

Economic and Social Impact of the English Premier League

Ahaan Kapoor

Sanskriti School New Delhi

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Introduction

Over time, sports have not just been acknowledged but celebrated as a transformative force in cultural and social development. They are crucial in shaping communities and driving economic growth (Aygün et al., 2023). Football has transcended its status as a mere leisure activity and has become a significant economic and social force, especially in developed nations. Among football leagues worldwide, the English Premier League (EPL) stands out as a beacon of how sports can intersect with economic and social development to create widespread, positive impacts.

The EPL, widely considered one of the most prestigious and competitive football leagues globally, has emerged as a significant economic powerhouse. Its matches draw millions of viewers globally, and its clubs generate billions of pounds in revenue each season. This financial success has far-reaching effects on the broader economy, contributing to local and national economic growth through increased revenue generation, job creation, and substantial tax contributions. The league's economic influence extends beyond the stadiums, impacting various sectors such as media, tourism, and real estate, making it a critical component of the UK's economy.

However, the EPL's impact is not only economic. The league has also utilised its global platform to champion social welfare and community engagement. Through initiatives like the Premier League Charitable Fund, the EPL has made significant strides in addressing social issues, creating educational opportunities, and supporting health and well-being initiatives nationwide. These endeavours underscore the league's commitment to using the power of football to bring about positive social change, particularly in disadvantaged communities, and deserve our appreciation.

Despite these contributions, the EPL's financial success has also led to growing economic disparities within the league. The concentration of wealth among the top-tier clubs—the so-called 'Big Six'—has created a widening gap between the financially dominant and smaller clubs.

This disparity raises important questions about the long-term sustainability of the league and its ability to maintain a level playing field. With their limited financial resources, smaller clubs struggle to compete both on and off the pitch, leading to potential imbalances in the competition and a risk of diminishing the league's overall competitiveness. These issues must be addressed to ensure the league's continued success.

This research paper aims to explore the intricate and multifaceted impact of the English Premier League, focusing on how the financial performance of the league and its clubs influences the broader economy. The central research question guiding this analysis is: How does the financial performance of the English Premier League and its clubs impact the economy? This thesis argues that while the financial success of EPL clubs plays a crucial role in driving local and national economic growth through increased revenue generation, employment, and social welfare initiatives, it also exacerbates economic disparities within the league, particularly between the wealthiest clubs and their smaller counterparts. By examining these dynamics, this paper provides a comprehensive understanding of the EPL's role in shaping the economy and society and its challenges in ensuring its continued success and competitiveness.

Section 1: Economic Impact of the English Premier League

The English Premier League (EPL) is a significant force in global football not only for its sporting excellence but also for its substantial economic impact. As one of the most profitable football leagues in the world, the EPL's financial success ripples through various aspects of the economy, from revenue generation and employment to regional economic development and the property market.

One of the most visible economic contributions of the EPL is its revenue generation. During the 2021–22 season, the league's Gross Value Added (GVA) reached an impressive £8 billion, representing a substantial increase from previous years (Premier League, 2024). This surge in revenue highlights the EPL's role as a financial powerhouse, driven by factors such as ticket sales, lucrative broadcasting rights, global merchandise sales, and extensive sponsorship deals. The league's financial stability is further evident through its substantial contribution to the UK Treasury, with £4.2 billion paid in direct taxes during the same season (Ibid). Notably, the league's employees and players generated £1.7 billion of this sum, reflecting the league's high-income levels and subsequent tax obligations (Ibid).

Employment is another critical area where the EPL wields influence. The league supports over 90,000 jobs nationwide, including matchday staff, administrative roles, and other positions (Ibid). This extensive employment network is vital for the UK's overall job market, especially in regions where football is central to local culture and economic activities. For example, the North

West of England, a region with a rich footballing heritage, benefits significantly from the EPL's economic contributions. An EY analysis revealed that the EPL sustained 33,000 jobs in the North West, with a financial impact of £3.3 billion in the region alone (Ibid). These figures highlight how the league's success goes beyond the football field, providing substantial economic support to communities nationwide.

The EPL's economic impact is also evident through specific case studies, such as that of Brighton & Hove Albion. Brighton has seen its economic contribution quadruple since its promotion to the Premier League in 2019, reaching £595 million during the 2022–23 season (Howard, 2023). This included £327m of direct income, £26m by visitors, £20m spent on goods and services in Brighton & Hove by club employees, and a further £222m of brand and media value to the local economy, significantly increasing the city's profile around the world (Ibid). Brighton's on-pitch success, culminating in its historic qualification for European competition, has further bolstered the local economy by attracting foreign tourists and increasing revenue generation.

Beyond immediate financial contributions, the EPL's influence extends to the property market, particularly in areas surrounding the stadiums of prominent clubs. The influx of investment following club takeovers often increases local house prices (Viser, 2021). For instance, the anticipated takeover of Newcastle United by a Saudi investment group was predicted to result in a 15% rise in local property values (Ibid). Similar trends were observed when Joe Lewis took over Tottenham Hotspur in 2001, leading to a 19% increase in house prices in the surrounding areas (Bird, 2020). These increases can be attributed to the enhanced infrastructure and desirability of living near the club, driven by substantial investments in facilities and the area's overall appeal.

The English Premier League's economic impact is profound and far-reaching. The league's ability to generate substantial revenue, support extensive employment, and influence regional economies underscores its importance within the UK economy. However, this impact is not evenly distributed, with specific regions and clubs reaping more benefits than others. The discussion of the EPL's economic contribution naturally leads to a broader exploration of its social impact and the financial disparities within the league, which will be addressed in the subsequent sections.

Section 2: Social Impact of the English Premier League

The English Premier League (EPL) is not only a symbol of economic prosperity but also a significant force for social good that is deeply ingrained in British society. Beyond the financial aspects, the league's social impact is a crucial part of its influence, reaching beyond the football

pitch and into the lives of millions nationwide. The EPL has utilised the widespread appeal of football to address pressing social issues, foster community engagement, and cultivate a sense of identity and belonging among diverse groups.

The Premier League Charitable Fund (PLCF), established in 2010 to create positive opportunities for children, young people, and communities, is central to the EPL's social contributions. The PLCF supports various sports, health, and education programs, benefiting over 2.2 million participants through direct interaction and engaging 1.1 million young people annually through digital resources (Premier League, 2024b).

Since 2017, over 18 million primary school students have participated in club-led sessions, and more than 68,000 teachers have registered for free lesson plans (Ibid). The success of the PLCF's Primary Stars program is highlighted by 91% of educators reporting increased student interest in sports, with the Premier League investing £61.9 million over six years to support educational and social outcomes (Ibid).

The Premier League Kicks program, running since 2006–07, has involved over 520,000 youth and delivered more than one million hours of free sessions at 4,900 locations across England and Wales. Notably, 20% of its workforce were former participants, and over 21,000 volunteers, 93% of whom are also former participants, have contributed to the program's delivery (Ibid). The Premier League has invested £81.6 million into Kicks, demonstrating its commitment to community development and youth engagement (Ibid).

The social impact of the EPL also extends to broader societal benefits, including promoting social cohesion and enhancing the sense of community. Football's unique ability to unite people from different backgrounds is vital in building social bridges. The involvement of clubs in their local communities through various outreach programs helps to address societal issues such as social exclusion, health inequalities, and educational attainment. The EPL's focus on community engagement is not merely an ancillary function but a core aspect of its identity, reflecting the league's understanding that its responsibilities extend beyond entertainment and economic contribution.

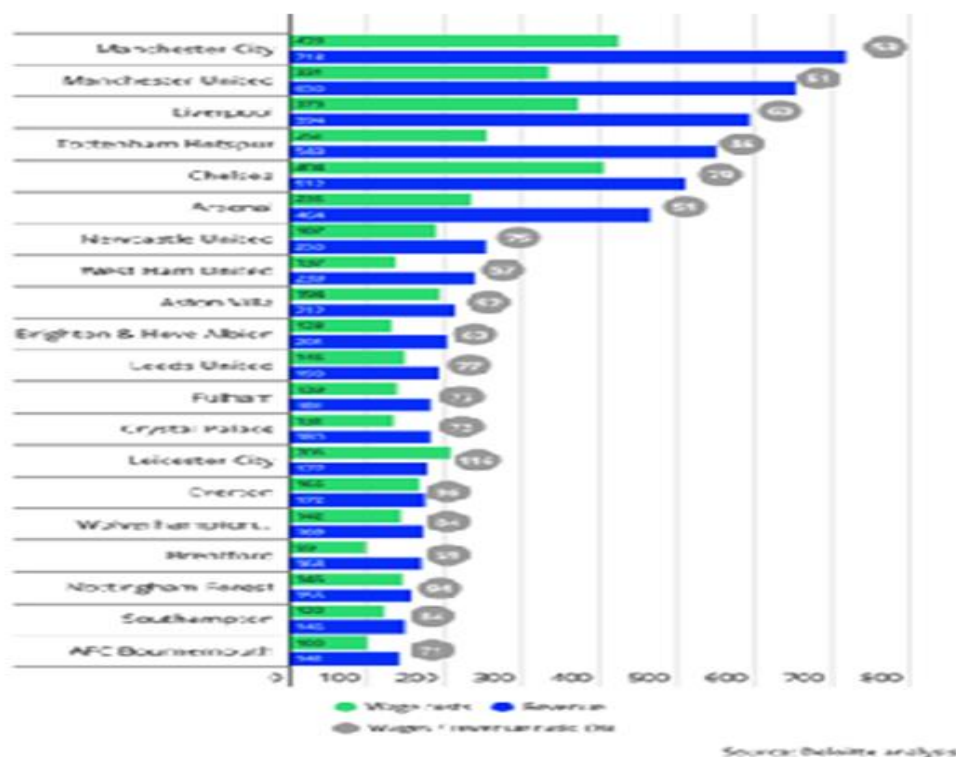
However, while the EPL's social impact is largely positive, there are challenges and criticisms. The league's increasing commercialisation has led to concerns about prioritising profit over people, with some arguing that the focus on financial gain may overshadow the league's social responsibilities. Additionally, the growing financial disparity between clubs raises questions about the equitable distribution of resources and opportunities within the league.

Section 3: Financial Disparity in the English Premier League

The English Premier League (EPL) is celebrated for its economic and social contributions. However, a significant issue is the increasing financial gap between the league's top clubs, known as the "Big Six," and the smaller, less wealthy clubs. While the EPL's financial success has benefits, it has resulted in a situation where wealth and resources are concentrated among a few clubs, creating challenges for competitiveness and sustainability across the league.

The Big Six clubs, including Manchester City, Manchester United, Liverpool, Chelsea, Arsenal, and Tottenham Hotspur, dominate the league both on and off the field. These clubs benefit from lucrative broadcasting deals, sponsorships, and commercial opportunities far beyond what smaller clubs can access. For example, in the 2022–23 season, the league's revenue reached a record £6.1 billion due to new international rights agreements (Deloitte, 2023). However, the distribution of this revenue is heavily skewed. Each Big Six club generated significantly more than the league average of £303 million, with revenues ranging from £718 million to £464 million. In contrast, the other 14 clubs in the league generated an average of only £184 million, with revenues ranging from £250 million to as low as £141 million (Ibid).

Figure 1: Growing financial disparity between the Big Six and other clubs (Deloitte, 2024).



The financial disparity in football has far-reaching implications for the league's competitiveness. Smaller clubs, unable to match the spending power of the Big Six, find themselves at a disadvantage both on and off the field. The top clubs can afford to sign the best players, offer higher wages, and invest in state-of-the-art facilities, further enhancing their dominance. This creates a cycle where success begets more success, and wealth accumulates in the hands of those already at the top. For smaller clubs, competing against such financial giants can demoralise, decreasing motivation and enthusiasm. The disparity also affects the league's overall competitiveness as the gap between the top and bottom teams widens, making it increasingly difficult for smaller clubs to challenge for top honours.

Infrastructure investment is another area where the financial disparity is evident. Wealthier clubs often invest heavily in their stadiums, training facilities, and youth academies, improving their performance and generating additional revenue streams. For example, developing more significant modern stadiums allows for greater matchday revenue through ticket sales, hospitality, and commercial activities. In contrast, smaller clubs, lacking the financial resources to make similar investments, cannot benefit from the potential returns that such infrastructure improvements could bring. This further exacerbates the financial gap, as the ability to invest in and profit from infrastructure becomes a privilege of the already wealthy.

The takeover of Newcastle United by a Saudi-led consortium in 2021 provides a case study of how financial injections can transform a club's fortunes. Backed by one of the world's most significant sovereign wealth funds, Newcastle United's financial situation was dramatically improved almost overnight. The club's newfound wealth allowed it to sign top players, overhaul its coaching staff, and invest in its facilities, leading to a remarkable turnaround in performance. In the 2021–22 season, Newcastle finished in 11th place, but by the 2022–23 season, the club had climbed to fourth place, qualifying for the Champions League for the first time in over two decades (Smith, 2024). This example illustrates the significant impact financial backing can have on a club's success, but it also highlights the challenges clubs face without access to such resources.

The significant difference in financial resources within the English Premier League raises essential questions about the league's long-term sustainability. While the success of the Big Six attracts global attention and financial rewards to the league, it also poses a risk of creating a two-tier system where only a handful of clubs can realistically compete for the top honours. This could potentially alienate fans of smaller clubs, reduce the overall competitiveness of the league, and undermine the sense of unpredictability and excitement that has traditionally been a hallmark of the EPL.

Conclusion

The English Premier League (EPL) is a powerful example of how sports can drive economic growth and social progress. The league's financial success has profoundly impacted the UK economy, generating billions of pounds in revenue, supporting thousands of jobs, and contributing significantly to the Treasury. The EPL's influence extends beyond mere economics, as it also plays a vital role in fostering social cohesion, promoting education, and addressing community needs through various charitable initiatives. Programs such as the Premier League Charitable Fund, Premier League Kicks, and Premier League Primary Stars have harnessed the universal appeal of football to make a tangible difference in the lives of millions of people, particularly young people in disadvantaged areas.

However, alongside these positive impacts lies the issue of financial disparity within the league. The concentration of wealth among the Big Six clubs has created a significant gap between them and the smaller clubs, leading to challenges in maintaining a competitive balance across the league. This disparity affects not only the on-pitch competitiveness but also the ability of smaller clubs to invest in infrastructure and sustain long-term success. The case of Newcastle United's transformation following its takeover by a wealthy consortium highlights the profound influence financial backing can have on a club's fortunes. However, it also underscores the difficulties clubs face without access to such resources.

The dual nature of the EPL's impact—promoting economic and social welfare while contributing to financial inequality—presents a challenge the league must address to ensure its long-term sustainability and integrity. As the EPL continues to grow and evolve, finding ways to distribute resources more equitably and maintain a competitive balance will be essential. This might involve revisiting financial regulations and revenue-sharing mechanisms or even adopting new models of club ownership that prioritise community involvement and long-term sustainability over short-term financial gain.

In conclusion, while the EPL has undoubtedly contributed positively to the economy and society, its future success will depend on its ability to manage the financial disparities that have emerged within the league. By addressing these challenges, the EPL can continue to be a force for good, promoting economic prosperity, social cohesion, and equality across all levels of the sport.

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