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Competitive Balance and the Emergence of "Big Clubs" in Major League Soccer

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Competitive balance (CB) is of critical importance to professional sport leagues seeking to drive spectator attendance and broadcast revenues through the allure of an unpredictable competition (Ramchandani, et al., 2018). The purpose of this paper is to examine CB in Major League Soccer (MLS). In an effort to be more prominent in the world soccer market, MLS has begun to slowly relax its historically conservative spending policies. This study seeks to analyze such governance decisions and their impact on CB using three primary methodological steps. Past CB research in soccer points to an increasing imbalance over time. Plumley et al. (2018) found the English Premier League (EPL) has shown a reduction in CB over time and that the EPL is less balanced when compared to the rest of the English football pyramid. Additionally, it has been found that CB is declining throughout European football (Ramchandani, et al., 2018), most notably in Spain (Montes, et al., 2014). By contrast, Rocke (2019) found that the top divisions of soccer in the CONCACAF region showed high degrees of competitive balance. In this study, the Herfindahl Index of Competitive Balance (HICB) is computed for each season of MLS from 1996 to 2019. Then, HICB coefficients are analyzed in relation to three critical roster policy decisions in 2007, 2010, and 2015. Finally, a k-means cluster analysis is conducted using final league position and roster spending as variables to determine if MLS is seeing an emergence of “big clubs.” Results of this study indicate MLS has tended to be a competitively balanced league. The HICB scores ranged from 101.79 to 112.07 showing a wider spread of CB over time when compared to leagues in Europe and Central America. Specifically, the longitudinal analysis of MLS shows that CB has become more erratic season-over-season, and this appears to correspond with the relaxation of spending policies. Finally, results of the k-means cluster analysis indicated that MLS does exhibit a trend toward the emergence of “big clubs” relative to the rest of the league. Teams finishing in the top five in 42 out of the 244 club seasons represented spent 208% of the league average. This study contributes to the field of CB research in world soccer and highlights some practical implications for consideration in MLS. Our findings indicate that as MLS has allowed teams more freedom in spending, the degree of CB is eroding. Further, as the league has begun to mature, there is initial evidence that these erratic changes in CB from season to season are driving the league toward a less balanced competition. This imbalance is beginning to create a separation of “big clubs” who are spending more to secure league success. The implementation of a playoff format at the end of the season has thus far allowed the league to crown its annual champion with yearly unpredictability, but as MLS continues to grow and allow for more roster spending, competitive balance should be a key consideration for the league based on these findings.