investments in players was to sell them while they were still under contract. Conversely, if clubs wanted to retain players whose contracts were due to expire, clubs would need to offer new contracts with improved terms before the current contracts expired. Both situations represented lucrative bargaining positions for players and their agents.

A new wave of agents came into the football business from many directions and different sectors supported by well-established agencies in the business of athlete representation all over the main football leagues. In England, for example, Jon Holmes used to be a life-insurance salesman; Eric Hall and Athol Still moved into football after representing performing artists; and Cyril Regis, Jasper Olson and Barry Silkman were former professional players (Harding, 2004). In February 2001, there were only 631 licensed agents. The number of licensed players' agents strongly increased in the following years, when, under pressure from the EU Competition Commission, FIFA modified the rules governing the acquisition of an official license. Only in Europe the number of football agents increased about 1000 units per year equal to around 300% (Poli, 2010). In December 2009 there were 5193 licensed agents worldwide. Although 133 countries now have at least one licensed agent, there are still significant disparities between continents. From 2003 to 2009, agents highly increased in Africa (+6.3%) and Latin America (+3.4%) respect to the rest of the world. Amongst non-EU countries, the largest number of agents is present in Brazil, Argentina and Nigeria, which are also leading exporters of players worldwide.

Apart from the player side, the role of agents as clubs' representatives have been continuously strengthened (Gouget and Primault, 2006). Agents are employed by clubs as well as players, and are used to make possible the transfer of players from selling clubs to buying clubs. Being in contact with managers, football directors and players, these professionals act as genuine mediators, intermediaries and brokers that could be also unauthorized or unqualified. As seen before, agents have always acted on behalf of clubs but, nowadays, the complexities of the transfer markets and regulatory contexts require higher levels of specialization and influence in the transfer negotiations. According to Jon Holmes, former chairman of SFX Sports, there are really two kinds of agents (Bygrave and Johnson, 2004): the American model, where agents represent players and advise players on all aspects of their careers; the European model where agents are traditionally brokers of deals, middlemen. In order to overcome the political, legal and economic barriers, agents are employed to facilitate deals which clubs acting alone might have been able to achieve. Such tasks require that agents also need to understand the value of a player in respect his club and to other teams and the player's position in terms of his career trajectory.

Acting as intermediaries for clubs and players simultaneously is a dual role that could raise important issues regarding conflicts of interest for agents. Additionally, there is concern regarding the manner in which agents are able to utilize the control they have over a player for their own financial gain (Weir, 2008).⁹ According to Magee (2002), the agent has become the most important figure in the football market and more have become involved in the football business, fuelled by large commission fees available for negotiating multi-million contracts. Agents are able to manoeuvre and act by inhabiting the space that occurs between player and club, coming to occupy a key role in player trading. In a survey conducted in 2002 with the financial club directors in the English Premier League, the English Championship and the Scottish Premier League, 78% of them stated that agents were becoming too powerful and influential. At the same time, the same financial directors admitted that agents were a *“necessary evil”* because they added costs and they hinder contracts negotiation but they could be useful when clubs need to sell and buy players (Pfk Survey, 2002).

As noted by Gouget and Primault (2006), the activity of agents can be explained in terms of players' mobility, their transfer fees and wages and clubs' competitive balance on the market. Agents were favoured by an increase in the number of players hired by clubs in relation to the growing transfer budgets. In this market scenario, agents surely affected players' mobility. Indeed, maximising the number of contracts signed and thus their income, agents accelerated the frequency of players' transfers. The interest of agents to the players' mobility then led to excesses such as increasingly competition between clubs, encouraging clubs' conflicts, media pressure and players' manipulation. The biggest clubs increased their power on the transfer market at the expenses of middle and bottom clubs.

However, despite these excesses, which seems to reflect a balance of power in favour of players, the supply and the demand sides of the labour and transfer labour markets became highly fragmented. Beyond the primary market for star players, the secondary market comprehended anonymous players with a relatively weak status. The market for players at youth academy level conquered a relevant importance for clubs. Unemployment in football also became a reality for players excluded from these markets. In this context, football intermediaries adapted in order to position themselves in a market characterised by high degree of specialisation.

Since 1995/96 season, the last before the Bosman ruling entered into force, the increased volume of players' mobility and migration has been the main result of the gradual evolution previously

⁹ This is what is referred to as the *“gate keeping”* role and, as the former FA chief executive Graham Kelly remarked, agents have a *“license to print money”* (Gross, 2006: 72).

illustrated wherein agents played a relevant part. This process extended far beyond the narrow focus of freedom of movement of footballers within the EU. The increase was particularly marked between 1995 and 2000 at decreasing marginal rates. In 2008/09 season, it was reached the pick of 42.6%. However, its degree varies according to the league as the socio-cultural influences are remarkably different across the countries. Since 1995, the percentage of expatriates has increased by 15% in all leagues. The lowest increased was measured in Spain (+15.4%) and France (+15.8%). Between 2005 and 2008, France is the only country in which the proportion of expatriates has not increased. The strongest growth was registered in England (+43.4%). Almost 60% of players who played in the English Premier League were recruited from abroad.

At the level of labour migration in football, to understand the magnitude and direction of migratory flows, it is necessary to consider socio-cultural aspects in conjunction with the economic factors (Poli, 2010). The study of labour markets in football shows that football player opportunities to move abroad are not dependent mainly on economic factors but also on player biography and social actors involved in the transfer. In a relational perspective, next to financial wealth differentials between leagues, the social networks that are at the base of migratory flows to understand the geography of international markets in football. Football labour markets are socially embedded (McGovern, 2002; Taylor, 2006). Players' movements are influenced by social and cultural factors within specific historical and economic contexts. Accordingly, as Poli (2010) argues, the knowledge of football markets through firsthand information has always been a relevant and strategic resource for intermediaries that acquire a central position in the flows of players' transfers. No matter how football evolves, the recruitment and selection of players still remain based on person-to-person networks in the process of transferring available players (Roderick, 2006).

Besides contract negotiations, the role played by agents is the development of transnational networks which scout and train players. Once a player is detected, the intermediaries organise short-term trials in clubs with which they collaborate. Additionally, to facilitate transcontinental transfers, European based agents are used to work together with tipsters living in the players' exporting countries (Poli, 2010). In exchange for a regular salary or periodical commissions, these collaborators scout local talent and organise tournaments where their European-based partners are present. These tipsters are also in charge of the first contact with local footballers and their family.

The proliferation of professional intermediaries in football confirms that labour market internationalization of football players does not happen without a massive investment in networks in the context of increasing geographical distances involved in the process of globalisation (Poli,

2010). This requires that football agents should also have a deep and selective knowledge of professional football in Europe and worldwide so as to be able to scout players on behalf of clubs in the negotiation of transfer deals (Pinna, 2006). Through the knowledge of market and territories, agents assume the role of *brokers* and *bridge* between remote spaces. In football transfers, intermediaries between two networks that are only weakly connected are often indispensable in the chain of information regarding available players (Roderick, 2006). In this way, agents fill structural holes in the network created by the absence of certain connections being able to tie multiple networks that are widely separated from each other.

Intermediaries are also responsible for the structure of migration channels conceived as information systems that guide migrations in finding a job abroad and govern entry into the foreign labour market. In the football transfer market, agents control the entry into the migration system and the flow dynamics by motivating players to migrate. In this context, as Poli (2010) highlights, agents play a key role in manipulating the different steps of players' career trajectories. The various clubs in which players pass can be considered as production units expected to enhance the players as a commodity to sell by making a profit. In this way, agents can influence how global production networks are controlled and coordinated in terms of financial, material and human resources allocations within the football network chain. In few words, agents can influence clubs' governance in functions of their football strategies by recruiting and buying players on the transfer market. This aspect can also raise the issue of arrangements between actors involved in the trade of players to appropriate the surplus of value generated in case of upward career paths. This issue is increasingly important to the extent that, in recent years, there has been a proliferation of companies and investment funds whose main business is to buy players transfer rights from clubs in order to transfer them generating a profit. Relatively old in South America, this practice also has been developed in Africa and Europe, with the support of clubs which cannot afford to invest in the recruitment of new players.

IV. Conclusions

This paper shows how the institutional environment greatly affected the evolution of the football agents' role. The liberalization of the labour market and the deregulation in the media sector allowed fully exploiting their central position in the flows of players' transfers by adopting several strategies according to different regulations. In the days of amateurism, agents were small-time entrepreneurs exploiting the lack of organisation in early professional clubs, who had yet to establish independent recruitment and scouting networks; visibility and role of football agents were

limited and confined to wise counsellors for clubs in order to discover new football talent. Then, given the labour market reforms obtained by player unions, agents started assisting players in the signing of contracts with clubs and in the protection of their rights once a contract was signed. With the growth and the openness of the international transfer market, agents started gaining a prominent position in the development of football industry. Nowadays they have created large companies through which they offer multiple services, working very often simultaneously for players and clubs.

Consolidations in the industry of football agents in the last two decades have created large agencies providing a wide diversification of services and activities. TV rights management, sponsorship, commercial endorsement, stadium marketing, and the organization of sport events tend to now accompany players' representation within the same firm. Mergers, joint ventures and strategic collaborations have favoured a trend towards an integrated approach that responds to the multiple needs of people involved in the entertainment industry. The emergence of these companies highlights the ever-closer association of elite sport and the entertainment world. The most important agencies tend to focus on more seasoned and better known footballers, or on young players whose talent is indisputable (Poli, 2010).

However, the role of minor agents in the football market should not be neglected. Agencies with smaller structures still exist and base on the work of a few persons who have patiently built up a relational capital to manage football players' career. Indeed, a majority of licensed players' agents work on the field within flexible and dynamic networks. They take the risk to bet on young talents by speculating on their eventual upward career paths. The process of consolidation in the business of players' representation is thus not being accompanied by the disappearance of smaller firms centred on the work of individual agents. However, the complexities of the transfer markets and regulatory contexts require higher levels of specialization and influence in the transfer negotiations for both big and small football agencies.

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