The emerging labour market and transformation from state amates to professional athletes

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A R T I C L E   I N F O

Article history:
Available online 4 November 2019

Keywords:
Corporate governance
The football industry
Chinese sport reform
Chinese football
Football players in China

A B S T R A C T

Corporate governance and its associated concerns had no bearing on Chinese industry management before its national economic reform in the early 1980s. The government’s intention has been to make all state-owned enterprises more effective and efficient than they previously were by gradually introducing Western enterprise methods with a capitalist market approach. The article explores the notion of corporate governance in the context of Chinese football by studying the emerging labour markets and management of professional football players to gain a comprehensive understanding of the issues concerning the governance of Chinese sports and its human resource management. It seeks to contribute to the development of stakeholder theory as an important analytical framework on Chinese management studies in the field of professional sport during its economic transition.

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1. Introduction

Stakeholder theory was developed from the field of strategic management and grew into organization theory (Clarkson, 1995; Freeman, 1984; Frooman, 1999). However, its empirical validity has not been established, as the theory questions the conventional assumption of the corporation’s objectives of profit maximisation, which contradicts some deeply rooted values (Jones, 1995). In terms of governance control, agency theory emphasises shareholders’ investment return and firms’ profit maximisation. By contrast, stakeholder theory emphasises firms’ overall well being, sustainable development and balanced stakeholder interest.

2. The peculiarity of the football industry requires the stakeholder approach

The challenges of corporate governance in sports, especially in team sports, are substantially different from other conventional businesses. Neale (1964) argued that professional league sports have a strong tendency towards monopoly and a single league structure. League sport is a unique market in that a total monopoly is unthinkable - competitors are needed in order to prosper. At the club level, the nature of a football club has two objectives — winning on the pitch and making profits. Sloane (1971) argues that compared to other conventional enterprises, football clubs are less profit oriented, performance on the pitch often outweighs clubs’ financial interest, and that clubs are utility maximizers rather than profit maximizers. Therefore stakeholder theory provides an ideal framework to analyse corporate governance in football clubs as utility maximizers, as well as social and cultural institutions. Football clubs are organized in a league structure with promotion and
relegation throughout the hierarchy. The whole system could be viewed as a network arrangement, and so requiring a model of network governance and a stakeholder approach to analyse it (Sloane, 1971; Farquhar et al., 2005; Szymanski, 1997).

2.1. Understanding stakeholder environments

Network theory sees stakeholders interact, cooperate or form an alliance (Nevile and Menguc, 2006; Rowley, 1997). A model is developed on two distinctions; the density of the stakeholder network and centrality of the focal organization. Stakeholder density characterizes the number of ties linking all stakeholders; it is a mechanism that can represent the effectiveness and efficiency of communication between stakeholders within the network. Centrality refers to the power of a focal organization and its ability to control information flows amongst stakeholders (Fig. 1).

In a High Density/High Centrality stakeholder environment, on the one hand, stakeholders possess efficient linkages to influence an organization; on the other hand the firm has a centralised position and therefore has the power to ignore certain stakeholder demands. As a result, a compromise approach is likely to be adopted by both parties and a position of mutual satisfaction is likely to be negotiated. In a High Density/Low Centrality environment, stakeholders are able to speak collectively from a superior position; a focal organization is likely to comply with stakeholders' demands. In a Low Density/High Centrality environment, without an efficient communication system, stakeholders are peripheral to the focal organization and a focal organization is able to dictate the relationship and is more resistant to stakeholders' influence. In a Low Density/Low Centrality environment, even though the focal firm is not in the central position, it does not face intensified claims from the poorly connected stakeholders either.

McMaster (1997) even argues that professional football clubs do not point to any agency problems. Players and coaching staff have an interest that aligns with their clubs' success, as it is a performance link with their reputation as well as market valuation. Moreover, despite players' performance being assessed on the basis of team success, each individual's contribution is easy to judge, and therefore playing staff are unlikely to shirk. The football industry revolves around games and the games revolve around players. It is true that players are the most valuable assets for the clubs, and they play an essential role. Looking at the role of players from football economic perspective, they are also viewed as fixed capital in the eyes of the clubs and their market values are included in the clubs' balance sheets, as such a relationship will be governed by strictly legal contracts (Healey, 2009). By contrast, in many other industries, a firm's workforce is not included in its balance sheet.

In addition, supporters are a special type of customer. Most fans are life-long supporters of a particular club and this special relationship is different compared with normal customers' loyalty to a particular brand of product in a conventional business.

2.2. Understanding stakeholder relationships

The relationships between different stakeholders of a firm have been seen as a nexus of contract under stakeholder theory framework. Friedman and Miles (2002) distinguish four types of stakeholder relationships based on two distinctions. 1. The

![Fig. 1. Stakeholder influences model.](image1)

Source: Figure is created on the basis of Rowley (1997, p. 901)

![Fig. 2. Stakeholders' relationship model.](image2)

Source: Figure is created on the basis of Friedman and Miles (2002, p8)
compatibility of stakeholders’ own values and interests associated with social structure. In other words, a compatible relationship - stakeholders have common values and similar interests (the incompatible relationship indicates otherwise). 2. The necessity of stakeholders’ business connections and ideas. That is to say stakeholders with connected ideas or internal institutions within the same systematic framework are considered to have a necessary relationship (different external or disconnected organizations, which means a contingent relationship (Fig. 2).

In a Necessary Compatible stakeholder relationship, all parties have an interest to strengthen the existing structure in order to benefit from the relationship. Different values and interests between stakeholders exist within a Necessary Incompatible relationship, since stakeholders and organizations may have incompatible ideas but compatible interests or vice versa. Implicit contracts are recognized amongst stakeholders under the Contingent Compatible structure, where there are potential opportunities for stakeholders to develop further relations. Divergences of interests exist between organizations and stakeholders within a Contingent Incompatible structure.

Froman (1999) analyses stakeholder relationships from a resource dependence concept and argues that if organization A is dependent on organization B, 1 then B possesses power over A. Yet simply controlling resources is not the only route to pursuing stakeholder influence. Apart from the direct influence, the influence of one organization over another can be achieved indirectly via the third party.

3. Methodology

This mainly qualitative interview-based study is designed to gain a better understanding of the football transition through the players’ perspectives with particular emphasis upon the research question: “How has increasing professionalism affected players?” in an attempt to explain some perplexing features of the football labour market and development in China. Interpretivism is the main philosophical approach used in this study which underpinned by epistemological and ontological assumptions.

In order to answer the research questions, a number of practical principles provide useful benchmarks, which are set as different themes for data analysis. These themes are conflict of interest, financial dependency and stakeholder relationships. They provided directions for what the researcher was looking for in the data, and enabled a search of the data for text that matched the themes. In such a way, the researcher was able to see patterns and connections both within and between themes. Moreover, the stakeholder framework serves as the theoretical guide to analysing different relationships of the professional footballers, using constructed graphs to visualise development trends of such relationships to offer original insights to the empirical study, especially in the aspect of human resource management of Chinese professional sport, which little research has been done in either China or the West.

All player interviewees were current or past players with personal experiences of the professional leagues. Despite geographical difference, Chinese players progress from young amateurs to mature professionals via a similar route within the same training system. Having such a strong common characteristic industrial background, even small samples of players are able to have valuable opinions and a representative voice on the system. Chinese players do not have their own union/organization to represent them either as individuals or as a group. Nine players were interviewed, they were selected and grouped differently, retired players - with experience of the professional league who still work in the industry; active players - old/experienced players (28 years of age or older facing retirement) and young players (first team players younger than 28 years of age). In that respect, information generated from interviews can provide a balanced picture that shows the labor market and governance in a progressive way. More importantly, the goal of the interviews is to gain a better understanding from the respondents’ perspective.

The major analysis is based on eight semi-structured interviews, which were tape recordings taken with the interviewees’ permission. The study uses combined methods with a variety of data sources in the process of analysis to avoid an overly descriptive approach. Data analysis focuses on how the interviewees responded to each question. As this was done with open-ended questions, data from each question was treated not only as individual but also all the data was collated together and organized by questions to look across all respondents and their answers in order to identify consistencies and differences. Moreover, the connections between topics were also explored. Findings came from analyzing the information that was captured through interviews — similarities and differences in interviewees’ responses were further elaborated to provide analytical insights within themes and important points were emphasized with interview quotations to support findings and bring the data to life.

4. The players’ status

A modern commercial business will see its workforce as its greatest asset, and many managers recognize their staff as being highly valuable and worthy of investment. To that end, effective management of a company’s workforce has been viewed as an important element for corporate success.

There is a dearth of literature on characteristics of Chinese football players as regards their perspective on football development both as individuals and as a stakeholder group. The research provides not only a brief overview of Chinese football players’ status but also to further explore the players’ view of the industry’s transition from previous studies (Liang, 2016, 2017).

1 A’s resources are dependent on B, for instance, B supplies or consumes a large proportion of the input or output that A needs, or both.
4.1. The status before professionalization

After the Communist Party ascended to power in 1949, a centralised sports system was established. Whitby (1999) contends that the elite development of Chinese sport has been achieved by combining rigorous implementation of programmes and athletes’ development. In the case of football, the Soviet style fostering system was adopted in order to develop elite players - a pyramid structure with good cohesion between each layer and it was entirely funded by the state (Kanin, 1978) (Fig. 3).

Spare-time football schools provide specialist coaching for selected youngsters aged between 8 and 15. Players were trained together after school during the afternoon. Students with promising potentials could go a step further to provincial central sports schools. Each province and municipality city had one central sports school with boarding facilities and many of them had football squads. Players were selected across the whole province and lived on site as "semi-professionals" (Reekie, 1999). The best players from a provincial central school could progress to break into a provincial team or its reserve team to become full time athletes, while the unlucky ones were either given jobs by the state after they graduated or returned to normal high schools to continue their education.

In this state amateur system, selection was based on players’ ability and potential. From these two elements, the higher up the ladder a player could climb, the more lucrative subsidy he could receive. For example, such subsidies at the spare-time school level included players receiving free clothes, food and travel subsidies during competition events, and at the provincial central sports school level, players enjoyed free boarding, clothes and small monthly stipend. The provincial team players were collectively accommodated and paid as state employees with free food, clothes and medical care (Reekie, 1999). Under the planned economy, players were rewarded equally — the only difference was reflected in seniority. The system was promoting collectivism and egalitarianism. Motivation for sporting success was borne out of patriotism and collective success (Liang, 2014). Athletes were competing for ‘the glory of socialism state and motherland’ therefore no bonuses were awarded, regardless of a player’s performance.

At the top level, national team players were trained collectively all year round in Beijing, where they enjoyed the best facilities with a state employment security. They did not need to return to their provincial teams to compete domestically, as their focus was on international competitions only. Although elite team coaches were judged based on merit, their employment status was permanent, and they often enjoyed long career spells with their teams. Against this backdrop, many senior players were also able to hold a stable position under the same coach with fewer intense challenges from junior players. As a result, it was made difficult for provincial team players to break into the national team, which in turn made it increasing tough for young players to break into the provincial teams.

Furthermore, the transfer system did not exist in the pre-professional era. Players were tied to their provincial teams throughout their entire careers. By the end of their playing careers, local sport committees had a responsibility to find appropriate jobs for retired players. Despite only the best players having opportunities to be retained as coaches, opportunities for further study to qualify as PE teachers were widely available for others, and such training was provided even before the end of their playing days.

In short, before professionalization, the whole football system was funded by both local and the central governments. Despite top-level elite players earning full-time salaries while training and playing on a full-time basis, they were still officially recognized as amateurs. There was a systematic procedure for identifying and training young athletes from an early age - but few resources were attributed directly towards public use (Reekie, 1999).

Fig. 3. The pyramid structure of elite development
Source: Figure is created on the basis of Liang (2016, p. 1479)
4.2. The status after professionalization

By the mid-1980s, many Western concepts had been accepted by the Chinese government – politics and sports became less intertwined (Jones, 2000). As the commercial approach was widely adopted socially, there was increasing demand for sports to be financially self-sufficient. Football was the first sport exposed to the Western influence and was encouraged to pioneer the Chinese sport reform.

The football reform transformed the industry through professionalization. With this, the combined market approach and sponsorship played important roles in the transition. Players saw huge increases in their financial reward and the introduction of the transfer system provided elite players with more flexibility to maximize their market value under market-oriented economy. On the one hand, players were now able to enjoy more freedom in terms of movement, on the other hand, the market-orientated reform provides less job security in the shape of players’ employment status changing from permanent state employees to contractual employees of club companies – players could now be released at the end of their contracts without any guaranteed alternatives to safeguard their future.

The commercial approach and reform policy led to substantial reduction of direct government funding, with spare-time football schools and provincial central sport schools affected the most. As a result, spare-time football schools had to adapt the market-oriented approach in order to operate on reduced state budget, leaving most students now needing to pay training fees. Moreover, the majority of provincial central sport schools dissolved their football squads in order to focus on other Olympic sports (Fan, 1997). As a direct result, some young players were transferred to football clubs’ academies. Unlike during the pre-professional era, club academies are now managed in accordance with that club’s policy. Some academies require players to pay full or partial training fees in order to stay on board, while some others are free of charge. In addition to the state funded schools, private football schools emerged in the market. There were about 1000 schools throughout the country in the 1990s, less than 100 are still operating at present (Ran, 2008). This dramatic reduction has been concluded by media to be a result of shortsighted behavior of investors and an over-commercial approach at the grassroots level.

The ‘westernization’ of football management can also be analyzed at the very top level – the national team. The method of long-practices and collective training has been replaced by the temporary grouping of players who are most on form, which increases competition for every position. National team players are gathered just before international duties.

5. Impact of professionalization on players

5.1. Players’ wages

The market-orientated economy brought to the Chinese football industry Western managerial practices, along with its cultural values. Players’ wages have been increased significantly since professionalization. Before professionalization, players were paid like any other state employees – with a national average salary standard. Today, players are paid according to their individual contracts, which reflect their market values and are based on the performance related pay (PRP) structure. This acts as a motivational force and allows for successful employees to be rewarded more generously (Baruch et al., 2004).

A typical professional footballer’s salary is divided into three parts: basic salary, training performance and match bonus, with each of these parts determined by the player’s performance in that particular area. The PRP salary structure has certainly made a substantial impact on players’ attitudes towards their job. As Lu Chang explains: ‘During the state of amateur era, it was my team that needed me (for training and competitions), and now it is I who needs to train & play in order to be match-fit. A passive attitude is replaced by willingness and initiatives.’ (Personal interview 31/08/08).

The PRP structure certainly stimulates players’ desire to play and to win. Indeed, every competitive match has become important as it is now intertwined with players’ income. In addition, training sessions carry further importance, as players need to demonstrate their current form during training sessions in order to make the starting line-up. As a result, the internal relationship between players is more competitive and players’ behavior more professional. As Tao Wei explains: ‘We have to be more professional and treat matches and training seriously. As any injury can affect our potential earning, we need to learn how to protect ourselves - to perform and to avoid injury at the same time in order to shine on big stages.’ (Personal interview 02/09/08).

Baruch et al. (2004) argue that these new elements are based on the capitalist ideology of individualism (which emphasizes individual achievement with an ‘I’ orientation) and clearly contradict the fundamental ideology of socialism, which promotes collectivism and egalitarianism. Despite the ideological contradiction, the PRP structure has been adopted by all professional clubs to encourage their players.

5.2. The emerging labour market, transfer system and foreign players

The transfer system was introduced in 1994, and took effect just before the 1995 season. The new system provides opportunities for players to move between clubs. As the Chinese Football Association (CFA) tries to keep the transfer system in tune with the pace of development, details of transfer rules are modified slightly from year to year.
In the first three seasons (1995–1997), players could negotiate with any club. Due to the introduction of the transfer system providing a platform of mutual selection for both players and clubs according to the market principles, the number of transfers increased each year. During the 1998 – 2004 seasons, a draft scheme was introduced that was similar to the NBA’s - those players whose transfer requests had either been approved by their clubs or who were no longer wanted by their clubs were listed on the CFA’s transfer list, and the club that finished at the bottom of last season’s league table had the right to the first pick. During this period there were two transfer windows – before the season began and the half way through the season. The number of choices was also restricted for each club. As the Players’ Status and Transfer Regulation (CFA, 2001, p. 6) Article 2 Rule 16 states, ‘Each club is eligible to pick maximum seven indigenous players each season, and five maximum during the first transfer window.’

Despite this system having many problems, both clubs and players had to obey the transfer rules. Even if a player has a preference for a particular club, and that club agrees to sign him, there is still a possibility that another club will interfere during the drafting process. For instance, a player who wanted to join club A was more likely to end up with club B because the club B’s picking order was ahead of club A’s. The same Regulation states: ‘Neither clubs nor players can withdraw from the transfer process after picking, otherwise they will lose their status to compete for this season or an even longer period of time.’ (CFA, 2001, p. 7, in Article 2, Rule 19, No.3).

An updated transfer regulation (CFA, 2004) was introduced from 2005 season, which abolished the draft system and set just one transfer window. Although there was no restriction for clubs to sell their players, it allowed each club to purchase no more than five native players each season (CFA, 2004). The new regulation gives priority to clubs in retaining their old players, as the Article Four, Rule 15, No.5 states (CFA, 2004, p. 3): ‘If a player’s current club is willing to extend his contract, then the player cannot be transferred.’ While No.6 (CFA, 2004) said: ‘Relegated clubs can refuse transfer request from any of their players without reason.’

In contrast, foreign transfers are made according to FIFA rules and the AFC regulations (Cong and Shi, 2009). Both transfer regulations (CFA, 2001; CFA, 2004) allow each club to sign three foreign players at one time, while in addition, since 10th October 2000, no foreign goalkeepers were allowed in order to protect the interest of Chinese football (CFA, 2004). From the 2010 season onwards, five foreign players are permitted for each Super League club and four foreign players for each Jia League club (CFA, 2011). Asian Football Confederation (AFC) introduced a ‘3 + 1’ rule for its 2009 Champions League competition – a club can play three foreign players (from outside of the AFC members) plus one Asian player (from the AFC members) at the same time (Duerden, 2009).

Looking at the Chinese transfer market, the ‘free agent’ status did not exist, even once a player’s contract with a club has expired. A player can only become a ‘free agent’ (be eligible to sign a new contract without a transfer fee) after 30 months’ expiration of his last contract, and if a player signs for another club within the 30-month period, a transfer fee is required. The term ‘free agent’ was defined in both the CFA transfer regulations (CFA, 2001; CFA, 2004), as the Article Four, Rule 12 states (2004, p. 2): ‘A player either has not played for any clubs for 30 months or more than 30 months, or has never played for a club before he can be registered as a free agent in his local FA.’

This means that Chinese clubs have more power to retain their best assets than their international counterparts within the heavily regulated market. The 2011 CFA transfer rule eventually introduced the free transfer term to the Labour market. However, each club can only sign maxim eight players in one single season with no more than three players under the age of 21 (CFA, 2011).

The introduction of foreign players in 1994 hugely boosted the popularity of the professional game. This is especially poignant when considering the experience and professional attitude they brought into the Chinese game and the way in which their involvement has moved the game forwards. Compared to the presence of foreign players in China, not many Chinese players play abroad. There are many difficulties for foreign clubs when signing Chinese players. Firstly, the playing standard of Chinese players is not appealing - the national team is currently placing just 81st in the FIFA rankings.2 As a direct result of this, immigration laws in some European countries restrict work for players from low-ranking countries. Secondly, the lack of licensed agents poses obstacles. Almost all Chinese players lack agents. This is detrimental to players' interests, as they cannot be represented by professionals in business meetings, and have no one to look out for opportunities for them to play abroad. As Li Zhihui explains: (personal interview 30/06/08).

‘The opportunity for us to play abroad depends on the clubs - we have to rely on our club’s overseas connections. We do not have agents, and only few players can meet the European playing standards, so currently, we just deal with everything ourselves.’

Both the introduction of foreign players and the transfer system have affected players internally as well as externally. Externally, the transfer system creates a relatively mobilized Labour market, which provides more options and flexibility for players to move between clubs. Internally, the mobilized Labour market and foreign players increased internal competition between players. As a result, the game has advanced into a much stronger competitive environment. Today, all players have to be competitive enough in order to survive, regardless of which club they are playing for.

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2 April 2016. The highest ranking was 37th in December 1998.
6. Players’ relationships with other stakeholders

6.1. The relationship with clubs

As a direct result of professionalization, players’ once permanent ‘iron rice bowl’ has now been replaced by seasonal contracts, which demonstrated a major change in players’ employment status. Players and clubs are employers and employees, respectively. Under the principle of the market economy, the two parties have diverse financial interest.

Fig. 4 indicates how the relationship between clubs and players has transformed from the Necessary Compatible to the Necessary Incompatible as the direct result of professionalization.

In a resource dependence concept, players are highly relying on clubs to pay their salary, the level of players’ dependence on clubs is high. In contrast, clubs’ financial dependency on players is almost nil; the level of clubs’ dependence on players is low, which leaves clubs to dominate the player/club relationship. With the financial strength they possess, clubs are capable of shaping the labor market. Especially since those players are not well-organized individuals. In the pre-professional era, even though players relied highly on elite teams, without the transfer market, elite teams were also highly relying on their limited number of players to function.

Fig. 5 demonstrates how the player/club relationship changed. Under the state amateur model without the transfer market, players were relatively difficult to replace not only due to their stable employment status but also the low number available at the top level within the provincial boundary. Alongside professionalization and introduction of the transfer market, not only players’ employment status changed but there were also more players (including foreign players) available for clubs to select. As a result, the level of clubs dependency on players reduced and the player/club relationship moved to the left, the status changing from high interdependence (configuration B) to club power (configuration A). The transformation put clubs in a dominant position in the labor market.

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**Fig. 4.** The development pattern of the Club/player relationship
Source: Figure is created on the basis of Friedman and Miles (2002).

**Fig. 5.** The player/club relationship. Level of players dependency on clubs
Source: Figure is created on the basis of Frooman (1999).
Furthermore, Chinese players lack organization amongst themselves, and under the current political environment, they are not able to form a players’ union to promote their own interests through a united voice. As a result, Chinese players can only manage a low-density network relationship amongst themselves. Compared to players, clubs are more centrally located within the industry network. Consequently, during any dispute between players and other stakeholders, players have to fight as individuals or as an inefficiently linked small group without support from an official organization of their own.

Fig. 6 also explains the relationship between players and clubs in the labor market from the stakeholder centrality perspective. As clubs’ centrality is high and players’ network density is low, clubs are capable of resisting pressure from players, especially when they are acting as unorganized individuals. As the labor market is regulated skew towards clubs, therefore, in this relationship, the relative power balance is in favor of clubs. With better accesses to information and strong financial backings clubs can adapt a commanding role. In effect, clubs are capable of controlling players in a heavily regulated labor market. Chinese players feel helpless to address their interests when conflicts arise. As Tao Wei highlights the skewed relationship: ‘Our contracts are signed on a yearly basis, which provides only a short period of security. Despite the poor treatment, we have no right act dissatisfied. If you try to argue with your club, you are the one who gets hurt eventually.’ (Personal interview, 02/09/08).

Despite the introduction of the Labour Law and the 1995 Sports Law, players have a hard time finding anything specifically related to professional footballers in these two laws. Moreover, the Sports Law has intentionally omitted rights of individual athletes, which makes it very difficult for an individual athlete to protect his/her personal interests or to raise issues against an established organization (for example, the governing body or a club) (Nafziger and Li, 1998).

In contrast to those in Europe, trade unions in China are strictly controlled by the state. Chinese trade unions only have a decorative function with practically no power at all. This ironically illustrates the so-called socialist democracy with distinctly ‘Chinese characteristics’. As Lu Chang states: ‘Our status has changed from that of state employees to company employees. We lost all the benefits of stability and job security provided by the state during this transformation. Today neither the state nor the clubs take enough responsibility, our interests are not well protected.’ (Personal interview, 31/08/08).

Under the state amateur system, there was less need for a players’ union, as all players were treated in a similar way and enjoyed state job security for life with free medical care attached. Professionalization has changed their employment status; life-long state job security has been replaced by short-term employment contracts, as clubs take no responsibility for players’ long-term welfare. Moreover, even short-term contracts are not fully honored when the clubs’ benefactors experience financial hardship. From the players’ point of view, a need to form their own work union arises in order to protect their own interests. Players in particular see themselves as a vulnerable stakeholder group within the industry. As the national team captain Li Weifeng said: ‘Although players look glamorous in public eye, in fact, we are the vulnerable group. We cannot even protect our own interests and have no influence over the game.’ (Sinasport, 2008):

Li Weifeng’s statement echoes aforementioned analytical findings. Players especially those with overseas experience, see their welfare and individual rights as some of the top issues that need to be properly addressed. However, Chinese laws often provide implicit rights for individuals to challenge the decisions of authorities, but lack explicit legislation to protect their legal rights (Nafziger and Li, 1998). Again, the Sports Law (1995) failed to articulate any rights for athletes, and with human rights being of low priority on the Chinese authorities’ list, a players’ association cannot be created without the government’s blessing. As a result, it is impossible in the current political environment for players to form a union to promote their interests, despite many players’ desire to do so. Tao Wei explains: ‘Our welfare and rights are only covered during the time disclosed in the contract, and even that cannot be guaranteed. We do not feel any security, especially in the case of the older players. The uncertainty at the end of each season can affect a team’s performance and takes our concentration away from competitions.’ (Personal interview, 02/09/08).

Furthermore, there are no measures in place to ensure that players are paid on time and according to their contracts. There have been cases in which some clubs delayed players’ payment. Despite collective action from players in complaint, the

![Fig. 6. Players’ influences over clubs Players’ network density](image-url)

Source: Figure is created on the basis of Rowley (1997).

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3 The Chinese Constitution does not allow strikes making them illegal.
central position and superior power that clubs hold over players allows clubs to resolve such conflicts on their own terms. The researcher’s own experience and observation at Shenzhen FC also confirms the players’ position of low centrality and high dependency in the player/club relationship. For example, there was three professional clubs in Shenzhen and all of them had pay disputes with their players over either salary or bonus, including the researcher’s own club. Players were powerless to address the issue, even at a point of three months delaying. As Liu Shuai complains: ‘We were paid on time for just once this season, sounds like a joke but it is a reality of the club and the industry. The situation does affect our competitiveness and match preparation. We did a couple of mini strikes (in training sessions) this season but those were not effective enough. We do not want to strike, it has negative impacts on our match fitness but we have no means to hold the club to be accountable.’ (Personal interview, 02/08/12).

6.2. The relationship with fans

After professionalization, the importance of fans has become more obvious to clubs. The market-orientated reform forced clubs to pay more attention to their supporters, as fans are part of the product of the game and are becoming increasingly important for clubs’ revenue stream. In contrast, although players acknowledge the fans’ contribution to the game, they are less concerned about fans’ financial input towards their clubs and the industry as a whole due to a community-based football infrastructure has not been soundly developed in China.

The clubs’ relatively short history and heritage has resulted in limited social engagement between clubs, players and fans. Despite enjoying a high social profile, players show a lack of awareness about their wider community roles and responsibilities, especially as role models for youngsters. As a result, both clubs and players are void of any vision in employing well-designed initiatives to explore their social status effectively, which in turn can affect clubs’ long-term development. According to Tang Jing: ‘Fans are important for creating atmosphere and with fans behind us we play football better. The social links we have with our fans are mainly through club’s initiatives, and a closer relationship between players and fans helps to develop the local market’ (Personal interview, 04/08/08).

Indeed, players mainly meet local fans in pre/post-season events, and players judge the closeness of their relationship with fans simply based on number of such events their clubs hold each season. On these occasions, players are only there to help clubs explore local markets. Nevertheless, most players do feel that a close relationship with local fans is necessary for the modern game to grow.

Players and fans are two different stakeholder groups with a corresponding functional interest, thereby making their relationship a Contingent Compatible arrangement. In the current football market, Chinese clubs depend little on direct financial contribution from supporters. Players’ salaries are mainly contributed by clubs’ sponsoring corporations; therefore, from a financial dependency point of view, the relationship of the two parties is also one of Low Interdependence, as illustrated in Fig. 7 above.

Although fans only account for limited direct financial contribution to the game at its current stage of development, many stakeholders acknowledge that fans deserve better treatment regardless of their direct financial input, as they are an integral part of the game's atmosphere and supporters are instrumental in promoting the game’s cultural development. This is reflected in the chart below, where fans are positioned low on the dependency scale due to their limited financial input, yet are high in the social relationship scale due to the atmosphere they create.

**Fig. 7.** The player/fan relationship

Level of players’ dependency on fans

- **A:** Indirect/usage (Player power)
- **B:** Direct/usage (High interdependence)
- **C:** Indirect/withholding (Low interdependence)
- **D:** Direct/withholding (Fan power)

Source: Figure is created on the basis of Frooman (1999).
part of the game and a stakeholder group with normative legitimacy. Compared to players, fans are better organized at the local level. A well-organized fan association is always respected by its club and other stakeholders. As the Chinese football market matures little by little, the low interdependency status of player/fan relationship will further intertwine and developed, especially in the digital era today. Mr. Wei Kexing (ex-Chinese international and Guoan player) Vice General Manager of Guoan FC explains: ‘Players are passive and only act as a link to connect clubs and local fans. Both players and clubs focus only on fans’ direct financial contribution and market expansion, but they should realize that fans’ social involvement is also vital for the game’s long-term development. Fans are important stakeholders for a market-orientated football industry for certain.’ (Personal conversation, 02/09/08)

Despite efforts made by the players (and clubs) go to local schools and colleges to promote football and their clubs, there remaining a lack of coordinated initiatives between clubs and local authorities for the purpose of exploring the social function of the game in order to establish clubs as focal points of their local communities. In other words, to establish football clubs as social institutions. Players have not been effectively deployed to forge strong bonds between themselves and their supporters within the infrastructure of community initiatives. Zhang Xiaobin,4 explains: ‘We go to colleges to attract young supporters, how loyal those students will be after graduation remains a question. Moreover, I have not seen our club or local authority run any planned community programs. We have much less social engagement compared to European players, there are many things we need to learn.’ (Personal interview, 05/07/08).

7. Pros and Cons of Discussion

Players have witnessed and experienced some great changes since the advent of commercialization and professionalization. This process of the games’ development has inevitably raised the profile of Chinese football. But looking beneath the surface, one can appreciate both the positive and the negative impressions that have derived from the game’s transformation.

7.1. The positive impression

Financial reward is the most obvious impact on players. From the players’ point of view the quality of the game has certainly improved. A strictly physical test set to higher criteria, coupled with the introduction of foreign players and coaches, has enhanced the playing standard, and has brought the game to a new level. Lu Chang states: ‘Competitions are strong and competitive; results are related to players’ salaries, which create an incentive for players to perform better. Apart from financial rewards, foreign players and coaches brought new knowledge and skills into our game, which enhanced the game’s quality and competitiveness’ (Personal interview, 31/08/08).

The environment surrounding the game has also changed. Not only are players competing for places, but coaches are also under pressure to perform. Their jobs are even less secure than those of the players. Lu Chang explains further in the same interview: ‘In the pre-professional era, there was little in the way of pressure, a few bad results could not threaten a coach’s job. Now it is a different story, no one is secure in the game, which makes things more exciting. Sometimes you feel a cruel side of the game, but that is the way professional football goes in 2008.’

Moreover, with improved overall commercial backing, professionalization provides more opportunities for players to gain international experience. For example, clubs do not only recruit foreign players and coaches but are also able to play more international tournaments and friendly matches. As Tao Wei explains: ‘We play many pre-season international matches and post-season commercial exhibitions. Furthermore, we play the AFC’s Champions League during season. Both clubs and players have benefited from these opportunities. Professionalization provides more opportunities for us to experience international football, which helps to improve our game’s competitiveness.’ (Personal interview, 02/09/08).

Professionalization has not only increased the quantity of international experience but has also enriched playing style. During the pre-professional period, Chinese football accrued international experience, accumulated mainly from playing the Soviet Bloc countries (Simons, 2008). After professionalization, Chinese football established links and regular exchange programs with countries from all over the world. Especially with more advanced football nations in Europe and South America.

7.2. The negative impact

Professionalization has changed many aspects of the football industry significantly, including the games’ integration of professional and amateur; the financial structure and the labor market. Although the national playing standard has improved, it has made relatively little progress compared to some neighboring countries, especially at the top level. For example: Korea and Japan have been making consistent appearances in the Worlds Cup Finals since the 1990s, compared to China’s only one in 2002. Other points of contention include the current unpromising overall football environment, the commercial approach at the grass-roots level and the weakened cohesion between different layers of development within the pyramid structure. The commercial approach taken at the grass-roots level has raised the financial threshold for children to participate in training sessions at football schools. Many parents are reluctant to pay for their children to join, or simply cannot afford ‘the

4 Played in England with Stock Port and played in Australian Super League.
luxury’. As a result, some talented children are priced out of the systematic training & selection structure that marks the very beginning of a career in football. By contrast, children who do participate in this system do not necessarily possess a talent for the game. As Tao Wei explains: ‘I feel our academy players are worse than before, their maturity comes quite late and ability-wise they are no better. They have been spoiled too much at home, which affects their training attitude. Coaches are not better either, the money-oriented approach does not help our grass-roots development’ (Personal interview, 02/09/08).

Furthermore, after witnessing the state of Chinese football after a few years of professionalization, many parents become more rational and no longer see professional football as a promising career for their children. Adding to this is the current birth control policy, which leads to many children being spoiled, and also puts pressure on parents not to allow their own child to take part in such a risky venture, as failure is not an option even at an early age in Chinese culture. Yu Zhen – Fujian Junhao FC player expresses: ‘When I was younger, many of my friends back to home liked to play football. However, they played only for fun and very few tried to pursue a football career like me. They were not encouraged by their parents or even teachers. Apart from financial costs, professional football is no longer considered as a proper career these days’ (Personal interview, September 30, 2012).

Due to the twin aspects of the game – the sports aspect and commercialization have not been integrated as well as originally expected, which causes the selection system and the development of grass-roots players to suffer from the market-driven approach, rather than benefit from it. Having lived through the fostering pyramid system, and being able to observe the transition process, players see the failings of the system, and blame the incompetence of the CFA’s governance. The fact is that the governing body places its emphasis on the professional leagues. It has become more interested in making money out of the game than in putting money into the development of a well-integrated and balanced structure. As Tao Wei states in the same interview: ‘Grass-roots development should be strategically planned to attract as many young kids as possible. The money-oriented market approach has been proven as a failure, especially at the grass-roots level. We cannot afford to go on like this. The CFA should come up with an alternative to not only can rebuild our football foundation, but also to strength our professional game.’

Chinese players are used to being managed passively. Compared to players from Western nations, they are lacking in both professionalism and public awareness. In the professional era, the relaxation of state control, the mobilized labor market and their raised social profile did not help them to improve their weak self-discipline. As a result, players are often dragged into news headlines for all the wrong reasons. Zhang Xiaobin explains: ‘Players should behave like professionals and consider themselves as role models for youngsters. Bad behavior and negative images not only damage players’ reputation but also damage the credibility of the game’ (Personal interview, 05/07/08).

Match-fixing, ‘black whistles’ and falsification of players’ ages are also recognized by players as great threats to the game. The current anti-corruption movement led by the state Police Department has resulted in a few high profile arrests, indicating that the industry needs greater transparency and tighter regulations in order to withstand public scrutiny and improve the game’s credibility.

8. Conclusion

The economic reform brought ‘Western’ capitalist values into the Chinese society, including those of the sports field. These values are associated with the concepts of striving to be the best and individual liberty. This conflicts directly with China’s socialist ideology, which is associated with collectivism, egalitarianism and discipline (Baruch et al., 2004). When compared to the pre-professional era, the advent of professionalization created not only a brand new football industry, but also new relationships between the different stakeholders with the new philosophy.

Professionalization in Chinese football may have been introduced too quickly without any proper development strategy. However, players are an important stakeholder group, as they are one of the main pillars of the industry and have the most familiarity with the game’s transition. This study has considered professionalization through the players’ perspective that underpinned by the theoretical framework of stakeholder analysis. The related analytical models are intended to allow a clear understanding of players’ relationships with clubs and fans as well as how they influence each other in different ways, which answers the research question – how has increasing professionalism affected players? The understanding of the stakeholder relationships within particular configurations can provide a better vision for strategic and human resource management in the form of “if-then” solution.

In the current Chinese social and political environments, professionalization is unable to adopt many of the desirable elements that exist in European football. Although Chinese authorities and the CFA argue that the intertwined development of Chinese football possesses its own unique characteristics, these Chinese characteristics do not meet the demands of the modern industry practice, and this may partially explain the slow progress of the Chinese game.

Compared to the state amateur model, the Chinese football foundation has been weakened by the process of professionalization. For example, senior players are not satisfied with the quality of younger players, who have made it to the professional level through academy rankings. Furthermore, there are concerns over both availability and quality of academy coaches, especially in those purely market-driven, privately owned football schools. Increasing accessibility should be ensured with more government funds.

Professionalization has raised players’ awareness on the subject of their personal welfare and financial rewards, especially in the case of players who possess overseas experience and are willing to promote players’ interests both individually and collectively. The legislative framework provided by the Labour Law and the Sports Law is implicit, and too general to apply to
players’ individual cases. In a stakeholder society, authorities need to address individuals’ rights better. Too much propaganda with too little practice is not an ideal way to move the game forwards. Furthermore, third party representation to provide professional services (e.g., agent, the players’ union) to players would be a great improvement on the current situation. When considering Chinese players’ lack of professionalism and awareness of their social obligations, one could say that the players’ social value has not been fully employed to benefit the game’s development in the digital era.

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