



Salary Ceiling of Different Professional Sports Leagues and Comparison of Different Geographical Locations

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Abstract. In professional sports, a salary cap (or salary cap) is an agreement or rule that specifies the amount of money a team can spend on a player's salary. It exists in the per-player limit or the total limit of the team list, or both. Some sports leagues have implemented salary caps to reduce overall costs and maintain competitive balance. But Chinese soccer players are very well paid. These players say they're not working as hard as they used to, and that's costing teams and owners too much money, and the lack of money has a big impact on player salaries. So our salary cap should depend on how the league operates, the quality of the players, and how much money the club can afford and earn.

Keywords: Salary cap · sports · difference

1 Introduction

First of all, we should know what the salary ceiling is. In professional sports, the wage cap (or wage cap) is an agreement or rule that specifies the amount of money a team spends on players' wages. It exists in the limit of each player or the total limit of the team list, or both. Some sports leagues have implemented wage caps to reduce overall costs and maintain a competitive balance. They restrict rich clubs to consolidate their dominance by signing more top players than their competitors. The salary cap may be a major problem in the front desk of the negotiation league and the players' union, because it limits the ability of players and teams to negotiate higher wages, even if a team's operating profit is high, and several players' key strikes and the blockade between the boss and management. The demand for salary cap is based on several aspects: promoting equality between teams [1]. First of all, an effective salary cap can prevent wealthy teams from engaging in certain destructive behaviors, such as signing a large number of highly paid star players to prevent opponents from contacting these players, and ensuring victory through strong economic strength. Due to the salary cap, each club has roughly the same financial strength in attracting players. This makes the talent of each team in the league roughly equal, which in turn benefits the league and the team financially.

The league needs to ensure a certain degree of equality between the two teams, so that the game can excite the fans, not the inevitable result. It is generally believed

that the league uses salary caps to let teams have deeper pockets to accumulate talents, which affects the quality of sports products. They want to sell: if only one or several strong teams can continue to win and challenge titles, many games will lose stronger teams, making this movement unattractive to stadium fans and TV viewers. TV revenue is an important part of the revenue of many sports events around the world. The more matching and exciting the game, the more interesting the TV product will be, and the higher the value of TV broadcasting right will be. Unbalanced alliances also threaten the financial viability of weak teams: if their teams have no long-term hope of winning, weak club fans will be attracted by other sports and leagues [2, 3].

Compared with the promotion and demotion system adopted in European football, the league needs more equality. The structure of promotion and demotion system means that inferior teams are confronting the threat of demotion, which increases the importance and excitement of inferior teams' competitions. International club competitions like the Champions League also mean that top clubs always have their own goals, even in the most unbalanced national leagues.

The salary cap also helps to control costs and prevent the club from signing high cost contracts with star players to gain temporary popularity and success, but later it is in financial difficulties because of these costs. If there is no salary cap, the team will sacrifice long-term stability. If team owners use the risk benefit analysis used in business, they will not only risk their own team's fate, but also risk the reputation and viability of the entire league. Sports fans usually want to support a team for life, not just buy short-term products. If the team often goes bankrupt, or changes the market like business, then fans will think that the whole sport is unstable, they may lose interest and support a more stable sport, in which their team and opponents are more likely to participate for a long time.

2 Analysis

Take the NBA as an example. The NBA salary cap is the most famous salary restriction clause in the NBA. The total wages paid by the team to the players shall not exceed this figure. The concept of salary cap was introduced in 1984. The NBA and the players' league first negotiated. Only when both parties agree, the salary cap will be officially released. The NBA's salary cap is increasing every year. Revenue in the 1997–98 season was \$26.9 million, compared with \$58 million in 2010. In the 2013–2014 season, it increased to \$58.679 million. In July 2015, the NBA announced that the salary ceiling for the 2015–2016 season was \$70 million. On July 1, 2018, Beijing Time, the NBA announced that the salary ceiling for the 2018–19 season was \$101.8 million and the luxury tax ceiling was \$123 million.

Unlike the football league, the NBA is a closed league without promotion or demotion, so they must have their own regulations to maintain the "ecological balance" of the whole system, so that teams can have their own living space without money, and avoid one or more big clubs winning the championship. In a word, in the NBA, spending money is also subject to various restrictions.

In order to limit expenditure, the NBA introduced the concept of salary cap and luxury tax. If there is no salary cap, the team with better financial resources will get

better free players more easily than other teams. The basic idea is that a team can only sign a free player if its total salary does not exceed the salary ceiling. If someone exceeds the salary ceiling, it will pay NBA luxury tax to the league. So all the teams are on the same track [4].

The NBA's salary cap policy began in the 1984–85 season, when the earliest salary cap was only \$3.6 million. The salary cap was officially announced after the first mutual negotiation between the NBA and the players' league. The NBA's salary cap is increasing every year. It was \$26.9 million in the 1997–98 season, compared with \$43.8 million in the 2003–04 season 11 years ago. With the development of the league, the salaries of NBA players are also rising. However, considering the characteristics of free competition, this "salary cap" is not a safety helmet. In some cases, the team's total revenue may exceed this amount. But if someone exceeds the salary ceiling, it will pay NBA luxury tax to the league.

The league will release the salary cap, luxury tax and other relevant data of the new season around July 10 every year. The specific amount of the salary cap is closely related to the total income of the NBA last year. Specifically, this salary cap is based on the total income of the NBA in the previous year. Then 48% of the total income is used as the capital of the NBA team, and then 48% of the income is divided by 30 (the total number of teams in the NBA last season). The average figure is the salary cap of the current year, and the total salary paid to players by each team shall not exceed this figure.

Now, the Golden State Warriors are the team that needs to pay the highest luxury tax, because they need to pay more money in the salary cap, leading to the signing of some Max contracts Stephen Curry, Clay Thompson and Jordan Poole, which not only makes it difficult for them to sign more players in the free market, but also gives them some obstacles to sign new contracts with Dremond Green and other players, especially the rookies in the team are highly athletic. However, the biggest football league, the Premier League, has different rules compared with the NBA. The rules implemented by the Premier League are said to be relatively loose, allowing 70% of the income to be used for players' salaries, transfer and brokerage expenses, and allowing clubs to lose 105 million pounds in three seasons. This is basically a relatively loose formulation of UEFA's financial fairness rules.

Therefore, the salary cap of each team is different. It does not depend on how many holes the league can earn, but depends on how much. This means that wealthy team investment groups or owners can have a higher salary cap, which means that it is more difficult for small teams to win the championship, and two rich teams can gain dominance in the entire league by buying better players and higher salary caps. The other extreme situation is the WNBA league, where all the players are women. Because women athletes do not have the same athletic ability as men athletes, they cannot dunk or make other hard actions that require high athletic ability. So the audience of WNBA is much less than that of NBA, which means they can earn less from selling tickets, peripheral products and broadcasting rights. This means that they have a low salary cap, and the players who pay less money than NBA players. To win NBA players, Stephen Curry can get 48 million this year and nearly 60 million 2025–26. But in the WNBA, the highest paid player can only get 100 lb. This is why there are fewer and fewer female players who want to play for the WNBA. The league will enter a vicious spiral because there is not enough money

to pay for players, and the league will continue to lose good players, making the league more valuable.

And pay attention to the league in my country. First of all, CBA league. In order to curb the trend of excessive growth of domestic players' salaries and promote the sustainable development of CBA league, the general meeting of shareholders of the league unanimously agreed to set salary caps and unify the salary structure of players, including contract wages (base wages and performance wages based on season ranking) and single game awards. Starting from the 2020–2021 season, the baseline value of the initial wage cap is 36 million yuan, the buffer value is 12 million yuan, the upper limit of the initial wage cap is 48 million yuan, and the lower limit is 24 million yuan. The clubs whose actual contract wage expenditure exceeds or is lower than the upper limit of wage shall pay youth training adjustment fee to the league (the proportion increases year by year, and it will be 100% in the 2022–2023 season). The adjustment fee is exclusively used by the Alliance for youth training and CBA brand youth activities. CBA League will also conduct a comprehensive study and formulate a series of special regulations (no need to pay all or part of the adjustment fees), including special regulations on winning awards in a single game (a separate upper limit), encouraging members of national teams at all levels, special regulations in border areas, and special regulations on encouraging young players to implement outstanding and special tribute players.

From the 2020–2021 season, players signing new contracts will follow the standard contract unified template developed by the league. The maximum contract salary of a player is limited to 25% of the salary cap benchmark value of this season. The 2020–2021 season is 9 million yuan. For player contracts exceeding this amount, the league will not register. In order to encourage high-level foreign aid to join the CBA alliance, the salary ceiling for foreign aid is not set temporarily [5].

In order to improve the competition level and training quality of domestic players, it increases the opportunities to compete with diversified high-level foreign aid in the league. From the 2020–2021 season, the club can independently decide to increase the number of foreign aid registrations to four, with a maximum of two foreign aid registrations per game. At the same time, in order to increase the playing time of domestic players, make use of the potential of young players, and establish the reserve talents of the national team, since the 2020–2021 season, each team will have 2 foreign aid players (at most), 4 in 4 meetings, and 1 in each conversation (only one foreign aid player will be available at any time). However, in order to ensure the balance and enjoyment of the league, in addition to the team on August 1, the foreign aid team that ranked the bottom last season will have 2 (maximum), 4 and 5 times, and the last time will be up to 1 person. After entering the playoffs, it is no longer allowed to register new foreign aid or change registered foreign aid. Each team (except the Bayi team) is applicable to the 4-person system. The salary cap highly restricts the payment of Chinese players. They can't get many great players from their own countries, which means they need to sign foreign players, but a team's restrictions can only sign four foreign players, which leads to team problems. Foreign players will pay more salaries than local players, which makes the situation of local players even worthwhile, because most of the time they are bullied by foreign players, Because they don't exercise like foreigners. Many great players even want to go to the lower level leagues in Southeast Asia because they have higher salaries.

But the other is in the Chinese Super League. In 2018, the average income of CSL clubs was 686 million yuan, the average expenditure was 1.126 billion yuan, and the average loss was 440 million yuan. The high operating cost of the club is mainly caused by the increase of the player's salary. At present, the average annual salary of the CSL is 8.53 million yuan, ranking sixth in the world. The salary of players accounts for 68% of the operating cost of the club, even higher than that of the most successful professional football league in the world - the English Premier League [6].

In November 2018, the media reported that the financial supervision regulations of professional clubs of the China Football Association (hereinafter referred to as "supervision") will be introduced soon. From 2021 to 2021 in 2019, it involves "capital injection ceiling", "salary cap", "bonus cap" and "transfer cap". In addition to the high salary of domestic players, the high price of foreign aid is also an important reason to increase the overall salary of CSL clubs. In 2019, the average annual salary of local players in the CSL was 5.33 million yuan, while the average annual salary of foreign aid workers was 58.47 million yuan, 10.6 times that of local players.

On February 27, 2018, China Football Association held the 2018 Professional League Mobilization Conference in Shanghai. At the meeting, the FA said that it would discuss the players' salary cap policy at the end of 2018, and it is expected that the relevant "salary cap order" will be implemented in 2020 [7, 8].

On December 20, 2018, the 2018 China Football Association Professional League Summary was held in Shanghai, announcing the "salary cap" and other new policies and rules. In December 2020, the Chinese Football Association introduced various new policies for the 2021 season, putting forward the enterprise regulations on the club name and the regulations on the player's salary [9].

3 Conclusion

The wages of Chinese football players are very high. These players say that they do not work as hard as before, which makes the team and the boss lose too much money, and the lack of money has a great impact on the players' salaries [10]. This also makes the situation that the Chinese Super League is trapped in players worse, so no one wants to support them or watch their games, so the club's income becomes less, so the club cannot pay high paid players, so the players will continue to become worse and worse. So our salary cap should depend on the operation mode of the league, the quality of the players, and how much money the club can afford and earn.

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