

'NI Economy FC' must get with the worldwide transfer market

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Football fever will soon be with us again as the new season gets set to kick off. In preparation for the year ahead and to try to compete with the best, clubs have been rebuilding their teams, taking advantage of the transfer window where possible.

Those teams with access to money have been buying up the leading talent from around the world as a quick route to greater success. And despite the credit crunch, transfer funds appear to be no object for the likes of Spanish giants Real Madrid, who have been signing up the latest round of 'Galacticos' (or superstars), including the Brazilian Kaka and new world record signing, Ronaldo. Closer to home, it is clear that Manchester City has ambitions to become a world class team, using its new-found wealth to court and purchase high-calibre players.

But, attracting overseas talent is just one step. The real challenge for these clubs is embedding the players into the team and the culture of the host country. In this regard, there have been numerous expensive flops that have failed to gel with their team mates. Clearly, buying the best and most expensive players does not necessarily guarantee success.

Another risk with expensive imports is their mobility, and at times their loyalty to their club is questionable. In the way that they are attracted by large wages, they often also demand enhanced packages to stay at their club, and if these terms are not met, they will simply move elsewhere.

There are parallels here with economic development. European football teams court South American talent, whilst economies court the high prize of investment from North America. Northern Ireland has had some success in this regard, but, some of the Foreign Direct Investment (FDI) success stories of the 1990s, such as Seagate Limavady, have recently moved to Asia. Here there are larger profits to be had due to lower wages.

Over the last decade, the Republic of Ireland emerged as the Real Madrid of the FDI world. It had an enviable skills base, but it's new found low corporation tax rate attracted some of the 'Galacticos' of the business world, such as Pfizer and Microsoft, and like Real Madrid, it has secured more than its fair share of overseas talent. Subsequently, Northern Ireland sought to emulate the success of the Celtic Tiger, and while the NI Executive was unsuccessful in its attempts to secure a low corporation tax rate, it remains undeterred in trying to persuade US firms to sign up for 'NI Economy FC'. However, given the poor economic climate, there has been little activity in the FDI 'transfer market' of late.

For football teams without recourse to paying for new talent, there is no quick route to success. Instead, they have to make the most of their existing players and rely on developing their youth teams for the future. The same holds true for the economy.

Without an influx of FDI, there will be no fast track to economic development. Improving what already exists is the key. For NI Economy FC, this means creating a 'new style of football', with slick 'passing' between the public and private sectors (e.g. swift planning system, and speedy public procurement). So too a 'stadium' (world class infrastructure) that will make foreign imports want to play here in the future and which will encourage home-grown talent to stay. Northern Ireland also needs to reduce 'the squad's' growing list of unavailable players who are currently either disillusioned or injured (economically inactive). The north needs to get these individuals playing again to encourage competition for places and enable a greater choice for the team to select.

In recent years, the NI Economy FC management, via its Economic Vision, did indeed announce its desire to play a new style of football. It recognised that *"fundamental change is required in order to move away from a government led economy to one that is business led"*. In essence, this aimed to rebalance the formation of NI Economy FC away from its 'five man public sector defence'. This structure made the team 'difficult to beat' (negative growth) but it lacked a

critical mass of high value added 'strikers', notably within the pharmaceuticals and financial services sectors. As a result, Northern Ireland's ability to consistently 'score goals' and 'win games' was limited.

It is extremely difficult to rebalance away from a defensive public sector driven economy when the 'defenders', on average, get paid almost one third more (*excluding pensions*) than the 'midfielders' and 'strikers' in the private sector. Given this wage structure, it is not surprising that many of Northern Ireland's emerging 'players' want to be 'defenders'. But, with financial pressures set to intensify, NI Economy FC's, main financial backers, HM Treasury, may look towards reducing the widening pay gap between the public and private sectors.

With the international FDI 'transfer window' effectively closed until the global economy recovers, the management really needs to step up to the mark. Recent research undertaken by DETI highlights that NI has a higher proportion of firms with poor management practices relative to other economies, including Great Britain. It also stresses that improving the areas of weakness is more important than excelling in others.

In football, as in the economic world, having world class stars does not mean success unless you address weaknesses amongst the rest of the team. George Best was amongst the very best footballers in the world, but even with Georgie in the team, Northern Ireland didn't get to a World Cup. Conversely, the lack of world class footballers did not prevent Northern Ireland from getting to the World Cups of 1982 and 1986 because the team as a whole was strong.

More recently, the Northern Ireland football team has proven that with limited resources and a dearth of world class players it has the ability to compete on the international stage, beating Spain, England and Sweden in recent years. Management has been central to this success with Billy Bingham, Lawrie Sanchez and now Nigel Worthington clearly getting the most out of their players. Similarly, Martin O'Neill has worked wonders at Aston Villa. Northern Ireland would do well to translate this football management success into the economy and the delivery of economic development.

Local football fans often chant: "we're not Brazil, we're Northern Ireland", alluding to the team's competitiveness despite its limited natural skill. Similar to the football team, the local economy doesn't have the slickness and dynamism of the leading economies, but by emulating the footballers in getting the basics right, our economy could certainly compete much more strongly on the world stage. This should be the number one goal for the seasons ahead.

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