

IT'S A WHOLE NEW BALL GAME: INDUSTRIAL RELATIONS IN AUSTRALIAN SPORT

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Abstract

This paper chronicles the industrial relations experiences of two Australian professional sports - Australian Rules football [Australian rules] and soccer using elements of Dunlop's systems model. The failure of negotiating parties to achieve common objectives along with a reluctance to compromise on self interest emerge as two general causes of conflict. Revenue sharing, player welfare and administrative incompetence surface as specific issues on which player associations and leagues are likely to disagree. Soccer Australia's unitarist approach appears to be a major driver of conflict. In contrast, the Australian Football League's [AFL] pluralist approach has resulted in a well-balanced bargaining relationship with the players

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INTRODUCTION

During the latter part of the twentieth century elite sports in Australia progressed from amateur weekend pursuits to multi-million dollar full-time enterprises. With the rise of professionalism in sport, the industrial relations process in many instances has come to resemble that of more traditional industries. Players and clubs have collectivised in order to most effectively harness their power at the negotiating table, and aim to maximise their benefits from the 'big business' of professional sports.

The payment of high wages to players has meant that elite professional players have adopted a more serious attitude toward bargaining and industrial relations issues (Staudohar 1989; Quirk & Fort 1992; Dabscheck 1996b; Leeds & von Allmen 2002). Sport can be a lucrative business, where a player's present and future lifestyle depends on the financial contract they can negotiate (Schwab 1998).

Two particular sporting codes, Australian rules and soccer attract tens of thousands of supporters yet sit at conflicting ends of the 'financial rewards' spectrum. Australian rules is played in all mainland States, and is arguably Australia's biggest professional sport in terms of participation at the elite level, exposure to the population and commercial interests such as advertising and broadcasting (Booth 2002). Domestic broadcast rights are lucrative - A\$100 million a season. Recent speculation has placed the value of the AFL as a commercial entity at A\$500 million (Maiden 2003)

Soccer in Australia sits almost at the opposite end of the scale. The growth of the game has been hampered by administrative problems, ethnicity issues and under-performance of the national team in the World Cup qualifying stages (Dabscheck 1994; Dabscheck 1996a). These factors have meant that Australian soccer has not suffered problems from over-commercialisation. While notionally a professional sport, soccer in this country has yet to reach its full potential on and off the field.

The rise of professionalism in sports and the shift of the bargaining arena to the enterprise level are two key developments (Gahan & Macdonald 2001) that form the contextual basis of this paper: both have experienced considerable change in the last 20 years. The following section provides an overview of these developments.

THE RISE OF PROFESSIONALISM IN SPORT

The widespread development of professionalism in sport, that is, the payment of players for their participation in organised sporting fixtures, (Vamplew 1988) can be traced to the mid-19th century and the Industrial Revolution (Baker 1988). More specifically, the industrialisation of developed economies caused an increase in both the leisure time and incomes of workers (Cosentino 1975; Baker 1979; Baker 1988; Riess 1994).

The extant literature on the emergence of professionalism in individual sports in Australia is slight. What is clear though is that the acceptance of professionalism came slightly later to Australian sports than their Anglo-American counterparts. While English soccer and American baseball allowed the participation of professional athletes in the 1880s and 1890s, it was not until 1911 that players in the Victorian Football League, then one of the country's largest organised sporting competitions, were permitted to receive payment for their services rather than simply being reimbursed for expenses (Booth 2002).

Following the legitimisation of professional participation, professionalism in Australian sports accelerated rapidly to the 1930s and beyond, where clubs that could not afford to pay for the best players found themselves struggling on and off the field (Booth 1997). The continuing professionalisation of sports during the latter part of the twentieth century delivered a cultural shift: sports were no longer simply about recreation and leisure. There was money to be made, and business leaders were determined to have their share (Quirk & Fort 1992; Riess 1994). The 'commercialisation' of sport for example, resulted in the creation of rival competitions in cricket (World Series Cricket 1976-79) and rugby league (Super League 1995-97).

ENTERPRISE BARGAINING IN AUSTRALIAN SPORT [EB]

The development of EB in Australia has relevance to bargaining in Australian sport. Negotiation between parties traditionally (and currently) occurs at the enterprise and individual levels (Dabscheck 1996b) in sports. In order to understand better the positions of player associations and sporting leagues in the bargaining process, the process and the factors behind the development of sporting players' associations warrants attention.

Professional sporting player 'unions' or associations have a chequered history in Australian sporting industry. The earliest attempt at formation came in 1913 with the unsuccessful bid to create an Australian rules player association. Of thirty-three attempts to form player associations in Australian professional team sports, only six are still in existence (Dabscheck 1996b). These are depicted in Table 1.

In line with traditional union theory, one of the functions of a player association is to collectivise the player group in order to negotiate on more equal terms with employers (Buti 1994). In response, sporting clubs have similarly collectivised either through the formation of a representative council or by ceding bargaining authority to a third party (often the league to which they belong) (Quirk & Fort 1999). This creates an agency relationship on both sides of the sports bargaining table, and facilitates a two-tiered system in Australia (Dabscheck 1996b; Schwab 1998). In the fully developed sporting industrial system as seen in the Australian Football League (AFL), National Soccer League (NSL) and most other major leagues, club and player representatives negotiate minimum terms and conditions of employment in the form of a collective bargaining agreement (CBA).

The success of the enterprise bargaining system in Australian sport dates from 1993, with the first enduring AFLPA-AFL clubs agreement. The two-tiered system employing the agency relationship has operated in Australian sport since 1995 with the establishment of CBAs in Australian soccer and Australian rules. Australian cricket followed shortly thereafter, with the newly formed Australian Cricketers' Association coming to agreement with the Australian Cricket Board in September 1998.

STRUCTURE & OUTCOMES OF THE IR PROCESS IN ELITE SPORT IN AUSTRALIA

The rise of professionalism and commercialism in elite sport in Australia has given an increased importance to the structure and outcomes of the industrial relations process (Schwab 1998). Two broad elements can be distilled: the development of enterprise bargaining as the most important aspect in sporting industrial relations and the unique conditions under which players and leagues operate and negotiate. The latter is the focus of the following discussion.

By nature, sporting leagues are co-operative bodies (Maiden 2003). Teams succeed at the expense of each other on the field, but a club's financial success depends partly on the financial success of rival clubs and of the administrative body (Leeds & von Allmen 2002). The organisational structure of sporting leagues is simple: most employ a top-down structure - the administrative body is at the top, and the clubs are at the base of the structure. Major professional

leagues in Australia tend to use an independent judicial body for player disciplinary purposes, and in some cases to resolve transgressions by clubs of league rules. This body is granted executive power, and its decisions are binding on players and clubs. The AFL has an official appeals body, which in turn is independent from the primary judicial body. The decisions of the appeals body are final.

The structure of players' associations is also simple: a small number of staff support a full-time chief executive officer, who has responsibility for the majority of the negotiation and management issues. Below the chief executive is an advisory committee, consisting of players and/or individuals deemed to have sufficient expertise to contribute. Some associations have a representative level beneath the advisory committee, which consists of a delegate to the association from each club.

Player associations have similar motivations and objectives to those of traditional unions, and the primary difference between the two is the necessarily unique set of activities of player associations, carried in response to the peculiar industrial environment in which they operate (Dabscheck 1991).

An examination of player association histories shows that the associations representing AFL, rugby league, rugby union, and soccer and cricket players have succeeded in establishing new collective bargaining agreements and improving players' employment conditions after employing full-time executives to oversee operations (AFLPA 1998; PFA & SA 1999; AFLPA 2001; RUPA 2003).

Player associations however, have been hampered in their desire to create a strong industrial presence by the relatively short playing careers of their members (only in rare cases exceeding 10 years). Further, in common with traditional unions, new players need to be educated as to the rationale concerning the existence of the association and the need to be actively involved. These are ongoing processes which require investment of time and money (Dabscheck 1996b). Another factor common to player associations and traditional unions is that they both encounter a youth culture where union membership is not especially important.

An issue that cannot be overlooked is the professional sports environment which on the one hand appears to be oppressive especially concerning employee labour rights: players in most major professional team sports are restricted by league-mandated labour regulations – usually player drafts and salary caps (Buti 1994; Dabscheck 1996b; Leeds & von Allmen 2002). However, on the other side of the coin, increased sports broadcasting has led to greater public profiles for elite sportspeople (Quirk & Fort 1999). This in turn has created a higher awareness by players and their agents of the potential for marketing and licensing revenue. This is reflected in the CBAs established in the AFL and Australian soccer (AFLPA & AFL 1993; AFLPA & AFL 1995; AFLPA 1998; Schwab 1998). While agreements exist in the AFL for all players' identified to be used for marketing purposes in return for royalties (AFLPA 1998; Maiden 2003), this is less clear in the other major leagues.

Historically, one of the most important tools available to traditional unions has been the ability to carry out industrial action such as strikes, stop-work meetings and the coordinated claiming of sick leave (Deery 1989). The mobilisation of members means that unions can use their collective voice to influence employer and institutional action to benefit the employees' cause.

Player associations use industrial action in the same way, and the literature reveals that an association's capacity to engage in industrial action is a probable determinant of success. Industrial action (or threats to enact such action) has generally resulted in positive gains for players with regard to terms and conditions of employment and wages.

IR PROCESS: AUSTRALIAN RULES & SOCCER

The following section of this paper employs elements of Dunlop's system model: parties; conflict; processes and environment to identify some key factors affecting the industrial relations process of two Australian professional sports: Australian rules and Soccer.

Data subjects

Executives from the Australian Football League Players Association (AFLPA); the AFL; the Australian Professional Footballers Association [PFA]; and eight club delegates from the AFL provided the empirical research data. Structured interviews were conducted with the executives, and a questionnaire survey technique was employed to gauge the views of club delegates. The questionnaire aimed to elicit their level of agreement with thirteen statements on a five-point Likert scale. They were given the opportunity to comment on the AFLPA and the bargaining process in general at the end of the questionnaire. Eight responses were received: a 50 percent response rate. Unfortunately we were unable to either interview or survey the soccer player cohort: this places limitations of course, on the following discussion

Parties

Three parties are involved in the industrial relations process in sports: players and player associations; clubs and leagues; and industrial tribunals. Player associations represent players in negotiation with leagues, who represent the clubs. Outcomes of these negotiations can be mediated or arbitrated by industrial tribunals.

Communication and consultation between players/clubs and their player associations/leagues are two key success factors common to both negotiating parties. Player associations face a struggle to engage their members in association activities, due to motivational and peer support issues. Long-time members of player associations are more likely to be involved heavily. It is evident that word-of-mouth is the most important organising technique available to player associations in soccer and Australian rules.

Clubs and leagues rely heavily on the transparency of negotiations to facilitate a good working relationship. Transparency helps to assure clubs that negotiation is occurring in good faith, as does the adoption of the stakeholder approach by the league to determine bargaining objectives and strategy. The stakeholder approach is linked to the pluralist perspective, which as the AFL has demonstrated can be highly successful.

The mediation and arbitration role of the AIRC is one of last resort in professional sports. The unique labour market conditions together with current federal legislation means the industrial tribunal's influence on industrial relations in Australian professional sport is limited. Nevertheless, the AIRC has historically been able to facilitate the establishment of agreements at crisis points, and this role is likely to continue.

Conflict

We identified five clear causes of conflict: commonality of objectives; refusal to compromise; revenue sharing; player welfare; and perceived administrative incompetence. The failure of negotiating parties to achieve common objectives for the industrial relations process, together with reluctance to compromise on self-interest, were identified as two principal causes of conflict.

Revenue sharing, player welfare, and administrative incompetence emerge as specific issues on which player associations and leagues are likely to disagree. The absence of common objectives appears to be linked with the adoption by administrators of either unitarist or pluralist approaches to negotiation.

Soccer Australia's unitarist approach appears to be the major driver of industrial conflict in Australian soccer: According to the PFA executive, Soccer Australia [together with the National Soccer League clubs] rarely attempts to take the interests of the players into account: the relationship between players and Soccer Australia and the clubs has been based on "...mere pragmatism at its height and most commonly, it's been one of a lack of co-operation and a lack of trust."

In contrast, the AFL's pluralist approach has resulted in a harmonious bargaining relationship with the AFLPA. The identification and pursuit of common goals has been successful. Both the AFLPA and the AFL operations officer consistently referred to the sharing of common goals as the major strength of the relationship: it is evident that there is a good understanding of each other's motives and interests. Recent CBA negotiations exemplify this approach. The AFL Chief Executive and the Football Operations Officer consulted with the 16 league clubs over a 6 month period leading up to negotiation with the AFLPA. The process involved: soliciting written submissions from each club; meeting personally with club presidents and CEOs to discuss the submissions; obtaining club's written agreement on the AFL's bargaining strategy and the binding nature of the CBA, and finally establishing a sub-committee of experienced club executives to aid in ongoing consultation. In the final stages of locked-down confidential negotiation, two of the club executives were invited to participate to ensure the transparency of the CBA with respect to the clubs.

Forms of conflict can be identified through two systemic symptoms: changes in the financial welfare of the league and its clubs; and increased media scrutiny of issues. Concerning the two codes under scrutiny here, five forms of conflict can be gleaned: engagement in bilateral negotiation; industrial action (including boycotts and strikes); the refusal of any party to engage in negotiation; the manipulation of the media by parties to raise public awareness and support for their cause; and the suspension or termination of player contracts.

Australian rules has experienced a relatively peaceful recent history in terms of the industrial relations process; any conflict has been constructive – a view supported by club delegates and executives. This situation is in direct contrast to that of soccer. Australian soccer has experienced all of the forms of conflict identified above in recent years. One example exemplifies the dysfunctional situation at Soccer Australia. On the expiry of the 1999-2003 CBA between the PFA and Soccer Australia, the administrators refused to begin negotiations for a new agreement. This meant that regulations governing the players' terms and conditions reverted to those set out under the Workplace Relations Act (1996) – which does not specifically provide for the unique operating conditions of professional sport.

Processes

The bargaining processes in Australian Rules and soccer present a great contrast. First, Australian football is covered by one agreement. Negotiation is characterised by commonality of objectives, a high degree of consultation by both parties and an intimate understanding by each party of the other's goals and objectives. The negotiation process in Australian Soccer on the other hand is shrouded by ill-will, disruptive conflict and a reluctance of Soccer Australia to negotiate in good faith. When able to come to agreement, the PFA has in place two CBAs - one for NSL players and another for national team players regardless of whether they play in a domestic or international league. The need to bargain an extra agreement clearly complicates negotiations.

Secondly, comparative analysis reveals that negotiation in Australian rules involves higher levels of consultation, structure and planning than does soccer. It is for these reasons that Australian rules negotiation outcomes are more beneficial for both parties than in soccer. Furthermore, the occupation by former players in executive administrative positions in Australian rules was identified as an important aid in establishing a commonality of objectives between parties. In contrast, the top administrative roles at Soccer Australia and the NSL have traditionally been held by former club officials, leading to what the PFA refers to as "a conservative philosophical opposition of some

clubs toward the players' welfare." Rather interestingly, an independent review of Australian soccer commissioned by the federal government concurred that the efforts made by soccer administrators to reach a crucial understanding have not matched those of the PFA (Crawford 2003).

Environment

Wage deflation and the threat of rival codes are two environmental factors influencing the industrial relations process. In soccer, European wage deflation has affected demand for player transfers from the NSL, reducing revenues for clubs. In Australian rules, potential wage deflation is linked to a correction in the value of the broadcast rights for the game. These negative influences allowed for in CBAs, by postponing wage rises or linking them to the league's financial performance.

CONCLUSION

There is a distinct difference between the industrial relations processes in Australian rules and Australian soccer. The major strengths of the industrial relations process in Australian rules are the high levels of communication and the ability of the AFL and the AFLPA to establish common objectives. Both parties' willingness to compromise has aided significantly in facilitating this. Conversely, Australian soccer's industrial relations process is characterised by mistrust – surely this must have a negative impact on the welfare of the players and the sport in general. It is worth noting that soccer in Australia is currently undergoing administrative upheaval. Soccer Australia was wound up as an organisation in October 2003; the replacement Australian Soccer Association is expected to bring with it a new board and a more pragmatic and conciliatory outlook toward negotiation

The industrial relations process experience by the two football codes maintains some similarities with traditional industry: industrial action, whether threatened or realised, remains an important tool for player associations; and the financial and strategic performance of managers/administrators plays a large role in determining the success of the sport. The latter can determine the potential financial benefits for players, and therefore has an important role in determining the nature and outcome of the industrial relations process.

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