

The History and Formation of East Asian Sports Leagues

Brad Humphreys and Nicholas M. Watanabe

Abstract This chapter considers the creation and growth of professional sport leagues throughout East Asia. In this, the different leagues and sport are examined, and noted for their hybrid use of both North American and European methods of business and regulation of sport leagues. Notably, prominent Japanese, Chinese, South Korean, and Taiwanese sport organizations are covered in their emergence as the top sport businesses within the region. The creation of these leagues varies from the old (Japanese baseball) to the new (Chinese football). As the dynamics of political and economic power has shifted in East Asia in the last several decades, so has the popularity and importance of many of the sport leagues in the region. At the same time, as these leagues have grown, many of the top stars have begun to leave for more popular and competitive leagues in North America and Europe. This chapter concludes in considering the future potential of sport leagues in Asia, and whether the teams and leagues will be able to continue to survive in their current formats.

Introduction

Relatively little attention has been paid to the professional East Asian sports leagues in the academic literature. In part, this is because professional sports leagues in East Asia developed long after similar leagues in North America and Europe. Humphreys and Watanabe (2012) noted that East Asian professional sports leagues follow a “hybrid” model of organization where these leagues adopt the rules, regulations, and structure used by prominent North American or European leagues playing the same sport. For example, the Nippon Professional Baseball (NPB) league, the top professional baseball league in Japan, employs a league structure similar to that used by Major League Baseball (MLB) in North America. Likewise, many of the football (soccer) leagues in East Asia adopted promotion and relegation ladders like professional football leagues in Europe and South America.

B. Humphreys (✉)
West Virginia University, Morgantown, USA
e-mail: brhumphreys@mail.wvu.edu

N. M. Watanabe
University of Missouri, Columbia, USA

Although East Asian sports leagues emulate North American and European league structures, they exhibit radically different ownership forms, with the predominant ownership form being significant corporate investment or outright ownership of sport franchises by industrial corporations. Although some Major League Baseball teams are owned by large corporations—notably the Seattle Mariners, purchased by Japanese consumer electronics giant Nintendo in 1992—some other major North American professional sports leagues, and some European football leagues, explicitly ban corporate ownership of teams. The East Asian “hybrid” model of league organization has important implications for league outcomes and team operations. In this chapter we discuss this model, the operation of professional sports leagues in East Asia, and also discuss some uniquely East Asian professional sports like Sumo and attempts by North American and European leagues to gain footholds in the large and growing East Asian professional sports market.

There are many reasons for the existence of corporate ownership in East Asian professional sports leagues, and it is common for this ownership method to extend across different sports, no matter what ownership structure is common in that sport in other parts of the world. One reason for corporate ownership of professional sports teams in Japan and South Korea is that, prior to the creation of professional leagues, the strongest sport clubs often played in industrial leagues. Corporations in Japan and South Korea formed these industrial leagues in order to help develop and manage players as if they were semi-professional athletes. In this manner, industrial leagues helped develop much of the structure in regards to professional sport franchises, as well as to foster connections to local communities in sports such as baseball, football, and even basketball.

China, on the other hand, did not allow private corporations to own and operate sports teams before the 1990s. Thus, teams were often part of state backed organizations. Beijing Guoan, a popular football club in China, were owned by a state owned enterprise, and were often considered to be one of the teams which was to develop talent for the Chinese national team. When business regulations were changed in China to allow organizations to operate sport teams as a business, the Chinese football leagues moved from clubs of state-owned enterprises to clubs owned and operated by private (industrial) businesses. Once private companies were allowed to purchase sport teams, many of the largest corporations in China invested in sport teams as their counterparts had done in Japan and South Korea. While there have been different paths to corporate ownership of sport teams in East Asia, this ownership form is now widely employed throughout the region.

In this chapter, we survey the state of play in professional sports leagues in East Asia. The chapter focuses on football, baseball, and basketball leagues in Japan, Korea, China, and Taiwan. Note that we follow the convention of referring to the sport North Americans call “soccer” as “football.” While other professional sports leagues exist in East Asia, these are the oldest and highest profile leagues in this region. We also discuss some factors common to East Asian professional sports leagues, and the attempts by North American leagues to expand their footprint into the region.

Figure 1 shows total attendance in the most recent season (2012 or 2013) for eight professional sports leagues in East Asia: Nippon Professional Baseball,

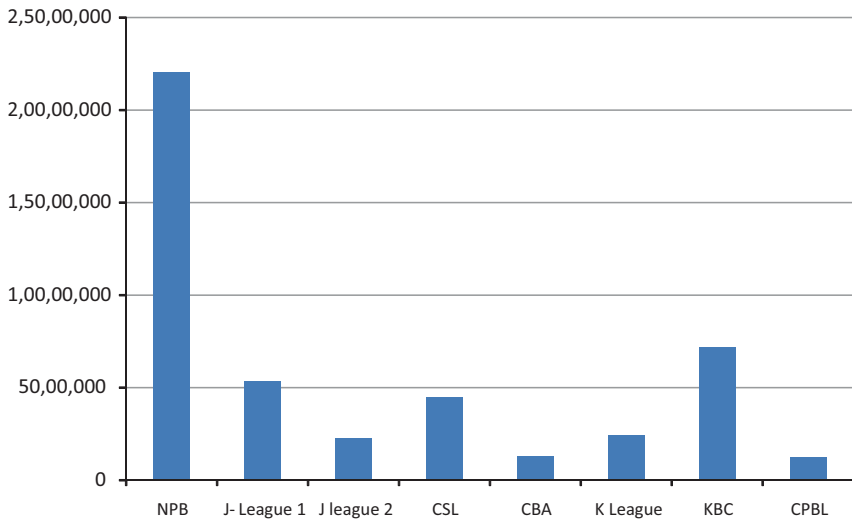


Fig. 1 Total attendance, East Asian Leagues

J-leagues 1 and 2 (football in Japan), the Chinese Super League (football in China), the Chinese Basketball League, the K-League (football in Korea), the Korean Baseball Championship, and the Chinese Professional Baseball League (baseball in Taiwan). Professional baseball in Japan attracted almost as many fans as the other leagues combined, and professional baseball in Korea is the second most popular team sport in the region. Nippon Professional Baseball is the oldest of these leagues (founded in 1950). After the NPB, the next three largest leagues, in terms of attendance, are the Korean Baseball Championship and the professional football leagues in Japan and China.

Professional League Sports in Japan

Nippon Professional Baseball

Although Sumo operated professionally in Japan from the mid-seventeenth century, when baseball became a professional sport in Japan, initially at the club level in 1929, and then as a full-fledged league in 1950, the organization of Nippon Professional Baseball (NPB) did not adopt the structure of Sumo, probably because Sumo originated in Edo period (1603–1867) Japan and had its roots in samurai culture. Rather, as had been the practice during the modernization projects in Japan during the Meiji Period (1868–1912), the country turned to industrial experts to learn how to best operate their organizations and business institutions. As MLB was the predominant professional baseball league in the world at that time, it was

only natural for the NPB to try to emulate the success of MLB in North America. In 1950, the NPB began play with 12 teams divided into two different leagues, similar to the American League and National League in MLB. The Pacific League of NPB followed the structure of the American League employing a designated hitter, and the Central League of NPB followed the National League by forcing pitchers to bat.

Since its founding, there have always been 12 teams in the NPB, with 6 teams in each league. While the total number of teams has remained constant over time, there has been significant turnover in the composition of teams in the league. In all 17 different teams have played in the NPB; 5 teams merged with other teams because of financial difficulties. This happened as recently as 2004 when the Kintetsu Buffaloes were forced to merge with Orix BlueWave to form the team that is now known as Orix Buffaloes. Naturally, when these two teams merged, a vacancy was created in the league leading to the creation of the expansion Tohoku Rakuten Golden Eagles in order to have six teams in each league and maintain a balanced schedule. NPB teams currently play a 140 game regular season. Salaries in the NPB are relatively high. In 2010, the average salary was about \$ 421,000 (Jane et al. 2013). Top players earn millions of dollars per season.

Research on Asian sports economics has mostly focused on the NPB, as researchers are able to draw parallels between the NPB and MLB (Leeds and Sakata 2012). Prior studies into the NPB focused on attendance in the league, and have found that the Central League has been more popular with fans (LaCroix and Kawaura 1999; Yamamura and Shin 2009; Leeds and Sakata 2012). There is some debate as to whether the larger attendance in the Central League is predominantly because of the Tokyo Giants (Yamamura and Shin 2008), or whether the positive boost in attendance provided by Giants is only marginal at best (Leeds and Sakata 2012). In this group of research studies, the NPB has provided a context through which to examine an Asian sport league, however it is worth noting that despite the popularity and long existence of the league, there is still but these few examinations in Western research journals.

The NPB has strived to ensure that the league has stayed balanced and operated in an organized manner. However, while the league tries to operate like MLB, there has been significant criticism of the business practices of Japanese baseball franchises. Specifically, the public perception is that most of the franchises in Japan are not run as independent business entities, but rather as marketing and public relation arms for the corporations which own the teams. This is evident when teams win championships or league titles; these events often coincide with commemorative sales in the stores and/or products produced and sold by the parent corporation.

Considerable disparity exists in team payroll and broadcast rights fees in the NPB. Figure 2 shows total team payroll (major and minor leagues) for NPB teams in 2010, in billions of Yen. The Tokyo Yomiuri Giants spent around 4.58 billion ¥ on player salaries, while the next closest team in the Central League, the Chunichi Dragons, spent only 2.96 billion on player salaries. The lowest spender in the NPB, the Hiroshima Carp, spent only 1.44 billion. Many NPB clubs receive subsidies from their controlling corporations to fund payroll and operations. The Tokyo Yomiuri Giants are believed receive an annual subsidy of around 6 billion ¥ from

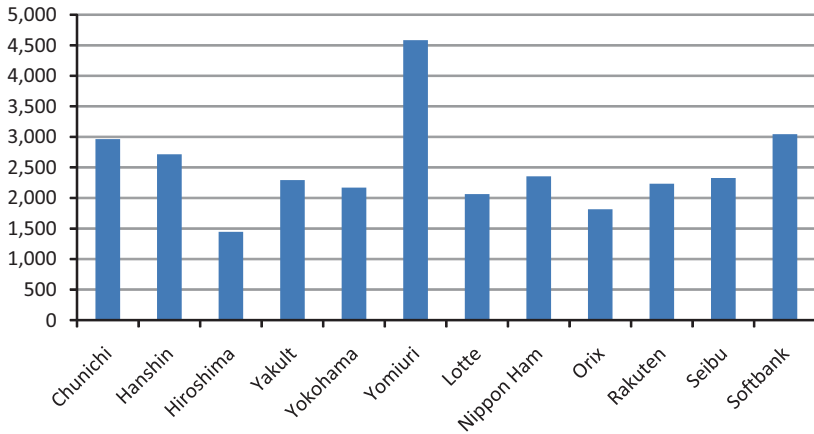


Fig. 2 2010 NPB team payroll (millions of Yen)

the Yomiuri Group, the Giants’ owner and Japan’s largest media conglomerate (Rosner and Conroy 2010). This makes it difficult for other NPB teams to compete with the Giants for talent.

Broadcast rights fees are also unequally distributed in the NPB. Because the Tokyo Giants are owned by the Yomiuri Newspaper and Broadcasting Group, the team has been able to dictate how much all NPB teams receive for each home game broadcast (Rosner and Conroy 2010). The Tokyo Giants receive around 100 million ¥ for each game broadcast, while their nearest competitors receive only ten percent of that amount for each game. Rosner and Conroy (2010) reported that the Seibu Lions only received 700,000 ¥ per game, and the Chiba Lotte Marines 150,000 ¥ per game in 2006. The Tokyo Giants received more than 600 times the revenue from media broadcasts of their games than other teams in the league.

The NPB championship is decided by the Japan Series, where the top team from the Pacific League faces the top team from the Central League, much like MLB’s World Series. While this postseason format was used for decades, eventually the league realized that expanding its playoff structure would provide more excitement, as well as generate additional revenue for clubs and the league. This expansion of the postseason came about because regular season attendance in the league had been on the decline for several years, with the 2007 season having especially poor attendance. Again, the NPB emulated the playoff expansions in MLB, by adding what is called the “Climax Series” in each league. The Climax Series first made its appearance in 2007, with the second and third place teams meeting in the first stage of the Climax Series. The winner of the first stage (best-of-five series) advances to the second stage where they meet the first place team in each respective league. The Climax Series system is somewhat complicated by the fact that the second series, between the league champion and the winner of the first-stage playoff, is a best of six format, where the team that finished in first place in the league starts with a “free” win and a 1-0 advantage. In other words, the first team to get four wins

advances to the Japan Series, with the team that won the regular season title given the advantage of a free win. The NPB postseason has been criticized for years, first for not allowing enough teams into the postseason, and second for changing the system in a way that does not give the underdog an equal chance to advance and win the Japan Series. Despite this criticism, the Climax Series playoff system has been successful to some degree in creating interest around in the league, and allowing more teams to compete for the postseason championship.

Because of the natural ties to their parent corporations, professional baseball teams in Japan are often subsidized heavily in order to make payroll and keep operations running smoothly. It is believed that only a few of the teams in NPB actually turn a profit. The Tokyo Yomiuri Giants, often compared to the New York Yankees, are the dominant team in Japanese baseball in terms of history, tradition, past performance, and star power. Because of this, the Giants have a large following through the country, and are able to profit from this popularity. In addition to Yomiuri, the Hanshin Tigers are the only other profitable team in the league. In *You Gotta Have Wa*, Whiting (2009) noted that the Seibu Lions may be the team which are run most like a business. That is, despite the profitability of the Tokyo Giants and Hanshin Tigers, it could be inferred that these franchises are able to earn profits because of their popularity, and not because they are operated like a successful professional sports team. In his profile of the Seibu Lions owner, Whiting (2009) notes the owner's disinterest in the sport of baseball, and demand that the Seibu Lions be run like a business, in the same way that the Seibu Railway Company is operated. Curiously, while the Lion's owner is against having the Lions being fully subsidized by Seibu Railway Company to the same extent as other teams in the NPB, the owner has heavily subsidized a professional, industry-sponsored ice hockey league, as he is fan of that sport. The business of professional baseball in Japan is dependent on the economic success of the parent companies. In this sense, it is possible that economic downturns and recessions have a very negative effect on Japanese professional baseball.

Like North American leagues, the NPB employs a reverse-order draft to allocate top amateur talent to the teams. In this familiar system, the team with the worst record is given the first pick in the amateur entry draft. The idea behind this is that the worst team will naturally select the best available talent and hopefully improve the quality and talent level of the franchise. In Japanese baseball, the Tokyo Giants have long been seen as the dominant team, and some critics claim that the team has too much control over NPB rules, regulations, and policy. This claim is supported by recent changes in the NPB draft system. The league recently determined that the reverse-order draft system was not fair, and decided to install a new system for allocating incoming talent to teams. Under this new system, called "gyakyushimei," or reverse designation, NPB teams jointly decide which player is the best amateur player in Japan before the draft. This player is then allowed to choose which team he would like to play for. After the top player picks his team, the rest of the teams get to pick from the remaining eligible players in the standard reverse-order format. One problem with this change in draft regulations is that it often allows the best players to go to the championship or high paying teams like the Tokyo Giants. This

system has again changed in recent years, with teams being picked via a lottery system to select players in the draft. For example, in the 2013 NPB draft, the overall consensus was that the first player to be picked would be high school pitcher Yuki Matsui. Five teams put themselves into a lottery to be able to draft Matsui. In the end, the Tohoku Rakuten Golden Eagles, who were also competing in the Japan Series, gained the rights to Matsui. Under this lottery system, successful teams still able to obtain the rights to the best incoming player in the league, as the Golden Eagles were able to do in this case (Nagatsuka 2013).

One function of sports leagues is to standardize rules and the condition of play across the league. The NPB experienced a controversy in 2013 because of the characteristics of the balls used during games, suggesting that the league has problems standardizing playing conditions. 2012 was one of the worst years in the NPB history in terms of the total number of home runs hit, and the league was concerned that the lack of offensive output might adversely affect attendance and revenues. The lack of offensive production, combined with increasing numbers of the best players moving to North America to play in MLB, led the NPB to try to reinvigorate the game. To do this, the league decided to use game balls that were uniform across all clubs in the league; these balls were livelier than ones used in the past. In previous seasons, the NPB did not have a standard league-wide sanctioned ball. Rather, individual franchises were able to pick and choose which balls they would use for games as long as they met certain standards set by the league. The initial complaints over using different balls first occurred when Japan was competing in the World Baseball Classic (WBC). Players returning from the WBC noted that the balls used in the WBC were consistent, and that many of the teams in Japan were using baseballs that behaved differently depending where games were played.

When the NPB decided to adopt a standard game ball, it made this decision without the knowledge of the teams or players, and made no official announcement about this change. In the early part of the season, offensive production increased significantly in the league, with more home runs being hit. When players, coaches, and the media became suspicious about the increase in offense in the NPB, the league admitted that they had changed the balls without informing anyone. The public backlash against the league was strong, including calls for the head of the league to resign. Commissioner Ryozo Kato resigned in September, several months after it was determined that the game balls had been surreptitiously changed by the league (Calcaterra 2013). As evidence of the effect that the new “juiced” balls had on offensive production, Wladimir Balentien set a new NPB record for homeruns in a season, hitting 57 out of the park. While some noted that Balentien had benefitted from the juiced ball as he had only hit 62 combined homeruns in the previous two seasons, the NPB denied that the new balls had any effect on setting a new home run record.

Another way the NPB has copied changes made in MLB, has been to adopt interleague play, or “kouryusen” as these games are called in Japan. Interleague games began in 2005 as a move by the NPB to try and combat declining attendance, and recapture the interest of fans, which started to follow star Japanese players like Ichiro Suzuki and Hideki Matsui who moved from the NPB to the USA to play in MLB. The initial interleague games were between pairs of teams in home-and-away

three-game series between every team in each league. The NPB found that this format created too many interleague games and diminished the traditional rivalries that exist between league members, and reduced all of the series to two games. To further add excitement to the interleague games, the NPB decided that, instead of spacing interleague games out through the season, as is done in MLB, all interleague games would be played in a span of about two months. Under this system, all teams would play their interleague games simultaneously, and the team with the best record would be awarded the “interleague” title. From 2005 through 2013, Pacific League teams have won the interleague title every year, indicating that there may be a lack of balance between the leagues.

In either case, the NPB has become a more dynamic organization within the last decade. Where in earlier times the organization had been very resistant to change, it is now the case that the organization has attempted many changes in the structure, scheduling, rules, and play to try and make the game more attractive. In this, the NPB has realized that while they still be the most attended sport in Asia in regards to total attendance, the support for their organization has been worn down by the popularity of other foreign leagues on satellite television, as well as the growth of domestic soccer in Japan in the form of the J-League.

J-League

The J-League, the top tier of professional football in Japan, began play in 1994. The J-League was rushed into existence when Japan was competing for the rights to host the 2002 FIFA World Cup, which were awarded in 1996. The J-League (like Major League Soccer in the USA) was created because FIFA said they would only allow countries to host a World Cup if they had an established professional football league in operation. The J-League was initially composed of clubs of teams from an industrial league known as the Japan Football League. The J-League began its inaugural 1994 season with ten clubs; most of these clubs were located in the Tokyo/Kanto region in eastern Japan. When the J-League began play, it lacked a lower division because of the push to get the league established for the World Cup bid. Thus, in the early years, the J-League did not have a promotion and relegation system in place.

The first season of the J-League proved to be a great success with an average attendance of almost 20,000 fans per game. However, this initial novelty effect dissipated quickly, and by the mid-1990s the J-League was averaging 10,000 fans per game. Though much of the structure of the J-League was modeled on European football leagues, the league actually divided the season into two parts, like the Apertura and Clausura (“opening” and “closing” in Spanish) employed throughout professional football leagues in Latin America. The champions of the first half of the J-League season would face the champions of the second half of the season to decide the league champion. If the same team won both the first and second half, that the team would be named the league champion with no playoff. The J-League eliminated this system in 2004, adopting a single season format in 2005 to better emulate the European league structure. Additionally, by moving to this format, J-League

teams had schedules that better matched the rest of the professional football leagues in Asia. This coincided with the Asian Football Confederation (AFC) schedule, and also providing easier scheduling for J-League teams competing in international competitions like the Asian Champions League.

Since parent corporations subsidized J-League teams, the league needed a long-term strategy for operation of franchises and the league as a whole to compete with professional baseball. The J-League instituted several measures to help expand the popularity, reach, and sustainability of the league. First, in 1999, the league created a two-tier system with the top league renamed J1 and the second tier named J2. At this time, J1 expanded to 16 teams, and J2 had 10 teams. J1 would eventually expand into its current 18-team format, with 22 teams in J2. Additionally, as part of the growth plan for the league created by the Japan Football Association (JFA), the J-League started a plan to establish and expand lower level football leagues to create more players and clubs at the grassroots level. The Japanese promotion and relegation system is now setup so that the teams can move from low-level prefectural leagues, up to Japanese Regional Leagues, up to the Japan Football League, then to J2 and finally to J1. In this way the J-League and JFA created stronger ties and links to regions across Japan, and fully adopted a European promotion and relegation ladder.

In 2013, it was announced that the J-League would make additional structural changes to the league. In September of 2013, it was decided that starting in 2015, the league would return to a two-part season, to heighten interest. This change comes as many young Japanese football players have begun to leave the league for better, higher paying leagues in Europe; the J-League is trying to create interest in the game, but not trying to promote and retain domestic talent in the league.

The Japanese professional sports leagues are clearly some of the more successful leagues in East Asia. While they have set the standard for business practices, league organization, and professionalism, the model of corporate subsidization and financing may not be an ideal model for other Asian leagues to follow. Additionally, as the Chinese economy has continued to grow, the corporations owning and sponsoring Japanese professional teams have found themselves competing, and losing ground to professional teams in China. Once many star players throughout East Asia would head to Japan to play baseball or football, but now young Asian players set their eyes on moving to the USA to play professional baseball, and Europe to play professional football. This movement of young talent presents a great challenge for professional sports leagues in Japan, Korea, and China. While Japanese leagues clearly understand that losing young players to US and European leagues is an issue, the response by league administrators to date has not been adequate to stem the outflow of players. One of the biggest problems facing professional sports leagues in Asia is to retain domestic talent.

Sumo

The history of professional sport in Japan can be traced to the traditional sport of Sumo wrestling. In this highly ritualized sporting event, two men compete to push

the other out of a ring drawn on the ground, or down into the ground inside the ring. Sumo is a professional sport, as the winner of Sumo matches win large cash prizes. Sumo also employs a complex ranking structure where it is important to have a winning record in order to move up into higher tiers, with stiffer competition and larger prizes.

The current format of professional Sumo competition dates back to the 1950s, when it was decided that there would be six Sumo Grand tournaments each year. Three of these tournaments are held in the main Sumo hall, known as Ryogoku, in Tokyo; the other three tournaments are held in the cities of Osaka, Nagoya, and Fukuoka. A Sumo Grand tournament runs for 15 days, with all of the higher-ranking wrestlers scheduled to fight once a day on each day of the tournament, and lower ranking wrestlers fighting about seven bouts during the competition. Professional sumo tournaments use a ranking structure, where individuals who win eight or more matches become eligible to move up in rank, while those who lose eight or more matches risk demotion. Through this system, wrestlers are able to advance from lower divisions such as the “Makushita” (literally, below the curtain), all the way up to the top Makuuchi division. In Makuuchi, wrestlers who win the matches advance through a series of titles from komusubi to seikwake up to ozeki. Above the ozeki title is the rank of Yokozuna (Grand Champion), which is reserved for only an elite few wrestlers who are able to constantly display championship-level Sumo wrestling in every Grand tournament. After becoming an ozeki, a wrestler must usually win at least two tournaments in a row to become a Yokozuna. This feat is made especially difficult because an aspiring Yokozuna will face many other ozeki and potentially one or more Yokozuna to win a Grand tournament. Once a wrestler has attained the rank of Yokozuna, they are expected to continue to win bouts, and if their performance falters, they are expected to retire from Sumo rather than continue wrestling.

Sumo wrestlers are compensated for their performance in several ways. Sumo wrestlers in the Makuuchi division are paid a salary of around \$ 11,000 a month for low-ranked wrestlers to \$ 30,000 a month for Yokozunas. In addition, wrestlers earn income from bonuses provided by corporate match sponsors. Notably, sponsors will pay more for matches involving highly ranked and more popular wrestlers; so much of this bonuses money goes to higher-ranking wrestlers. In some cases, a match may have no sponsors; in this case there will be no payout to the winner. Finally, Sumo wrestlers earn other bonus money based on their annual performance, especially the number of tournaments in which they have winning records. While organizers claim this system encourages high performance, it has also generated incentives to fix matches.

In 2011, Japanese police seized the cell phones of many coaches, trainers, match organizers, and some wrestlers (Hongo 2011). The ensuing investigation uncovered evidence of a large match-fixing ring. The Japan Sumo Association previously denied all allegations of match-fixing, including allegations dating back decades. As the investigation continued, rumors that several wrestlers were involved in match-fixing sent the Japan Sumo Association into crisis mode. With the evidence of match-fixing surfacing, closely following a 2010 national scandal where Sumo

wrestlers were found to be betting on baseball games with bookmakers run by the Yakuza (Japanese organized crime syndicates), Sumo's image took a beating in the eyes of fans, sponsors, the government, and media. The March 2011 Grand Sumo tournament was cancelled, only the second tournament was cancelled since the end of World War II. Eventually, a group of 14 wrestlers admitted they had fixed matches, and were forced to retire from the sport. Despite this positive development, the Japan Sumo Association continued investigations into match fixing and ultimately concluded that they were possibly more wide spread than previously thought. These scandals have led to a decline in the popularity of Sumo. With the rise of other professional sport leagues, Sumo has lost much of its attraction, especially among younger Japanese who have grown up watching both professional baseball and football.

Professional League Sports in South Korea

KBO—The Korea Baseball Championship

Compared to Japan, professional baseball in South Korea is relatively new. The league, previously the Korean Professional Baseball League, now called the Korea Baseball Championship, was founded in 1982, just 1 year after the founding of the Korea Baseball Organization (KBO). It is a bit confusing in translation but “KBO” is now used as the brand name of the league as well; it now means both the league as well as the governing body. We will use KBO throughout and the correct context as needed. The KBO was initially composed of six teams, and was not able to divide into divisions, like the NPB and its model, MLB. Like in Japan, KBO teams are all owned or affiliated with corporations or industrial groups.

In 2013, the average salary for players in KBO was \$ 87,000 per year. Foreign players can be paid up to \$ 300,000 per year, and rookie players earn about \$ 22,500. Foreign players and rookies are subject to a salary cap.

The KBO employs a playoff system different from that used in MLB or NPB. Because of the single league structure, the league holds several rounds of playoffs. In the first round, known as the “semi-playoff” the third and fourth place teams play each other in a best-of-five series. The winner of the first series then plays the second place team in the league in another best-of-five series. Finally, the winner of the second playoff series faces the first place team in a best-of-seven series, the Korean Series.

The growth of baseball in Korea includes growth in the number of teams in the KBO. While many expansion franchises have joined the league, there have also been changes in the sponsor company of many of the existing teams, as well as teams leaving the league. The KBO has grown from the original six teams, to nine teams currently in the league. The league plans to expand to ten teams in 2015. Currently, teams in the KBO play 128 regular season games, a number that has been

reduced because of expansion. Because of its small size, KBO teams play each other many times in the regular season. Before the league expanded to nine teams, the league played a 133 game regular season. After expanding, each team played every other team 16 times for a 128 game regular season schedule. If teams played each other 17 times, this would add an extra eight games into the schedule, which would have made the regular season longer than the KBO wanted.

K-League

Founded in 1983, the K-League is the second oldest professional football league in East Asia (after one formed in Hong Kong in the early 1900s). Originally this league was known as the Korean Super League and was composed of five corporate sponsored or owned teams. The K-League maintained this structure until 1998, when the league was renamed the K-League, and expanded from 5 to 16 teams. In 2013, the K-League moved from a single league structure to a two-league format with promotion and relegation. The top division was renamed to the K-League Classic, and the second division the K-League Challenge.

The average salary in the K-League was about \$ 124,000 in 2013. Before 2013, K-League salaries were not public. By adding a promotion and relegation component in 2013, the K-League moved to a more open structure, but has yet to become a fully open league like the J-League or European leagues. Currently, teams are promoted from a semi-professional league called the National League to the K-League Challenge, and from the K-League Challenge to the K-League Classic. The concept of promotion and relegation is not entirely new to the league in 2013. In earlier years, the league employed a promotion and relegation system under which teams in the National League could be promoted under certain circumstances. Despite this possibility, many eligible teams rejected promotion.

Like other East Asian leagues, the K-League has experienced periodic match fixing scandals. While the K-League was not the first league in East Asia to experience match fixing, it was one of the most widely publicized cases of corruption in sport. In the K-League match-fixing case, several players, coaches, and referees were found to be the part of a group that conspired to fix matches, in cooperation with bookmakers and organized crime. FIFA ultimately helped with the investigation (Duerden 2011). Multiple matches in both the K-League and K-League Cup were fixed in 2010 and 2011. The scandal started with the suicide of a player, Yoon Ki-Won, involved in the match-fixing ring (Kim 2011). At the conclusion of the investigation, 31 former and current K-League players were sentenced to prison and fined, and another 8 individuals were forced to pay fines. Duerden (2011) noted that South Korea has one licensed sports book, but that there were between 500 and 1000 illegal gambling sites in the country at the time of the match-fixing scandal. While the police and league have worked to crackdown on these sites, the reorganization of the K-League could partly be traced to the need to rebrand the league after these match-fixing scandals.

Professional League Sport in Taiwan

Chinese Professional Baseball League

The Chinese Professional Baseball League (CPBL) is the top professional baseball league in Taiwan. The league was founded in 1989, and currently has four teams. Like the NPB and KBO, large Taiwanese corporations own all teams in the CPBL. The CPBL has undergone contraction over the last 10 years, and had six teams in the 1990s. Like MLB teams, Taiwan has a minor league system with four teams; each of these teams is owned and operated by a CPBL team as a “farm” team. CPBL teams play a 50 game regular season. In 2003, the average salary for a Taiwanese player was \$ 58,000 per year and the average salary for foreign players, mostly former US major or minor league players, was \$ 96,000 per year.

In the late 1990s, the CPBL experienced a match fixing scandal. Three members of the China Times Eagles were convicted of match fixing, many other players on other teams were banned from the league, and the Eagles were disbanded. Attendance fell to half its pre-match fixing level for years after this scandal. Like many other professional sports teams in East Asia, some evidence suggests that CPBL teams operate at a loss and can only survive financially through subsidies provided by their parent corporation.

Interestingly, the CPBL faced a rival league, the Taiwan Major League (TML) that formed in 1996 with four teams and competed with the CPBL for players. The owner of the media conglomerate that broadcast CPBL games from 1993–1996 formed the TML. The rival league was formed after a contractual disagreement about future CPBL broadcast rights. A total of 30 players under contract to CPBL teams left to play in the TML. All four teams in the TML were owned and operated by the media conglomerate that formerly televised CPBL games. In 2003 two of the four TML teams were merged into the CPBL.

In 2014, former MLB star Manny Ramirez signed a contract to play for the EDA Rhinos of the CPBL. His salary was \$ 60,000 per month. Attendance increased significantly while Ramirez played in the CPBL; home attendance at games played by the Rhinos increased from about 4000 per game to more than 9000 per game for the three months that he played in Taiwan, and the other three teams saw large increase in attendance at games against the Rhinos. However, Ramirez returned to the USA after 3 months, and attendance declined more than 30 % league-wide after his departure.

Professional League Sports in China

Mao Zedong was reportedly a basketball fan, and his interest in the game may have played a significant role in the development of the sport in China. There exists rare video footage of Mao attending a basketball game and appearing to enjoy himself.

As basketball was a sport of interest for the founder of the People's Republic of China, it was only natural that a governing organization for the sport was created in 1956, shortly after the establishment of the People's Republic. This organization, the Chinese Basketball Association, has the same name as the Chinese Basketball Association (CBA), a professional basketball league that began play in 1995. For simplicity, this paper will refer to the professional league as the CBA, and the overarching organization governing basketball in China as the Chinese Basketball Association.

Chinese Basketball Association (CBA)

The popularity of basketball in China reportedly comes not only from Chairman Mao's love of the game, but also from rules governing the congregation of individuals in the country. In order to prevent large groups of people from congregating together, China once had stringent rules about the number of people who could congregate together in a group. Under this rule, enough people could congregate to play a game of basketball without running afoul of the law, but a full 11-a-side football match constituted an illegal gathering. Since only ten people are needed to play a game of basketball, and the laws of the country allowed the sport to be played without fear of repercussion, basketball flourished in China.

Professional and semi-professional basketball leagues in China emerged over the last three decades. In 1995, the CBA began play as China's top professional basketball league. As of 2013, the CBA has 17 teams divided into two divisions. CBA teams play a 34-game regular season. CBA teams have corporate sponsors that appear as a part of the name of the team, but these corporations do not own the teams, and team sponsors change frequently. The CBA does not follow the common East Asian practice of direct corporate ownership of teams, probably because of the planned nature of the Chinese economy.

The CBA postseason is modeled exactly on the NBA. The top eight teams in the regular season advance to the postseason, which consists of two rounds of best-of-five series (quarterfinals and semifinals) and a best-of-seven championship series. Playoff teams are seeded 1-8 and higher seeds play lower seeds.

CBA player salaries and team revenues and expenses are not public information. However, a player for the Shanghai Sharks 7'3" center Zhang Zhaoxu became a free agent after the 2013 season and has reportedly been offered a multi-year deal by the Xinjiang Flying Tigers that would pay him \$ 1.2 million per season. Together with the fact that many foreign players, including former NBA stars Stephon Marbury and Gilbert Arenas have played full seasons in the CBA suggests that average salaries are substantial in the league.

Other leagues that were not necessarily rival leagues also existed at various points in time. These other leagues include the National Basketball League (NBL), which is still in existence and will soon have a two-division structure, as well as the now defunct Chinese New Basketball Alliance (CNBA). The NBL has 16 teams that once constituted single tier structure, but recently was reorganized by the Chinese

Basketball Association into a semi-professional league with ten teams in the top division, and six teams in the bottom division. Like the system in Europe, these two tiers use promotion and relegation to move teams between them.

Although the NBL is sanctioned by the Chinese Basketball Association and follows a European-style promotion and relegation model, the NBL is a minor, semi-professional league. The CBA has adopted a North American closed league model like the National Basketball Association (NBA). This is part of a national plan for developing basketball talent and promoting domestic growth in the sport. The Chinese Basketball Association has developed an organizational model adopted directly from the USA. In the USA, players are developed through a system of high school teams, Amateur Athletic Union (AAU) teams, and college teams. In China, the best players had been developed under the direction of the Chinese Basketball Association or by local basketball clubs. By operating in this manner, Chinese basketball was following a structure that took parts of the other communist regimes, as well as European club sport. While the CBA still develops a lot of players through club youth teams (for example, NBA players Yi Jianlian and Yao Ming were both developed on CBA club rosters), the country has begun to experiment with different methods to develop basketball talent. The NBL operates as a semi-professional league, providing China with a lower level system that can be used to develop young players. At the same time, the Chinese University Basketball Association (CUBA) was created to emulate the National Collegiate Athletic Association (NCAA) basketball system in the USA, using universities instead of clubs and the organizations that develop basketball talent.

The CUBA represents an interesting organizational case study. For most of its existence, CUBA was an organization that allowed college students to compete against teams from other schools in basketball, but was not viewed as a mechanism to develop high level basketball talent. CUBA observed the success of the NCAA in developing young talent, and in generating large revenue streams, and decided to emulate the NCAA approach. The CUBA is an independent organization, and technically is not controlled or related to the Chinese Basketball Association. Despite this, the CUBA has focused on increasing revenues and developing talent like the NCAA, including holding an annual bracket style knock-out tournament. The last four teams in this tournament play in a nationally televised event called the CUBA Final Four, just like in the NCAA. The CUBA hopes to continue to develop basketball talent and promote domestic basketball competition at all levels. CUBA's long-term goal appears to be a system exactly like the NCAA-NBA relationship in the US.

Like Japanese baseball and football, the CBA faces the problem of top Chinese players moving overseas to play in the NBA and other professional leagues around the world. Yao Ming started this migration. However, no Chinese player has fully reproduced the success Yao Ming had in the NBA. The CBA competes directly with the NBA for fans watching games on television. Although the CBA features a high level of competition, it is hard for any league to compete against the star power and excitement of the NBA. In order to build popularity, the CBA has also begun to import foreign basketball players to raise the level of domestic play. The CBA has

signed many former NBA stars including Stephon Marbury, Gilbert Arenas, Tracy McGrady, and Steve Francis. Through these star players, the CBA has managed to develop a large following among the basketball fans in China by providing some NBA level talent, while still being including top domestic players.

Although Mao Zedong was an avid fan of basketball, he passed away two decades before any of the professional Chinese leagues came into existence. Mao's successor Deng Xiaoping is reportedly a fan of football. It may be a coincidence, but it is interesting that after the development of basketball in China, the next sport to develop professionally was football.

Chinese Super League

The Chinese Super League (CSL), is the top professional soccer league in China. The league was formed from the remnants of the Jia-A, an earlier professional league that was rebranded because of concerns about the business practices and management of clubs and the league as a whole in the early 2000s. Jia-A, the original professional football league in China, was formed from club teams that were primarily controlled and owned by government-backed businesses. In this sense, the Jia-A was formed as a semi-industrial league, which was backed by the Chinese central government. Jia-A appeared to be headed towards success until a series of match fixing scandals rocked Chinese professional football in the late 1990s.

The CSL has a structure similar to the other football leagues in Asia, following a hybrid model that copies the organization of professional football in Europe, while following the East Asian practice of corporate ownership of teams. In addition to the CSL, professional football in China includes two lower leagues, China League 1 and China League 2, on the national promotion and relegation ladder. China also holds an open domestic competition, the FA Cup. CSL teams are either owned by state-owned industrial conglomerates, like Beijing Guoan which is owned by CITIC Group, a state-owned investment company, or by individual industrial tycoons, as is increasingly common in European football leagues.

Salaries appear to be high in the CSL. Like other East Asian leagues, player salaries are not public information. But media reports indicate that the average salary of a domestic CSL player in 2011–2012 was 1.57 million yuan, \$ 260,000 at 6 yuan to the dollar (Compton 2012). The average salary of international players in 2011–2012 was 5.49 million yuan, or \$ 900,000. A number of high-profile international football players have signed contracts to play in the CSL for significant sums of money. Didier Drogba, a former striker for Chelsea of the English Premier League, reportedly signed a contract with Shanghai Shenhua paying him \$ 15.19 million per season for 2012–2013; a number of other international players have CSL contracts paying more than \$ 1 million per year.

Payrolls have increased significantly in the CSL in the last few years. Compton (2012) reported that league wide payroll doubled from \$ 64.2 to \$ 144 million dollars from 2010 to 2011. Predictably, most teams in the league reportedly lose money. Guangzhou Evergrande, a very successful CSL team owned by billionaire

real estate tycoon Xu Jiaying, reportedly spent 228 million yuan on salaries in 2012 and reported only 17 million yuan in ticket sales (Compton 2012). Media rights fees in the CSL are not known, but the league recently signed an agreement with European sports broadcaster Eurosport to televise CSL games in Europe.

The CSL has also experienced match-fixing scandals. In the past, CSL teams, players, and officials of the Chinese Football Association (CFA) have been convicted of fixing matches in CSL league play. The most famous CSL match-fixing scandal is known as the “Black Whistle” scandal, took place in 2003. Even in 2013, there are still trials ongoing and punishment being handed out to the teams and individuals across China. The match-fixing scandal reached as far up as the head of the CFA, who was dismissed from his post and subsequently arrested in 2010, when police found evidence of his role in match fixing in the CSL. These scandals significantly reduced fan support and interest in the league.

To regain the trust of Chinese football fans, the central government instituted a series of reforms in the mid-2000s. The league was renamed the Chinese Super League in order to break ties with the past corruption in Jia-A. Since these reforms, the CSL has witnessed historic growth in terms of performance of clubs, attendance, and investment into professional football. Several large corporations have purchased or sponsored CSL teams. The most prominent example is the purchase of a Guangzhou-based club by the Evergrande Real Estate Group. Jiayin Xu, a regular on the annual Forbes Top 100 richest people in the world list, controls the club, renamed to Guangzhou Evergrande, as well as the real estate corporation that oversees it. With a multi-billionaire’s backing, Guangzhou Evergrande rocketed from the second division to the top of the CSL table in a single year. The financial support was so great that the team went the entire season without losing a game. This did not satisfy Xu, who fired his coach, brought in even more player talent, and hired former Italian World Cup winning coach Marcello Lippi to manage the team. From this point, Guangzhou has become one of the top teams in Asia, despite being relatively unknown just three years ago. Additionally, Guangzhou Evergrande became the first Chinese team to win the AFC Champions League Final in 2013.

The influx of money into Chinese professional football has been a blessing to the domestic game which has witnessed its largest crowds ever; the CSL now has the highest average attendance of any football league in East Asia and has surpassed the J-League and K-League in terms of domestic popularity; of course China has a much larger domestic population than either Japan or Korea. With that said, attending CSL matches appears to be more of a middle-class activity in China, in terms of the cost of attending a game and the time it takes to travel and attend a match.

While the CSL has grown in popularity in recent years, the status of the Chinese national football team has gone in the opposite direction. Unlike in Korea and Japan, where growth in domestic leagues was accompanied by increased success by the national teams, in China the national team reached its apex when qualifying for the 2002 FIFA World Cup, and has enjoyed little international success since.

The rise of the CSL, and the concomitant decline of the Chinese national team, raises an interesting question. What factors caused the domestic league to improve yet had no impact on the success of the National team? One possible answer is that

China still has not put an effective grassroots youth development system in place that generates homegrown talent. The improved performance of the CSL in continental competitions has come alongside increases in the number of foreign players allowed on CSL rosters. In this, the drive for success in the CSL has potentially come at the cost of developing domestic young talent, as aging international players take roster spots on CSL teams that would have gone to young domestic players. As the CSL has had more success and invested more money into payrolls, they have brought in famous star players from abroad such as Didier Drogba. While the Drogba deal ended with the player leaving China after only playing a short time, it is one example of how far many CSL clubs have gone to attract fans and win league matches. Much of the focus in China is placed on domestic professional football, and not on international competition. This emphasis is interesting in light of the importance the Chinese central government placed on performing well in international competitions like the Olympic Games.

Future Directions: The NFL in East Asia

As revenues in the National Football League (NFL) began to grow in the 1980s, the league turned its eyes toward building a global audience for the sport. The NFL realized that expanding beyond the traditional North American audience could translate into increased revenues and enhanced brand values for teams, players, and the league as a whole. The NFL began its international expansion with a series of games called the American Bowl, a series of pre-season games begun in 1986 in countries outside of the US and Canada. The series initially included games in London, but it soon included games in Japan. Games broadcast during US primetime were held in large venues in Japan in the early hours of the morning. This scheduling practice did not attract many Japanese fans to the NFL. Another problem was that the NFL's attempt to build a global audience was based on playing exhibition games in Japan and Europe, while other North American leagues like the National Hockey League (NHL) were playing meaningful regular season games in these countries. The American Bowl ended in 2005.

After the cancellation of the American Bowl in 2005, the NFL replaced it with the NFL International Series in the rest of the world, staging regular season games abroad. But the NFL failed in its only attempt to stage a regular season game in Asia, the "China Bowl" attempt in Beijing. The game was scheduled one year before the start of the 2008 Beijing Summer Olympic Games to build NFL visibility in China and around the world. Interest was high for one of the scheduled competitors, The New England Patriots, since they had already established business operations in the country. However, after the game was rescheduled twice, and eventually cancelled in 2009, the Patriots and other NFL teams eventually pulled almost all of their operations out of China.

The failure to gain footholds in East Asian markets by the NFL is not a unique outcome. In a book examining the growth of domestic soccer in China, Simons (2008) notes that even large successful European football clubs have been unsuccessful in

bringing their sports/leagues to China. However, the NBA has adopted a more focused operation in China focusing on building grassroots interest among fans. The joint NBA/CBA coaching program has trained more than 700 Chinese basketball coaches and in 2011 an NBA run training center, the Dongguan Training Center, opened and has trained more than 1200 elite 12–17 year old players.

Future Directions: AFC Champions League

In 2002, the Asian Football Confederation (AFC) consolidated all three regional competitions and organized them under the single banner of the AFC Champions League (an earlier attempt under the same name floundered and died in 1971). Modeled after the UEFA Champions League, this competition had a group stage and 16 teams advancing to knockout rounds after group play, with a home-and-away championship format. The initial launch of the AFC Champions League appeared to be successful, but the 2003 season was canceled because of the SARS virus outbreak in East Asia, which made travel for the competition impossible. After a year break, the AFC Champions League returned in 2004 with 29 clubs competing in the group stage. Learning from the excessive travel budgets and other travel-related issues from previous competitions, the 2004 Champions League divided teams into regional groups.

With these changes, more teams and leagues were willing to join the competition, which grew in 2005 and again in 2009 when it moved to its current format with 32 teams participating in group play. One final change that was made in 2009, when the competition moved away from a home-and-away final, and moved the finals to a single championship game played at a neutral venue. Between 2009 and 2012, the neutral venue finals were hosted twice in Japan and twice in South Korea. Both matches in Japan featured teams from South Korea and the Middle East, and the interest by Japanese fans in these matches was low, with attendance around 25,000 for both finals matches. The 2011 and 2012 finals had a greater boost in attendance, with around 42,000 attending both matches that again featured South Korean and Middle Eastern clubs. The single venue final was clearly not a format that would guarantee large crowds and media success. The key to large crowds at the AFC Champions League matches was teams from the host nation being present in the match. In 2013, the AFC Champions League returned to a home-and-away finals format, with Guangzhou defeating Seoul to decide the winner of the ultimate title in Asian club football.

Although the growth and success of the AFC Champions League can be attributed to the explosion of professional football in East Asia starting in the mid-1990s, it is important to note that West Asia has also played an important role in the growth of the competition, and the AFC as a whole. There has always been a difficult coexistence between East and West Asian leagues in the AFC. Regional differences in terms of culture and race have generated a rivalry between East and West Asian league champions that has spilled over to the management, organization, and leadership of the AFC. Winning the AFC Champions League has become important not only for club and country, but also in signaling the football and business prowess of the region.

In terms of sponsorship, Emirates Airline based in West Asia and Nikon and Asahi in East Asia have played heavy roles in funding the competition. Competition for business and prominence in Asian markets has helped to drive organizations to bid higher to be official partners and sponsors of the AFC. The Asian based marketing company World Sport Group (WSG) has also invested heavily into both the AFC and the AFC Champions League, understanding the potential importance the competition has with audiences across Asia. The WSG reportedly signed an eight-year sponsorship agreement with the AFC that was valued around \$ 1 billion. As the AFC Champions League has continued to grow, the competition and the federation overseeing all football in Asia has profited.

The payoffs for the AFC Champions League are structured like those in the UEFA Champions League. Teams are paid based on how far they progress in the competition. While the pot of money for the UEFA Champions League continues to grow, there has been fluctuation of the total sum of money paid out in the competition. The amount offered in 2009 was valued around \$ 20 million; five times the amount that was offered the previous year. This jump in the total tournament payout was partly due to increased sponsorship deals. However, the AFC reduced the total payout in subsequent years, with the total amount given out to clubs each year estimated at around \$ 14–\$ 15 million. More than \$ 1 million is awarded to the winner of the tournament. While the AFC has awarded larger sums of money to the winning club over time, many early rounds still have more money given out in travel subsidies for teams than for actually winning or advancing in the tournament. The addition of Australia to the AFC in 2007 increased travel costs for East Asian clubs.

Possibly, the most interesting development in the AFC Champions League (and potentially the AFC as well) has been the emergence of powerful Chinese professional clubs backed by domestic billionaires. The emergence of strong East Asian football began at the national team level with South Korea, followed by Japan who would develop a professional league which set the standard for professional football in East Asia. Now that Chinese teams have the backing of deep-pocket owners who want to field winning teams, it appears that China would be poised to dominate professional club football in East Asia. There have been 31 winners of the AFC Champions League and the earlier pan-Asian club competitions. Though professional leagues are relatively recent developments in East Asia, the clubs from this region have won 16 of 31 titles, with another 10 teams having been runner-up. In the AFC Champions League, South Korean and Japanese clubs have won six of the ten titles, and have been runners up three times. With the 2013 final to be played between a Chinese and Korean club, it appears that the poser in the AFC has shifted from the Western Asia to the Eastern Asia.

Conclusions

A boom occurred in professional sports leagues in East Asia over the past three decades. Not only did the number of leagues and franchises continued to grow, but the revenues, financial sponsorship and backing of professional sport organizations

has continued to grow as well. However, this growth has not generated stability, as a significant amount of reorganization of franchises, leagues, and pan-Asian championships have also taken place. Although it is natural for some upheaval to take place when an industry undergoes rapid growth and expansion, there are some reasons to believe that East Asian professional sports leagues and teams may experience some problems in the future. There has already been evidence of some teams having difficult times being able to stay financially solvent, especially for teams in smaller markets or with relatively small corporations backing them.

The city of Fukuoka, Japan has experienced several cases of financial difficulties with sports teams. The NPB team in Fukuoka, the Softbank Hawks, was purchased by the Softbank Corporation after their previous owner; the Daiei Corporation underwent financial distress. As noted earlier in this chapter, professional teams in Japan have not always focused on proper business operations. By treating teams as part of a corporation's marketing or public relations department, it is only natural to expect sport organizations to experience financial losses. Thus, when the parent corporations experience financial problems, the sports franchise is usually one of the first things sold, or in some cases, abandoned. In the Fall of 2013, it was discovered that the professional football club in Fukuoka (Avispa Fukuoka) had been struggling financially and had lost about half a million US dollars in the previous year. Avispa Fukuoka is a club with no corporate ownership and is a publicly traded stand-alone corporation. Because Avispa lack the power of a parent corporation to fully sustain them, the losses have hit the club hard, and there is question about whether the club will be able to remain in J-League. To date, there has not been any other J-League club which has gone bankrupt and been removed from the J-League, and Avispa Fukuoka are the closest team in the league has come to such a dire financial situation.

The presence of teams owned and operated by industrial groups or large corporations is an interesting feature of East Asian professional sports leagues. Other leagues around the world have not adopted this ownership form, although corporations owned some early teams in the National Football League; for example, the Green Bay Packers were started by a large meat-packing firm. This ownership form either disappeared early or was not present in most of the professional sports leagues in the US and Europe. It remains to be seen if this ownership model can support significant growth in leagues to make East Asian football and baseball leagues competitive with the US and European leagues they modeled their competitions on.

However, the emergence of billionaire team owners in China may signal increased problems there, and in other East Asian leagues if Chinese billionaires turn their attention to buying teams in other nearby countries. The presence of deep-pocket owners willing to spend large amounts on start players and sustain large operating losses has led to problems in many European football leagues, in terms of on-pitch outcomes and increased player costs across all leagues as demand for star players drives up salaries all salaries. If a sufficiently large number of East Asian teams are bought by "sportsmen owners" like Russian billionaire Roman Abramovich, owner of the Chelsea Football Club in England and United Arab Emirates billionaire Sheikh Mansour bin Zayed Al Nahyan, owner of Manchester City Football Club in England, these leagues could experience financial problems

like those currently taking place in Europe. The prevalence of corporate-owned teams could exacerbate this problem, if the corporate owners sell teams or refuse to compete with billionaire owners of other teams.

East Asian leagues have also experienced a large number of match fixing scandals over the past 30 years. In part, these scandals can be attributed to the relatively low salaries paid to players and referees in these leagues. Forrest and Simmons (2003) showed that low salaries were key factors in explaining match fixing incidents, as players and officials with lower salaries have a lower cost of fixing matches, and a higher expected net payoff. As salaries in these leagues rise, match fixing should decline as players are less likely to risk loss of these high salaries if they are caught fixing matches.

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