

Developing a lasting competitive edge in a competitive labour market: the case of Swiss football clubs

Mickaël Terrien
20th March 2025



In collaboration
with:



Introduction

After three decades of relative ignominy (1964-1994, during which the national team failed to qualify for the World Cup), Swiss men's football has experienced three decades of glory, capped by reaching the quarter-finals of two successive UEFA Euro championships. The causes of this lasting success are many. One is the economic necessity for Swiss clubs to train young players for profitable future transfer.

Between 2015 and 2020, BSC Young Boys, FC Basel, FC Luzern, FC Sion and FC Thun earned 277 million Swiss francs from the sale of players, against a much more modest investment of 103 million. These overall figures, however, hide different realities. For example, over this period FC Basel made a profit of a CHF91 million, while for FC Luzern and FC Thun the figure was only CHF6 million. What explains these discrepancies?

The research process

A multiple-case study of the five clubs named above was undertaken to answer the question (Mustafi et al., 2024). The theoretical approach was rooted in resource theory, which holds that it is possible to gain a lasting competitive advantage by developing and exploiting internal resources that are unique, rare, difficult to imitate and non-replaceable.

Three types of data were collected. First, the Transfermarkt website was used to identify all transfers of players made by these clubs. Second, a documentary analysis (based on the clubs' websites and specialized press) brought in a great deal of secondary data on the functioning of these clubs. Third, interviews were conducted with sporting directors and/or those in charge of talent scouting to refine the analysis and identify sources of lasting competitive advantages. The data resulted in two sources of lasting competitive advantages being identified.

Transfer market activity of Swiss clubs from 2015 to 2020 (in million of euros)

Clubs	Seasons in Super League (max = 5)	Purchases	Sales	Profits
BSC Young Boys	5	31,5 19 players	68,6 11 players	36,9
FC Basel	5	51,3 26 players	14,3 23 players	91,4
FC Sion	5	16,6 11 players	46,1 121 players	29,5
FC Luzern	5	3,1 7 players	13,5 8 players	10,4
FC Thun	4	0,5 3 players	6,7 6 players	6,2

Research results

The first source of advantage stems from the **asymmetry of the labour market resulting from the pyramid system in European sport**. FC Basel, and more recently the Young Boys, benefit from their regular participation in European competitions, which allows them to attract talented players relatively cheaply. These players are often prepared **to accept lower pay in the short term for the chance of international exposure and a future transfer**.

Participation in European competitions also provides a second source of competitive advantage. The additional revenue generated (ticket sales, sponsors, prize money) enables these clubs to invest in developing their specific capacity to find and train young talent. This results in a wider

network of scouts, numerous specialists to provide training, and modern training facilities. This advantage (valuable, rare and difficult to reproduce or emulate) in the acquisition and development of talent leads these clubs into a virtuous circle. The outcome has been the dominance of FC Basel (11 championships between 2004 and 2017), followed by that of the Young Boys (6 championships between 2018 and 2024).

While this situation diminishes the competitive balance of the Swiss Super League and hence its attractiveness, it benefits national selection. The national team gains from these clubs' work in training talented young players. This situation could however be threatened by the recent European Court of Justice ruling in the Diarra affair, which challenges FIFA's power to govern the labour market of professional footballers. This judgment could result in the abolition of transfer fees, which would reduce clubs' incentive to train young players. Ironically, this incentive had largely been created by a previous court decision, the Bosman ruling of 1995, which considerably liberalized the transfer market. The upshot is that the competitiveness of the Swiss national team could depend on the decisions of European courts.

Reference

Mustafi, Z., Bayle, E., & Terrien, M. (2024). Non-Big five football clubs' strategies for generating transfer revenues : the case of Switzerland's Super League. *Soccer & Society*, 1-18.

Picture: unsplash.com

Note : this article is taken from the [ninth IDHEAP Policy Brief](#). It has been edited by Robin Stähli, DeFacto.