

Tuesday 19 June 2012 – Morning

LEVEL 2 AWARD THINKING AND REASONING SKILLS

B902/RB Unit 2 Thinking and Reasoning Skills Case Study

RESOURCE BOOKLET (CLEAN COPY)

Duration: 1 hour



INSTRUCTIONS TO CANDIDATES

- This is a clean copy of the Resource Booklet which you should already have seen.
- You should refer to it when answering the examination questions which are printed in a separate booklet.
- You may **not** take your previous copy of the Resource Booklet into the examination.
- You may **not** take notes into the examination.

INFORMATION FOR CANDIDATES

- **CONTENTS OF THE RESOURCE BOOKLET**
 - Document 1 Background to Premiership football and salary capping
 - Document 2 The fifty highest paid footballers in 2010
 - Document 3 A selection of comments made in 2009 and 2010 about footballer salaries.
 - Document 4 Messages posted on a football related chat forum in 2010
 - Document 5 A football fan survey, 2009
- This document consists of **8** pages. Any blank pages are indicated.

INSTRUCTION TO EXAMS OFFICER/INVIGILATOR

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Document 1: Background to Premiership football and salary capping

The Premier League is at the top of the English football league system. It is a league for professional football clubs, whose membership depends upon the performance of their team in Premier League matches. Its 20 member clubs act as shareholders and, because it is sponsored by Barclays Bank, it is officially known as the Barclays Premier League.

The Premier League was first formed in 1992 to take advantage of a financially rewarding deal involving television rights. It has since become the most lucrative and watched football league in the world, with combined club revenues in excess of £2 billion per year. The Premier League was awarded the 2010 Queen's Award for Enterprise in recognition of its contribution to international trade, English football, and the broadcasting industry in the UK. Club revenue is derived from a number of sources, including tickets and merchandise, sponsorship and broadcasting (for example, the Premier League entered into a £1 billion deal with Sky in 2009 to secure the right to broadcast live games).

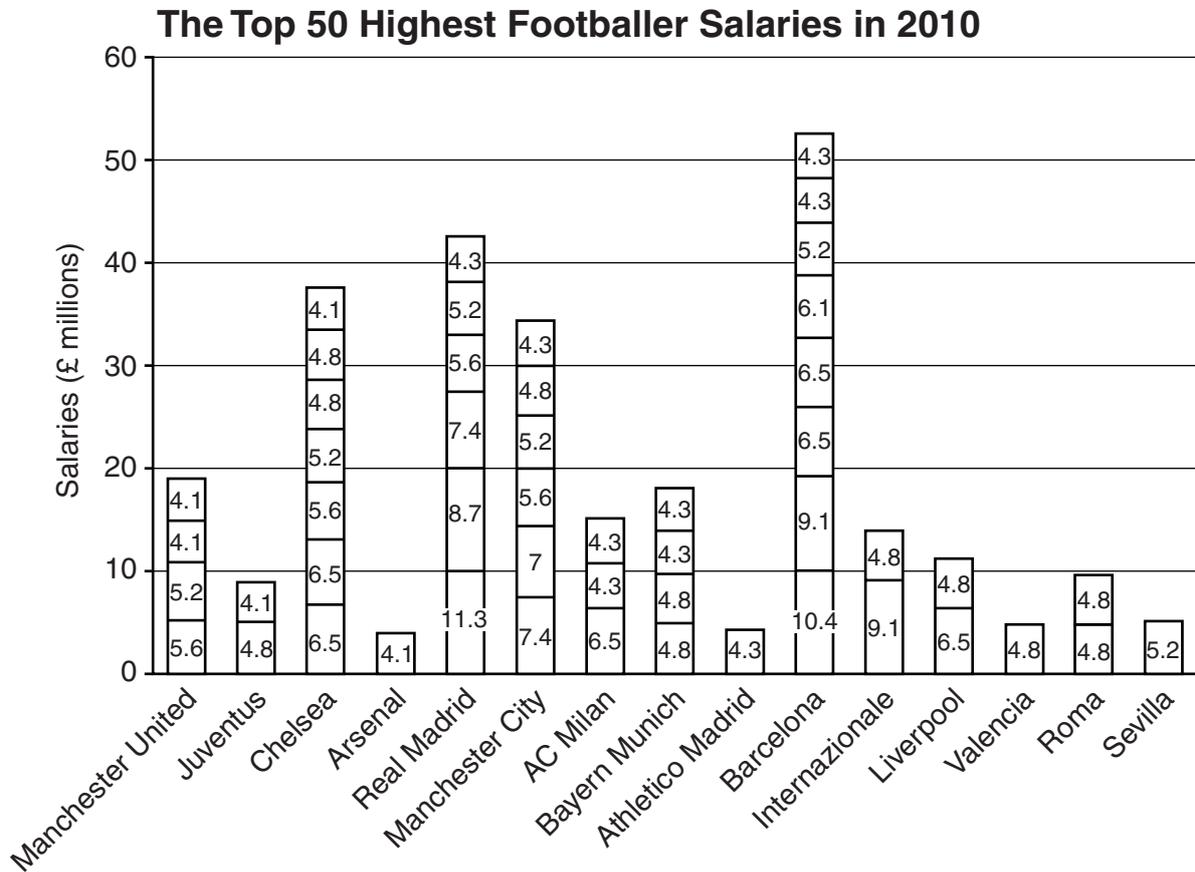
The Barclays Premier League believes it is important to:

- be regarded as the world's best football league;
- use its power and influence responsibly to improve the game in England;
- generate revenue to enhance the long-term future of the Premier League and its clubs;
- develop playing talent.

The competitive nature of professional football has led to increasingly high salaries for the most successful footballers. This is because the success of an individual club is dependent upon the skill and performance of its players and, inevitably, the clubs who can pay the highest salaries attract the best players. This has led to a debate about footballers' earnings, with many people arguing for a limit on the amount of money a team can spend on players' salaries. This is known as a 'salary cap' and can be a per-player limit and/or a total limit for the team. Such measures have been implemented in several sporting leagues, but the debate is ongoing for Premier League football.

Document 2: The fifty highest paid footballers in 2010

The graph below shows the highest footballer salaries in the world, based on the 2009–10 season. The fifty highest paid footballers in that year played for one of fifteen professional football clubs. Each column contains sections stating each individual footballer's annual salary in millions (£).



Document 3: A selection of comments made in 2009 and 2010 about footballer salaries.

A chairman of a leading Premier League Club

We would consider implementing a wage cap for our club, but it would have to be done properly. Any salary cap would need to be put in place worldwide, to avoid losing all of our best players to other countries. The best players would inevitably go elsewhere if they could earn more money playing for a team in another country, which is exactly what happened when the Indian Premier league introduced a salary cap in cricket.

Patrick Nelson, The IFA (Irish Premier League) Chief Executive, speaking about the 2010 decision that the Irish Premier League would introduce a cap system on footballer salaries.

A salary cap should be seen as vital for the worldwide survival of football. This would allow each club to budget appropriately and spend within their means, therefore allowing them a more secure financial footing. The Irish FA is intent on ensuring that good financial practices are present within all clubs, and this decision made by the committee could turn out to have been a very important one for the future of many of our clubs.

Steve Bruce, Sunderland FC Manager believes that the behaviour of modern-day footballers is alienating supporters.

The hardest part of managing in the Premier League is dealing with the players' egos. It's the management, the advice and looking after players. The one thing you don't want is your football club ending up on the front pages repeatedly.

The difference between my time playing and now is the player power... You are dealing with young footballers who have become millionaires at a very young age and it can be difficult to handle. When even a club of Manchester United's stature are struggling with it, it shows how difficult it is.

My fear is that if we are not careful, we're going to alienate football from its roots – it was a game for the working classes. That's why grounds were built in the middle of towns, there were no car parks because everybody walked to the game. Football has to get a bit of respect back from the public because it depends on its support. This is difficult because people are outraged when they see players misbehaving when they are paid such high salaries. They think, and rightly so, that these people should be setting an example to the community. That's the biggest problem we all face – making sure your team does that. Then you add to that the power that money gives. It's a cocktail for disaster. You just have to hope the player gets good advice.

Mark Ogden, the Daily Telegraph's northern football correspondent, reported in June 2009 on Burnley FC's decision to introduce a salary cap. Burnley was a club that had only recently been promoted into the Premier League.

Cristiano Ronaldo's £100m, six-year salary offer at Real Madrid? The apparent £140,000-a-week on offer to Carlos Tevez at Manchester City or, equally, the £110,000-a-week deal that Manchester United were prepared to offer him to stay? Or how about the £15,000-a-week salary cap that Burnley are ready to impose this summer as they prepare to enter the lion's den of the Premier League?

It is a damning indictment of how accustomed we have become to the Monopoly-style economics of football that these figures related to Ronaldo and Tevez have barely raised an eyebrow, but the instant reaction to Burnley's bold, and probably sensible, approach to their financial well-being has been along the lines of, 'they must be mad' or 'where is their ambition?'

Burnley manager Owen Coyle threw his weight behind the club's policy by revealing that he took five pay cuts during his career just to play football. Coyle also pointed out that, although Burnley's top wage next season will place the club rock-bottom of the Premier League's pay league, the sums that they will pay are still huge in comparison to the wage packet of their average supporter.

Burnley will struggle to attract players to the club this summer if they stay loyal to their pay policy, but at least those that do agree to play for them next season cannot be accused of doing it for the money.

Document 4: Messages posted on a football related chat forum in 2010

- MarkyMark: Footballers are paid far too much money. Take Wayne Rooney, for example. He has just been offered £260 000 a week to transfer to Manchester City. Does any player – even one as undoubtedly gifted as Rooney – deserve to be paid so much?
- TinaKarina: I don't see why not. Rooney would simply be getting what he is worth on the market – he is incredibly talented. You think all footballers should be paid the same, but that wouldn't work. It would be ridiculous to pay a gifted footballer the same as any other player just as it would be ridiculous to pay a brain surgeon the same as a nurse.
- MarkyMark: But is it fair? Manchester City shouldn't be able to have an unfair advantage over other teams. By offering over twice the salary that a rival club is paying, the whole system is threatened and before you know it every other club will be financially ruined and the economy will be on its knees.
- TinaKarina: That may be so, but all's fair in love and football – I'm afraid it comes down to the survival of the fittest. Anyway, what can be done about it? A club has the right to choose how it spends its own money.
- JohnBoy: Putting a cap on the amount a footballer can be paid would create a fairer system for other clubs. A cap would mean that there would be more money to spend on charitable projects if they weren't spending it all on wages. Also, capped wages would mean the fans would benefit from less expensive ticket prices. So, the Premier League should impose financial restrictions on its clubs.
- TinaKarina: But that would present problems. Firstly, how would it be decided what those financial restrictions should be? Wealthier clubs would want it to be set at a level that might not be affordable to less wealthy clubs. Also, some players might have to take a drop in salary. Any limits would have to be fair to all sides. Secondly, other countries would have to do the same. Otherwise, all the best players would move to other countries to get higher wages and we would lose all our football talent. It just wouldn't work.
- CaptainSquirrel: I totally agree with TinaKarina. Footballers, if anything, don't receive a large enough share! The Premier League is probably the most successful league financially in the world. Manchester United has a wage bill of £100m. They brought in £212m in revenue last year. Less than 50% of the revenue went to the players.
- MarkyMark: More than 50% on players' wages – that's ridiculous! A club needs most of its money to go to charitable community projects, management costs, maintenance of a stadium and lots of other things that keep a football club going. And anyway, 50% is too much in my opinion when you consider how little intelligence you need to play football and how little it contributes to society. And another thing, footballers need to be good role models by being less greedy.
- CaptainSquirrel: Premier League players are not as smart as you. They don't work as hard as you. They may not be as valuable to society as you believe that you are. However, they are more athletically gifted than you. The fundamental difference between their job and most other people's jobs is that people are willing to pay ridiculous amounts of money to watch them. Football is entertaining.
- ZeroTolerance: I'm sorry, I disagree. While they provide entertainment, you don't need to make 125K a week to do that. Most professional athletes are overpaid primadonnas. Although it could be argued that footballer salaries need to be high as it compensates for the sacrifices they have to make to be successful, there are lots of other jobs that involve sacrifice but they don't earn anywhere near the amount footballers do.
- CaptainSquirrel: How can you say that? Footballers have one of the most demanding jobs in the world! If those people want to earn what footballers earn then they should change their career. It's a matter of life choices. If we paid wages based on contribution to society, refuse collectors would live like kings.
- MarkyMark: And what would be wrong with that?

Document 5: A football fan survey, 2009

A survey was carried out in 2009 asking football fans for their views on salary caps. 4000 supporters took part in the survey. A selection of the findings from this poll is given below:

When asked if footballer salaries in general should be capped, 80% said 'yes'.

When asked if they advocate a wage cap for their own club's players, 40% said 'yes'.

When asked if footballers should be free to earn as much as they can, 20% said 'yes'.

A Guardian newspaper article discusses the findings of this survey.

This survey shows a swing towards support for a clampdown on wages. This swing might be explained by the increase in the amount that attending a match costs a typical supporter. Expenses such as train tickets, a pint of lager and match tickets have increased by 5% on last year. This brings the average match-day expenditure to £89.53.

Malcolm Clarke, chairman of the Football Supporters Federation, said that the salary cap approach should be adopted:

'This is the way forward and we would like to see this introduced in the Premier League to ensure financial responsibility. Like any other industry, football has to learn to live within its means and look after its customers, many of whom are suffering as a result of the recession. If this means more ticket price reductions and a bit less for the top players, so be it.'

Fulham's owner Mohamed Al Fayed this week described players' wages as 'crazy', declaring he would campaign for a cap on the 'sky-high' wages being paid in the Premier League, but a spokesman for the League said yesterday that imposing a limit on wages would be an 'incredibly difficult concept', especially as it would have to be undertaken across Europe. The spokesman said, "Clubs compete for the best talent and fans want to see the best players, which means these players can demand bigger wages because they are in short supply."

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