

Sports investment as a mechanism to reach financial autonomy for the multi-sport office parks

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The Object of the study aims to reveal the role of sports investment as a mechanism to reach financial autonomy for the multi-sport office parks of the wilayas without depending on public funds, for this purpose, we used the descriptive method in order to achieve accurate results On a sample composed of 50 managers from 06 offices Chosen randomly, and for data collection, we used the questionnaire form; After collecting the results and having treated them statistically, we conclude to the necessity of investment for the offices to reach self-financing, especially under the recent economic circumstances during and after covid-19; On this basis, the study recommended to create a legal framework for the offices to be a professional organization; for their contribution to the national economy, and the intensification of quality sports practices, through their competitiveness with the private sector.

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- ✓ Sports investment.
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الملخص:

تهدف الدراسة إلى التعرف على دور الاستثمار الرياضي في تحقيق الاستقلالية المالية لدواوين المركبات المتعددة الرياضات بعيدا عن الدعم المالي للدولة، لهذا الغرض استخدمنا المنهج الوصفي في دراستنا على عينة مكونة من 50 مسيرا ينتمون الى 06 دواوين، و قد تم اختيارها بشكل تطبيقي عشوائي كما استخدمنا استمارة الاستبيان لجمع البيانات، حيث انه و بعد جمع النتائج ومعالجتها إحصائيا تم التوصل الى ضرورة الاستثمار كآلية لتحقيق التمويل الذاتي، خاصة في ظل الظروف الاقتصادية أثناء و بعد جائحة كورونا، أين تصبح الرياضة قطاعا ذو عبئ على الخزينة العمومية، و على هذا الأساس أوصت الدراسة بخلق إطار قانوني للدواوين يمكنها من ممارسة أنشطة تجارية، الى جانب مهمتها الأساسية، و بهذا تحقق القيمة المضافة للاقتصاد الوطني، بالإضافة الى تكثيف الممارسة الرياضية ذات الجودة، من خلال تنافسيتها مع القطاع الخاص.

الكلمات المفتاحية: الاستثمار الرياضي، الاستقلالية المالية، ديوان المركب المتعدد الرياضات.

1. Introduction

Many millions of people around the globe are employed in sport organizations in areas as diverse as event management, broadcasting, venue management, marketing, professional sport, and coaching as well as in allied industries such as sporting equipment manufacturing, sporting footwear and apparel, and retail, At the elite level, sport has moved from being an amateur pastime to a significant industry. (Aaron C.T, 2008).

In response to the need for the organization this industry; some societies government, or the state as it is broadly identified, may play a dominant role, but in other societies its role may be far more circumspect; a useful way of understanding the relationship between the state and society is to distinguish between three distinct but interdependent social orders; the first social order is the state and its apparatus; The second social order is the market and the third social order is civil society; the intersections of these three social orders create four different sectors and organizational forms, they are the non-profit public sector, which is driven by the state; the profit-based commercial sector, which is driven by the market; the informal sector, which is driven by civil society; and finally, the voluntary sector, which is driven by aspects of all three social orders (Stewart, 2007).

During the eighties, the French Speaking African Countries (FSAC) sink into an economic crisis and unprecedented policy. They had to face debt, collapsing in raw materials prices, failures in economic policy, ethnic wars, political instability, drought, absence of democracy, etc. Following this acute crisis, the World Bank and the International Monetary fund (I.M.F) impose to developing countries economic reforms by structural adjustment policy bias, which will force the FSAC to decrease their public spending. priority sectors are deemed to be “profitable” like (agriculture, industry, tourism, army, etc.), and other sectors “Unprofitable” become third sectors : social sectors, education, health and sport. Faced with these economic problems, physical practice is therefore marginalized. (Patrick & Kaach, 2004), Therefore, In countries characterized by a larger public sector, the high degree of dependence on public funding makes it relevant to further consideration to the possible consequences of cut backs for the sports sector in times of austerity (Iversen, 2018), whether an owner’s objective is wealth maximization or winning and whether the sport organization is for-profit, not-for-profit, or governmental, this is why the organisations in the sport industry will encounter five methods used to insure self-finance, these include three methods typically used by for profit companies to finance their operations: debt, equity, and reinvestment of retained earnings. in sport, two additional financing methods are often available: government funding and gifts (Brown & Others, 2015), in our case as much as 80–90% of the offices the omnisport parks of the wilayas income comes from the public purse; for this it is necessary for the offices to seek for other sources of finance, as a procedure to reduce the pressure on the public treasury on one hand, and to reach the financial autonomy on the other hand.

In brief, the government does not and should not run sport, its role should be concentrated on the investments in sporting success as a developmental tool to improve the country’s infrastructures, this includes the infrastructure related to sports such as stadiums and other physical infrastructure such as roads, railways, airports, ports, telecommunication, hotels and others that encourage foreign investment in the country and improve tourism (Reiche, 2015).



In general, we believe that the problem of financing sport, leads to the disengagement of the welfare state. First of all, the free sports practice is no longer total, the State and local authorities ensure or participate in financing of mass educational practice and sports practice performance, In fact the other sources can be the patronage, sponsorship, advertising, the users themselves, the public or private operators, international contributions of income or resources generated by the participation or performance of athletes in international sports competitions. It's the end of state sport said "socialist", with the economic reforms, in particular the establishment of business autonomy and rehabilitation of economic categories of the liberal system, It is important to clarify that, according to Algerian legislation, sport is understood as an activity that encompasses formal and informal practices (Youcef, 2009).

Organizational change happens when a sport organization decides to change its structure, strategies, culture, policies, technology, financial sources or even its core values in order to improve performance and business growth; and these are the core points in these studies, beginning by a study conducted by (Boukchirida, 2018-2019) on the relationship of sports investment with the improvement of sports facilities and human resources, has shown that sports investment raises the revenue of sports establishments and increases the diversity of their products and services, to insure the sustainability of their activities, another study of (Shirifi, 2011-2012) indicates that sports establishments have become considered an economic institutions whose goal is the profit, that is, to collect the material profit and the necessary funds to achieve sufficiency, and to achieve that they should define the financing problems and the financial practices and create a system contains planning, organizing and directing the administrative process, and (Barbaris, 2016-2017) found in his study that privatization is a positive process that contributes to providing an active administration that achieves the greatest possible efficiency and effectiveness, and works to provide the necessary funding for sports establishments and transform them into an economic cells that contribute to alleviating the financial burden on the State.

We seek through this study, to determine the effects of sports investment in private economic market on the development of sport on one hand and to reach self-financing on the other hand; by illustrating the potentials of the offices of the omnisport parks of the wilayas; and their ability to generate revenues to cover their financial expenses; and reach balance between revenues and expenses as a first step toward profit; and This is what led us to ask the following question:

Can the offices of the omnisport parks of the wilayas achieve financial autonomy and self – financing by adopting sports investment as a mechanism to reach this goal?

- To what extent does the sports investment contribute to achieve financial autonomy and self – financing for the offices of the omnisport parks of the wilayas without depending on public funds?

1- The offices can adopt sports investment as a mechanism to achieve self-financing, without relying on public funding.

2- The offices may innovate new financing mechanisms as an alternative to public financing, according to the available potentials.



3- The legal framework regulating the offices is an obstacle to achieve their financial autonomy

2. Method and Materials

2.1 Research Methodology:

We used the descriptive analytical approach to its relevance to the nature of the problem presented, as it is one of the most widely used research methods especially in the field of educational, psychological, social and sports research.

It is one of the forms of organized scientific analysis and interpretation to describe a specific phenomenon or problem and portray it quantitatively by collecting standardized data and information about the phenomenon or problem, classifying it, analyzing it and subjecting it to careful study. (Atoui, 2009)

2.2 Community and sample research:

The research community consists of a group of managers working in the offices the omnisport parks of 05 different wilayas in Algeria; which numbered (150) employees, and the sample of the research was randomly stratified chosen as many as (50) employees.

The study sample will be from the following wilayas:

Table 01: *represents the number of sample chosen from every wilaya.*

N°	wilayas	Number of sampel
01	Algiers	10
02	Batna	10
03	Oum el bouagi	10
04	Setif	10
05	Chlef	10
	total	50

Source: Prepared by the researcher based on the questionnaire.

The following table shows the number of managers and their occupation:

Table 02: *represents the sample according to their occupations.*

Occupation	Number of sampel
Director	05
Head of department	05
Department responsible	10
responsible of facility	30
Total	50

Time domain: The time required to complete this research has lasted from 25/11/2020 to 05/04/2021

2.3 Data collection tools:

The researcher used the expertise of a number of faculty professors specialized in this field from the Institute of physical education and sports at the University of Algiers-3-, to determine the suitability of applying the questionnaire.

The questionnaire consisted of (15) questions, divided into the following axes:

The first axis: sports investment in the offices.

The second axis: the alternative sources of finance.

The third axis: The legal framework of the offices.

2.4 Sociometric characteristics and modifications to the questionnaire:

- **Honesty:** The sincerity of the questionnaire has been achieved through the expertise of the arbitrators on the items of the questionnaire and represented in a group of professors specialized in the field of sports, where the arbitrators agreed on the safety of the majority of the items, but some suggested, amended and clarified some of the items until they became more procedural.
- **Stability coefficient:** Stability means that the tests had a large degree of accuracy, and stability in the questionnaire results means that they will not change significantly if they are redistributed to the sample members several times during certain periods of time, and to verify the stability of the questionnaire, the researcher used the method of applying and re-applying the questionnaire, On the sample of the exploratory study, where their number reached 30 individuals with a 15-day interval between the two applications, the study tool was verified by using Cronbach's Alpha coefficient as shown in the following table:

Table 03: represents Cronbach's Alpha Using SPSS program, at the significance level 0.05.

The questionnaire's axes			Cronbach's Alpha	
			items	Value
The axes	01	The first axis	05	0.799
	02	The second axis	05	0.711
	03	The Third Axis	05	0.873
	Total items		15	0.892

Source: Prepared by the researcher based on the questionnaire.

As shown in the data in the above table, the values of the Cronbach's Alpha coefficient for the stability of the study instrument reached 0.892, so this value is close to the correct one, indicating that the study instrument has a high degree of stability.

When the questionnaire forms were finalized, we started to distribute the questionnaire on 02



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February 2021, and it was retrieved on 02 May 2016. After that, we carried out the process of unloading and subjecting the data obtained from the questionnaire forms distributed to the statistical processing.

2.5 Statistical Analysis :

In order for us to comment and analyze the results of the observation network in a clear and easy manner, and since the research was brief on the data contained in the questionnaire, the best statistical way to treat the results obtained is to use the percentage.

3. Results:

3.1 Presentation and analysis of the results of the first axis (sports investment):

Table 04: provides data on the first axis.

N°	Questions	The interrogators					
		Yes		No		I don't know	
		Repetition	Percentage	Repetition	Percentage	Repetition	Percentage
01	Can sports investment achieve financial autonomy for the offices?	35	70 %	10	20 %	05	10 %
02	Are public funds considered the main source of financing for the office's activities?	48	96 %	00	00 %	02	04 %
03	Can the office's return on investment provide a financial income that could cover all the office's expenses without public funds?	33	66 %	18	36 %	00	00 %
04	According to your point of view, what is the pillar on which sports investment depends most: - Finance resources. - Human resources. - Sports facilities.	22	44 %	18	36 %	10	20 %
		35	70 %	15	30 %	00	00 %
		42	84 %	08	16 %	00	00 %
05	Is it possible for the offices to concentrate with the commercial side and the public interest at the same time?	30	60 %	17	34 %	03	06 %

Source: Prepared by the researcher based on the questionnaire.



According to the results shown in Table (04), which displays the results of the questionnaire; it was found that the main source of funding for offices is public funding, according to 96 % of the respondents; also, 66% recognized that the return on investment would cover the office's expenses without using public funds; As for the main pillar on which sports investment should be based, most of the respondents believed that managers should focus on sports facilities and then human resources and in a lesser way, the Financial resources; As for the duplication of missions, 60 % believe that the offices can link between the profit side on the one hand and the achievement of the public good on the other hand.

3.2 Presentation and analysis of the results of the first axis (the alternative mechanism of finance):

Table 05: provides data on the second axis.

N°	Questions	The interrogators					
		Yes		No		I don't know	
		Repetition	Percentage	Repetition	Percentage	Repetition	Percentage
01	Is public funding the primary source of financing your activities?	42	84 %	06	12 %	02	04 %
02	Are there processes for evaluating the financial performance in order to review the adopted financial policies?	02	04 %	40	80 %	08	16 %
03	Among the following suggestions, what are the alternative sources of funding that the bureau can adopt: - Organizing sporting events. - Renting sports halls - Ticket rights	42	84 %	05	10 %	02	04 %
		36	72 %	10	20 %	04	08 %
		29	58 %	20	40 %	01	02 %
04	Does the office use a sport satellite account to treat its financial data instead of national accounting system?	00	00 %	45	90 %	05	10 %
05	Can the optimum utilization of the available sports facilities generate greater revenues?	46	92 %	00	00 %	04	08 %

Source: Prepared by the researcher based on the questionnaire.

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According to the results shown in Table (05); where 84 % of the respondents believe that if the sports facilities belonging to the offices were privately owned, they would be making profits from their activities and not only achieving a balance in their budget; In addition, most of the respondents admitted that there is no procedure for evaluating the financial performance of the organization whatsoever; while the respondents suggested that the most effective financing alternatives are organizing sporting events for a fee, in addition to renting out halls and, lastly, ticketing revenues; It also became clear that the offices do not rely on sport satellite account in their handling of their financial data; This means that it uses non-specialized national accounting principles; In the end, the managers declared that their sports facilities were completely unexploited, which affected their income.

3.3 Presentation and analysis of the results of the first axis (The sport's legal framework):

Table 06: provides data on the third axis.

N°	Questions	The interrogators					
		Yes		No		I don't know	
		Repetition	Percentage	Repetition	Percentage	Repetition	Percentage
01	Don't you think that it is necessary to update the basic law of the offices to keep pace with modern economic requirements?	33	66 %	12	24 %	05	10 %
02	Do you see that executive decree No. 05-492 related to the offices; should allow offices to practice commercial activities?	40	80 %	08	16 %	02	04 %
03	Are there shortcomings in basic law No. 07-10 related to youth and sports employees?	41	82 %	02	04 %	07	14 %
04	If the law allows the offices to conduct commercial activities, and public funding is canceled, do you think that the offices can survive financially?	30	60 %	18	36 %	02	04 %
05	Don't you think that the direct intervention of the state in the sports field is the cause of the disastrous sports results?	25	50 %	22	44 %	03	06 %

Source: Prepared by the researcher based on the questionnaire.



It is obvious from Table (06), that 66 % of the respondents with the update of the basic law of the offices in order to keep pace with the new economic developments; Especially the executive decree No 05-492 related to the offices, and the need to open the way for them to practice profit-making activities, in addition to their main mission; In addition to updating the basic law for employees of the sports sector; and 60 % of the respondents also believed that the offices can conduct their activities without using public funding; On condition that it open the way for it to practice its profit activities; Meanwhile, equal percentages are among those who see that state interference is the cause of the negative results of sport in Algeria.

4. Discussion

In light of the previous results of Table 04, we can accept the first hypothesis, which confirms that the offices can adopt sports investment as a mechanism to achieve self-financing, without relying on public funding, This is what was found by the study of (ALI, 2018-2019), which was entitled “the relationship of sports investment to the improvement of sports facilities and human resources”, and concluded that sports investment works to raise the income of sports institutions and increases the diversity and the quality of their products and services and this increases their income and works to ensure the continuation of their activity, by insuring their self-financing.

The results presented in Table 05 concluded that the bureaus can create mechanisms to finance their activities as an alternative to public funding, which corresponds to their potentials and the available resources, and this confirms for us the second hypothesis, which admits that the offices may innovate new financing mechanisms as an alternative to public financing, according to the available potentials, And it is the same as the researcher (Shirifi, 2011-2012)concluded, where she reached that entering sports physical activity in the sports industry circles will achieve financial revenues, in addition to carrying out financial budget work based on one of the sports accounting techniques, as well as taking strategic financial policies for the activity of the institution, all this lead to achieve the goals in such institutions, which is to increase the volume of income in the production process, and to maximize their outputs, in order to reach the highest goal, which is the success of the financial management function after collecting as much resources as possible to support their activities; which enables us to say that the third hypothesis is confirmed.

The third hypothesis was also confirmed, according to the results obtained from Table 06, which stated that the legal framework regulating the offices is an obstacle towards the achievement of their financial autonomy, This is due to the fact that the law does not keep pace with the current economic and social requirements on one hand, and the absence of practical texts that explain how to implement the framing law on the other hand; which is the case for the law 13-05 regulating physical and sports activities, so the last adjustment to the executive decree of the offices was 16 years ago, as the circumstances were different; in addition, the direct intervention of the state in the sports field impedes the path of investment, due to the absence of political stability in the country; which partially agrees with the findings of the researcher According to the foregoing, it becomes clear to us that the legal framework of the multisport bureaus prevents them from achieving their financial autonomy



5. Conclusion:

In the light of the discussion and the interpretation of the results of the three partial hypotheses, the general hypothesis of the research has been achieved, the following results have been reached:

- The research findings show a strong positive correlation between sports investment and financial autonomy.
- The need to prepare a legal framework that allows the bureaus to engage in profitable activities, and to gradually reduce financial support until they achieve stable financial resources
- The economic potential of sport is very important, and should not be wasted.
- The offices of multi-sport parks need to decrease expenditure since there is no alternative for increasing revenue.
- Sports investment can be used as an economic tool to help the country to reduce unemployment during a recession, which could be a valuable insight for the post COVID-19 period.
- The public interest is achievable through the enhancement of the service quality; and the number of practitioners; besides generating of financial income; not only through free services.
- It is the political will of the state that opens the way for sports investment if it is compatible with the state's strategy in the sports field.
- Working to achieve financial autonomy leads indirectly to intensifying sports practice and improving the quality of services, as it achieves a financial return and at the same time the public interest.
- The sports investment becoming more dependent on the legal atmosphere; and the human resources potentials, rather than sports facilities.

6. Recommendations:

The recommendations we can mention relate to the following directions:

- The state should resign from running sports, and only care about creating the appropriate environment for sports institutions, such as creating facilities, transportation, hotels, etc., as an indirect investment, with the aim of facilitating their activities.
- Public sports institutions should be considered as profitable institutions, as a new trend towards providing quality and competitive services to ensure their survival, which is reflected positively on the achieved sports results.
- Preparing qualified financial managers and a board of directors for the bureaus to ensure their financial stability.
- Preparing a law that allows the offices to engage in a profitable activities, and motivate employees by dividing profits among them; in condition of not depending on public funds.



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