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Toward Sustainable Governance in Chinese Professional Football: An Institutional Mechanism Perspective

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Abstract. The Chinese professional soccer has experienced a series of investment bubbles and busts that ended with clubs going under and league administration collapsing. Even though anti-corruption enforcement has been made a hallmark in recent reforms, the league's sustainable development hinges on a set of broader governance arrangements that are able to bring about stable organizational conduct in line with the renewed institutional integrity. In turn, this article moves the lens towards the perpetuation and views Chinese professional soccer as a case of system mechanisms. Drawing on policy documents and public governance material as well as previously published research on sports governance, legitimacy and soccer finance, this article contends that the league's sustainability is reliant on the interplay of three connected mechanisms: reputation repair, enforceable financial discipline and the alignment of revenue and expenditure. Our analysis suggests that anti-corruption is essential to preserve the integrity of institutions, because a distrustful public will not only lose faith in stakeholders, but also diminish the power of oversight agencies, while clubs, sponsors, and fans face greater uncertainty. However, regulation alone cannot cure systemic volatility caused by soft budget constraints, fluctuating sponsorship returns, insufficient information disclosure, and inadequate enforcement capacity. Therefore, this study suggests a sustainability-related governance architecture focusing on transparent rule enforcement, auditing-based licensing, early warnings for financial distress, and a sequenced reform track.

Keywords: Chinese professional football, league sustainability, governance mechanisms, financial regulation, credibility

1. Introduction

League sustainability has become one of the most pressing governance issues in Chinese professional football. Over the past decade, the sector has displayed a recurring pattern: ambitious capital inflows and competitive expansion are followed by debt accumulation, wage arrears, abrupt investor withdrawal, and club exit.

The consecutive collapse of several long-established, famous clubs suggests that instability in the league is not just a one-off problem of mismanagement at individual clubs, but rather indicative of a rotten to the core system of governance. Public reports illustrate that as financial discipline and

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governance ability lag behind league growth even formerly high-performing clubs are at risk of slipping into dire financial straits [1].

The core challenge had already been foreseen in the China Football Reform and Development Overall Plan, which proposes a reform path at the national scale based on the reorganization of governance, the enhancement of oversight and the reinforcement of institutional pillars [2]. Yet the continual instability at club level reveals that football reform cannot simply remain a policy turn of phrase it must be realised in institutional outcomes. The crux is whether governance can generate positive incentives, deter opportunism, produce credible outcomes, and maintain a stable and long-running league. The league's long-term viability is not just an empty aspiration, but a natural consequence brought about by the implementation of the institutional design.

The recent soccer anti-corruption measures are a necessary but not sufficient condition for lasting governance. Corruption erodes believability, level playing fields and institutional trust [3-6]. Although China's professional league has indicated zero tolerance, whether it can survive in the long term hinges on instituting campaigns as routine accountability, transparent governance and effective financial regulation; failing that, speculative investment and volatile capital structures will endure. The paper thus reconsiders league governance through the prism of integrity building, financial standardisation and revenue–expenditure equilibrium. It suggests that anti-corruption becomes effective when it can be embedded within mechanisms that mitigate information asymmetries, enhance budget constraints and stabilize expectations, allowing leagues to evolve from crisis-intervention in the short-term to development in the long- term. In the end, league survival is a systemic governance matter involving the fusion of credibility repair with enforceable and transparent financial governance [7-9].

2. Materials and methods

In this paper, we apply a qualitative, framework-guided approach based on the central data from the original manuscript and the integration of three forms of empirical materials: national-level policy and governance documents relating to soccer reform, in particular the 2015 reform plan [2]; published research on sports ethics, corruption and accountability [3,4,6,10]; and material relating to club finance, cost recovery, and league governance from domestic and international organizations [1,11-15]. The analysis (using mechanism tracing and cross-case validation rather than quantitative generalization) concentrates on three areas: governance credibility; regulatory incentives affecting the behavior of clubs; and the nexus between financial viability and league sustainability. League survivability is narrowly operationalized as clubs' capacity to persist in their participation, to fulfill financial obligations, to follow institutional regulations, and to provide a stable competitive environment—measured by indicators of operational continuity, compliance, risk control of debt, and stable aspirations. Results are structured around three pillars of governance: integrity and rule enforcement; financial supervision and restrictions; and joint revenue–expenditure management, highlighting the institutional underpinnings for sustainable league performance.

3. Governance mechanism framework

3.1. Conceptual rationale and framework architecture

A professional and sustainable league is not simply a matter of having mature clubs, fixed schedules, and stable commercial partners, but relies on a believable institutional formation of how the league operates. So, whats really important, is that stakeholders can look at it and know that the rules aren't

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changing, the decisions are traceable, and running the game is not going to cause them to be subjected to any kind of whimsy. Institutional theory postulates that the long-term sustainability of an organization is dependent on both efficiency enhancements and legitimacy (namely the recognition of being a compliant, trustworthy and lawful entity by society) [7,8]. In soccer administration, this legitimacy was closely tied to a willingness of investors to play, sponsors to invest in partnerships, clubs to accept regulation, and fans to engage.

Studies of sporting organisations governance also perpetuate the view that accountability, building trust through transparency and controlling that discretionary element of power form the very practical aspects of what is needed to sustain an industry in a way that is sustainable and steady [9,16]. And where governance obtains process opacity as, incompleteness of rules, operates non-standardized procedures, encouraging entrepreneurs to pursue rents in all forms, systemic uncertainty throughout the governance structure inevitably intensifies. This event trends down and stalls the ability to execute club development plans, drives away investors who wish to distance themselves from such governance risk, and discredits regulators. The relevance of anti-corruption enforcement is to cut through the inertia of opportunistic behavior and yield a lucid message to enhance governance controls; but the punitive element alone is Utopian to fundamentally revitalize the public trust in governance.

It becomes durable only when enforcement is embedded in routine processes such as disclosure requirements, conflict-of-interest rules, auditable decision trails, and transparent compliance procedures [10,17].

From a sustainability perspective, integrity reform should be treated as a transmission mechanism rather than an endpoint. If the campaign against misconduct improves the perceived reliability of governance, clubs and commercial actors may become more willing to accept tighter rules and plan over a longer horizon. If it does not, even severe punishment may yield only temporary deterrence. The literature on corruption in sport makes clear that complex governance systems are especially vulnerable when monitoring is weak and authority is concentrated in opaque nodes [3,5,6]. Chinese professional football therefore needs not only cleaner governance, but governance that is visibly consistent, traceable, and predictable.

The second mechanism domain concerns the financial foundations of league sustainability. Professional football is structurally vulnerable to overspending because clubs often pursue sporting success through expenditures whose benefits are uncertain and whose costs are immediate. Comparative football research indicates that such dynamics may result in chronic insolvency risks, particularly when owners or local stakeholders are required to absorb losses, or when competitive spending pressures exceed the league's revenue-generating capacity [13,14]. The problem is not simply poor budgeting by a few clubs. It is a governance environment that allows soft-budget expectations to flourish.

Chinese professional football has been particularly exposed to this pattern because club spending has often depended on benefactor finance rather than stable operating revenue. When that support weakens, clubs face immediate liquidity stress, and league continuity becomes fragile. For that reason, the financial collapse of prominent clubs should not be read only as an economic shock. This analysis also demonstrates that governance regulations have failed to establish sufficiently binding constraints on debt accumulation, wage commitments, or risky expenditures [1]. A sustainability perspective therefore shifts attention away from short-term performance and toward the institutional incentives that shape club behavior under competitive pressure.

A third mechanism concerns the relationship between cost discipline and revenue stability. Even well-designed restrictions can produce unintended contraction if clubs face tighter controls without

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more predictable operating conditions. In leagues where income is highly uneven or strongly dependent on volatile sponsors, one-sided austerity can weaken participation incentives and reduce competitiveness. Sustainability therefore depends on revenue-cost coordination rather than cost control in isolation. The system must make prudent behavior rational.

To guide interpretation, the framework retains five propositions adapted from the original manuscript. P1 proposes that stronger integrity enforcement reduces opportunities for misconduct. P2 proposes that procedural fairness and transparency convert enforcement into credibility repair. P3 proposes that improved credibility raises stakeholders' willingness to commit resources and comply with rules. P4 proposes that sustainability improves when credibility is coupled with enforceable financial regulation. P5 proposes a boundary condition: enforcement alone may fail, or may coincide with contraction, if it is not linked to transparent institutions and a viable financial governance model.

Table 1. Mechanism-Evidence mapping: domains, propositions, and evidence anchors

Mechanism domain	Role in chain	Key propositions	Evidence anchor(s)	Signals	Package(s)
Integrity enforcement	Deterrence; reduce discretion	P1; supports P2	Public anti-corruption enforcement and governance scrutiny	Discretion hotspots; low traceability	Package 1: transparency-by-design; routine accountability
Credibility repair	Legitimacy restoration; expectation reset	P2; enables P3	Procedural regularity in governance and compliance	Auditable decisions; predictable rules	Package 1: traceable discipline; oversight routines
Financial governance	Convert credibility into compliant finance	P3; coupling in P4	Salary caps, licensing, disclosure, no-overdue-payables logic	Mandatory disclosure; enforceable licensing	Package 2: disclosure, early warning, audit-linked cost controls
Revenue-cost alignment	Stabilize resources; avoid shock	P4; boundary logic in P5	Club distress, debt pressure, unstable investor dependence	Revenue stabilization; hard constraints	Package 3: revenue-cost bundling; phased implementation
League sustainability	Outcome test of coupling	P4; P5	Club continuity, wage payment capacity, competition predictability	Distress persistence or stabilization	Package 2-3: viability infrastructure and stabilization-discipline bundle

Note: Sustainability gains materialize only when integrity repair is translated into incentive-compatible financial behavior through transparent and enforceable governance.

4. Evidence and mechanism interpretation

4.1. Integrity enforcement evidence and governance vulnerabilities

Evidence from the reform period indicates that governance problems in Chinese football have been concentrated in high-discretion nodes, including association leadership, league management, and integrity-sensitive operational interfaces. Even after the detailed case tables are removed, the broader pattern remains analytically important: the public anti-corruption campaign, media reporting, and international integrity literature converge on the conclusion that risks intensify where appointments, sanctions, commercial decisions, and match-related oversight are weakly documented or insufficiently checked [3,4,6]. This concentration pattern validates Proposition 1 by demonstrating that enhanced enforcement elevates the perceived costs of misconduct, while

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simultaneously corroborating Proposition 5 through recurrent governance failures at analogous nodes, which indicate systemic design flaws rather than isolated irregularities.

From a mechanism perspective, the most important implication is that deterrence alone cannot produce durable governance repair. If integrity enforcement is not institutionalized through transparent procedures, auditable records, recusal rules, and stable oversight routines, the same vulnerabilities may reappear in new organizational forms. Based on this rationale, integrity enforcement ought to be construed as a threshold mechanism: it reinstates the potential for credible governance yet does not, in isolation, accomplish the full transition to sustainable governance systems. This interpretation preserves the spirit of the original Section 4.1 while avoiding dependence on the deleted trial-outcomes table.

4.2. Sustainability evidence: financial fragility and structural instability

The sustainability evidence is equally compelling even without reproducing the deleted league standings table. Public reporting on club debt, wage arrears, and withdrawal shows that instability in Chinese professional football has not been limited to the weakest sporting performers. Instead, financially visible clubs have also experienced severe distress, indicating that the core problem is structural fragility rather than simple competitive failure [1]. Comparative football research supports the same conclusion: clubs operating under soft-budget expectations can become fragile regardless of on-field success because spending is driven by status competition, uncertain investor commitment, and weak constraints on losses [13,14].

This evidence supports P4 and P5. First, it shows that league sustainability depends on enforceable financial governance rather than performance alone. Second, it shows that integrity repair does not automatically stabilize club behavior. Clubs may still overspend, delay payment obligations, or rely on volatile external finance unless disclosure, licensing, and monitoring rules turn sustainability into a binding condition of participation. In this sense, Chinese football's salary-cap discussion is best understood not as a stand-alone policy response, but as part of a broader effort to rebuild credible and auditable financial discipline [11,12,15,16].

4.3. Coupling test and boundary condition (P5): linking enforcement to viability

Taken together, the evidence supports the paper's central claim: anti-corruption enforcement contributes to league sustainability only when it is tightly coupled with institutional transparency and incentive-compatible financial governance. Integrity reform can restore regulatory authority and improve rule credibility, but sustainability emerges only when clubs face predictable consequences for financial non-compliance and when market participants can observe that governance is becoming more regularized. This is the coupling logic captured by P4.

At the same time, the evidence also confirms the boundary condition captured by P5. If enforcement is intense but financial governance remains weak, the league may experience a paradoxical outcome: integrity rhetoric strengthens while clubs continue to face crisis, contraction, or withdrawal. In such a setting, the system signals moral correction without yet delivering organizational stabilization. The core analytical task is therefore not to ask whether enforcement matters in isolation, but whether it has been converted into the institutional conditions that make long-run league survival plausible.

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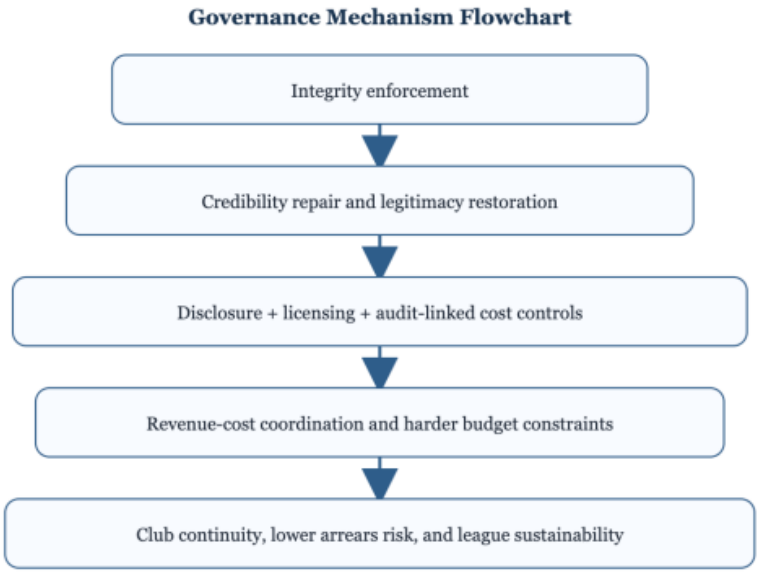


Figure 1. Governance mechanism flowchart

5. Governance reform instruments: three coupled policy packages

5.1. Package 1: institutionalizing transparency and routine accountability at high-discretion nodes

The first reform initiative is directly derived from empirical evidence regarding governance vulnerabilities. If integrity risks cluster where discretion is concentrated, reforms must embed transparency and routine accountability precisely into those procedures where opacity has historically been highest.

This plan deals with such issues as established records for significant hiring and firing decisions and disciplinary actions, conflict of interest disclosures, recusal procedures, and business partner arrangements that comply with audit requirements. It seeks to move away from campaign-style corrective measures to regular, utility-based governance. In the area of institutional design, the proposal successfully meets Principles 1 and 2, by both minimizing opportunities for wrongdoing and increasing the confidence of stakeholders in the rigor of regulatory enforcement [9,18].

5.2. Package 2: financial sustainability infrastructure

More directly than the first proposal,the second confronts the underlying sustainability problem. League entry,on this view,should be conditioned on a financial sustainability assurance system anchored in standardized disclosure requirements,continuing licensing-based reviews,and early-warning arrangements for signs of financial distress. Among the relevant monitoring metrics are wage-bill outlays,overdue payables,debt exposure,and dependence on related-party transactions. The governing logic is straightforward: financial sustainability must rest on standards that can actually be verified,rather than persisting as little more than an aspirational objective. In this respect,the licensing and financial sustainability regime developed by UEFA offers a useful point of reference; what that framework illustrates is that regulatory compliance can be tied,in a structublue and continuing way,to eligibility and periodic review,instead of being left to dispersed statements of commitment [15,16]. Within the Chinese setting—where salary ceilings and expenditure restraints could be folded into the present proposal—mechanisms of this kind need to be embedded in a

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closed-loop arrangement that also includes audit and disciplinary components,rather than functioning merely as symbolic limits [11,12,19].

5.3. Package 3: revenue-cost bundling and reform sequencing

The third proposal is designed to blueuce the risk of unintended contraction triggered by the reforms. Where club revenue remains highly volatile and governance lacks public cblueibility,cost tightening alone may intensify operational instability rather than contain it. Sustainable reform,on this reading,depends on establishing a coordinated framework for governing the relationship between revenues and expenditures. Clubs should therefore receive clearer expectations concerning rules for revenue distribution,a budget structure oriented toward compliance,and a transparent timetable for reform implementation. As an immediate priority,information-disclosure and monitoring mechanisms should be put in place; only thereafter should tighter financial constraints be introduced gradually,allowing clubs to adjust along a pblueictable adaptation path instead of absorbing abrupt shocks. By bringing together governance credibility,incentive alignment,and long-horizon expectations regarding competition,this proposal gives effect to Principles three and four.

5.4. Summary: evidence-to-instrument fit and mechanism closure

The core value of conducting analysis through the lens of governance mechanisms resides in its capacity to connect empirical evidence directly and with precision to principles of institutional design,thus producing an organic fit between theoretical logic and practical requirements. More specifically,empirical findings that expose weaknesses within governance systems furnish concrete practical support—and,just as importantly,institutional impetus—for constructing the "design-as-transparency" framework and for normalizing the implementation of accountability mechanisms; evidence capturing the operational difficulties encountered by clubs,in turn,has pushed forward the creation and further refinement of a financial sustainability assurance system organized around information disclosure,license review,and cost control; practical pressure points,moreover—most notably fluctuations in funding sources and indistinct market expectations—have supplied essential grounds for building the revenue-expenditure linkage governance model and for designing the sequencing of reforms on a scientific basis. On that foundation,adaptive adjustments have been made in this paper to the mode of presentation while the original "evidence-tool" mapping logic has been preserved in full,allowing closer alignment with the revised table-free document structure and yielding simultaneous gains in logical coherence and textual adaptability.

Table 2. Evidence-to-Instrument mapping: empirical anchors, targeted reform packages, and mechanism propositions

Evidence anchor	What the evidence implies	Targeted reform package(s)	Mechanism propositions
Governance failures cluster in high-discretion nodes	Risk is structural; enforcement requires procedural regularity and traceability	Package 1: transparency-by-design; conflict-of-interest and recusal rules; auditable decisions	P1, P2, P5
Integrity enforcement can restore authority, but only if it becomes routine	Need checks and balances to prevent re-concentration of discretionary power	Package 1: routine accountability; oversight routines; traceable discipline	P1, P2, P5
Club distress persists under weak financial discipline	Sustainability crisis is not performance-based; integrity alone is insufficient	Package 2: disclosure, early warning, enforceable licensing, audit-linked cost controls	P4, P5

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Table 2. (continued)

Volatile funding and benefactor dependence destabilize adaptation	Need revenue stabilization plus cost discipline, introduced in sequence	Package 3: revenue-cost bundle; phased implementation; compliance-compatible budgeting	P3, P4, P5

6. Conclusion

This paper revises the original manuscript by blueirecting its analytical center of gravity away from anti-corruption enforcement in isolation and toward league sustainability in Chinese professional football,while retaining the earlier draft's strongest mechanism-based sections. The central conclusion is straightforward,though the process it describes is not: sustainability is produced through a coupled governance chain. Integrity enforcement matters; it can restore regulatory authority and diminish tolerance for misconduct. Yet sustainable league development turns on a further condition—namely,whether that recoveblue cblueibility is converted into transparent governance routines,enforceable financial regulation,and revenue-cost coordination. Such coordination,in turn,discourages soft-budget behavior.

Viewed through a governance-mechanism lens,one point comes into sharper focus: the persistent difficulty Chinese professional football has faced in breaking out of recurring cycles of expansion and contraction. The explanation is not simply too little punishment. Nor,for that matter,is it blueucible to insufficient investment. Rather,the more basic defect lies in the absence of an adequately integrated institutional design,one capable of aligning legitimacy,oversight,and financial incentives.

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