

Factors Affecting on Lack of Developments Sports Cooperative Companies in Iran

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ABSTRACT

With regard to the principle 44 of the constitutional law of Islamic Republic of Iran the necessity of presence of the governmental, cooperative and private sectors in the economics has been predicted. However, over the last three decades the practices of sport cooperatives was not successful. The barriers present have been divided into two groups of general and specific. The general ones are those which are present in all sport fields nationwide, and the specific ones are those in sport including variety in the rules and the paradoxes of which, weakness in the structure of the sport in the country and the cooperative activities, lack of transparency in the rules concerning the cooperatives' activities, ambiguous possession, weakness in the organizational culture and lack of positive attitude and trust on the part of managers and professionals.

KEYWORDS: cooperative, sport, sport cooperatives, Iran

INTRODUCTION

According to the principle 44 of the constitutional law the economic system of Islamic Republic of Iran is based on the three sectors of governmental, cooperative and private, having precise and systematic planning [1]. Therefore, the cooperative sector is considered as one of the columns of the economic system of the country and is in a position higher than the private sector. Also in the principle 44 in which the regulations of the economic system of the country enumerated, along with focus on human-orientation, economics and realization of social justice, the private sector has been specially focused. We should keep in mind that in the constitutional law the right to possess the tools of working has been considered for people and it was explicitly expressed that people are the owner of the tools for their jobs, and the government is obliged to pave the way for the growth and development based on participation, contribution and cooperation [2].

The cooperative is an institution or corporation made up of volunteers having common needs and certain economic goals who make their requirements met through cooperative. In the cooperatives the members have common shares and rights in managing and within the cooperative itself. The nature of cooperative is in such a way that every member is both a member and an employer, that is why they don't have the same problems of non-cooperative corporations and are exempt from the negative effects of private sectors. Moreover in cooperatives there is problems of the conflicts of employers interest and the other. In general, having cooperatives the revenues and capital are equally distributed in society since they find themselves having the opportunity to use resources which cannot be used individually. As the revenue of the performances are equally distributed, naturally the income distribution would be fair. Therefore the systems and states which are enthusiastically determined to realize the social justice should attempt to seriously develop the cooperatives[3].

The industrialization of sport and healthy entertainment is considered as one of the big events of the last century. Mullin (1983) for the first time considered sport as an industry. He suggested that any amateur and professional sport activity which result in increase in the value added goods and sport services is called sport industry[4]. In the sport clubs the sport industry has been flourishing. In the developed counties the value added of the sport industry remarkably contributed in the Gross Domestic Product as well as in income, employment and entertainment[5].

Dwyer et al (2005) consider the most important role of sport events as tourist attraction and media coverage, among which are players transportation, coach introduction, ticket sales, advertisement in the sport fields, establishing sport facilities, lotteries' and accepting financial supporters or sponsors[6]. However, States are inclined to be engaged in sport affairs for various reasons.

Jackson (1998) after some studies suggested that the attitude of States toward sport and sport clubs might fluctuate from active support to ignoring it.

Another consideration is to be the issue of government possession regarding the administrative club. Today the issue of governmental possession of professional clubs does not make any sense and in many cases including European countries like England, France, Italy, Spain and Germany is considered as illegal. In such countries,

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not only are professional clubs not fed by the government but they also pay tax to the government. The reason is that because the clubs in these countries are registered as commercial companies are subject to the commercial law and required to pay tax[6]. The Physical Education Organization early in 1384 presented the power of attorneyship for selling the shares of Perspolis and Esteghlal clubs to the privatization organization to start the scenario of privatization of sport clubs. Although the privatization officials at the beginning of 1388 talked about the alienation of the shares by the end of the year, the marathon of privatization of the clubs lasted to the fifth year, and serious measures have not been taken yet. Also, according to the rules of the fourth development plan by the end of the plan (1388) the entire executive plans concerning to providing for professional sport resources must be alienated to non-governmental sectors. But by looking into the kind of possession of Iranian professional clubs we will find the strong presence of government in professional club management[2].

The results of the research in the countries with low revenue suggest that the success of privatization involves creating a suitable medium in which the private sector is able to act in those circumstances. Creating such medium involves macro-economic reform, improving the legal framework, reinforcing the financial system, lifting the barrier for competition and deregulation from market and services. Ramamurti (1999) considers the economic stability, economic freedom and deregulation as inseparable conditions for a successful privatization plan [7]. Amess and Robert (2007) studied the effects of privatization on productivity in 2164 corporations from the manufacturing companies in Poland, and after three years of privatization witnessed a 3% to 20% increase in productivity[8].

Privatization of sport is of high importance in the western and developed countries. One of the most important reasons for this issue is the economic importance of sport and healthy entertainment[9]. Hamil et al (2003) studied the cooperative managing system of the clubs and suggested that this structure caused many clubs introduce themselves as quite professional ones[10]. The cooperative management of the clubs creates a relation between managers, stock holders, CEOs and other partners of the company and finally each stock holder has his own share. Also, this kind of club management in England lead them reach their main goal (commercial accomplishment and sport accomplishment)[11]. Halt (2007), studied the nature European clubs and analyzed the changes in their nature. He showed that managing the clubs as stock structure has been replaced with the traditional and old structure of the clubs, and this trend is increasing in Europe[12]. Management of clubs as commercial companies can be considered as a solution. This study suggested that management of clubs as cooperative led to improvement in the criteria for managing clubs and also the club was able to make more profit through transparency of its financial and management information, since the financial supporters and sponsors give more financial support to the clubs which has clear and transparent information[13].

With the entrance of the clubs to the fields of commerce, the inclination of capital owners to investment is accelerating in this flourishing industry. In such circumstances, using the new, professional and securer methods in the management of clubs and observance of the rights of investors has been more and more inevitable. But this issue must be examined with regard to the experience of other countries and familiarity with the manner of possession, supervision, management, the quality of financial performance of sport clubs and the present dominant system of the country sport. Using these methods and taking special measures concerning high income and decreasing the club expenses all promise a rosy perspective of sport industry in future.

According to the principle 44 of the constitution law, the government should pave the way for privatization and alienation of clubs to non-governmental sector, that is, there should be measures to reduce the involvement of the government. The government should pay special attention to the non-governmental sector and take serious measures in this regard. But is there the possibility of alienation to the cooperative sector or establishing the governmental clubs active in professional sport as corporation? Why is lack of development in sports cooperative companies in Iran?

METODOLOGY OF RESEARCH

This research is qualitative research. This kind of data are used to describe the conditions surrounding a phenomenon (the subject and categories of the research), with the help of qualitative data it would be possible to theorize about the relations between categories under investigation and the structures there to[14].

To carry out the research, the theoretical bases and the background of the subject have been examined referring to information available in internet bases, books, magazines and different publications. Then after qualitative interviews with elite and specialists in the subject, the significant barriers present for development of sport cooperative was identified in the professional sport.

It should be mentioned that, concerning the theories of qualitative researches, the analysis and encoding have been carried out along with performing the interviews, in such a way that the analysis of each interview along with previous finding served as a guide for interview and a criterion for the selection of the next individual. Performing qualitative interviews continued to the theoretical saturation level. Then the identified barriers were grouped within categories and presented separately. In the next stage, the views and strategies of the participants were grouped completely, and finally the data were analysed.

The statistic population includes the university instructors and members of faculty boards in the field of economics and sport management along with senior executives of the physical education department and the

national Olympic committee, directors of federations and the managing directors of sport clubs active in professional sport, members of economic and sport commission in the Islamic Consultation House familiar with the current professional sport issues and other specialists and executives in the sport society of the country during the fourth five-year plan time period (2000-2010). Also in order to have the comments of elite and specialists we welcomed the famous people in privatization and private club management.

Based on studies carried out, the sampling has been carried out which provided the opportunity to collect the relevant data on the subject. In general and with the observance of all the conditions mentioned, in the present study the opinion 26 people has been used within 35 interviews (some people were interviewed more than once), and when the subject was saturated the process of data collection ended. Table 1 shows the number and diversity of interviewees based on social and job position.

To analyze the data the logical inductive method was used for the conceptualization and theorization. This process was in this order[15]:Carrying out of interviews and editions, Encoding the comments, Classifying the comments in the identical conceptual groups, Interpretation of the concepts coming from the research, Combination of concepts and conclusion, Comparison of the results with that of other studies.

RESULTS AND FINDINGS

After interview with elite and specialists and analysis, the barriers in the development of sport cooperatives in professional sport were identified and grouped. In this stage, 19 barriers were identified. Then some cases were omitted, and totally 13 barriers which held more consensus had more focus coefficient, and identified as the most important barriers for the development of sport cooperatives (table 1).

Table1: Important barriers for the development of sport cooperatives
The identified barriers
Various and contradictory rules in cooperatives
Disfunction of the cooperative rule
Lack of grounds for the activity of private cooperatives
Interruption of tasks the ministry cooperation with that of unions and executive affairs of cooperatives
Lack of clear-cut rules in the practice of sport cooperatives
Weakness in the structure of governmental cooperatives
The problems from weakness in the structure and service method of the cooperative fund
The exclusive look of government in control and management of governmental cooperatives
Lack of clear-cut definition of the possession of governmental clubs
Individual-oriented culture, incompatibility of the culture of individuals in organizations
Lack of the culture of cooperation and partnership possession in professional club management
Disregarding the profit-making and incapability of cooperative sector compared to that of private sector
Lack of trust of some specialists and experts to the efficiency of cooperative in professional sport

DISCUSSION AND CONCLUSION

The principal barriers identified in the path of development of sport cooperatives have been presented in table 1. These barriers can be divided into two general groups: the first group includes the barriers in the cooperation sector in general which is present in the whole structure of the economy of the country. The second group concerns specially the development of cooperatives in professional sport.

One of the most important barriers in the development of cooperatives is the dysfunction of the rules relevant, as mentioned in the interviews with elite and specialists, such as the dysfunction o cooperation rules, various and contradictory rules in cooperatives, no ground for the activity of private cooperatives.

Nekouei et al (2010) studying the factors effective in the development of cooperatives focused on the rules and regulations ruling the cooperatives which were divided into two groups: the intra-organization rules and regulations including the rules stipulated in the constitution passed by assembly which received attention as a powerful software factor I the accomplishment of cooperatives, and the cooperative is required to observe it. The extra-organization rules and regulations include all current rules and regulations of the cooperation sector which are made within notes and legal materials on the part of governmental systems supervising companies and unions [15]. AminiEsmaeili (2009) suggested that the most important factors to be considered as the structural factors I the development of cooperatives are the rules and regulations ruling the cooperatives which ,directly and indirectly,affect the kinds of activities in the cooperatives and the way the members communicate with companies as well as their participation and the cooperative transactions with government [16].

The results of the present research indicated the weakness an disfunction in the rules relevant to cooperatives as the barriers in the development of cooperative, which is consistent with that of Nekouei et al (1388) and Amini and Esmaeili (2009). This was mentioned in the requirements of the general policy of principle 44 of the Constitution Law, and this requires amendment of the rule of the fourth plan, rule of cooperative sector and other rules and regulations which act according to the rules and take measure for amendments and reviews.

These legal dysfunctions and shortcomings are followed by problems including the interference of the duties of the ministry of cooperation with that of unions, and also the interference of ministry of cooperation in the executive affairs of cooperatives, and lack of grounds for the activity of private cooperatives.

Benturaki (2000) considers the interfering policies of government, breaching the principal rules of cooperation, the underdeveloped rules of cooperation, lack of independence, absence of democracy, incapability of the members and absence of efficient organizational structure as the reasons for the failure of cooperatives in Tanzania. He thinks that the success and accomplishments of the cooperatives are subject to developments in leadership and modifying the role of government and believes that with the modification of leadership and unions the efficiency increases, and so this is the condition to success in the social and economic development. He considers the role of government, making modern rules for cooperatives, training course for the members and leaders of cooperatives, promotion of cooperatives and people participation plans in cooperatives from among the effective factors in the success of cooperatives [17].

Nekouei et al (2010) also suggested that in developing countries and especially Iran due to inadequacy of information level and cooperation training in public as well as lack of proper and adequate financial source to provide for the basic requirements and of needed capital for cooperation, it is not possible to pave the way for the generation of auto active cooperatives, and of course this should not be an obstacle for the decision making of people and managers of cooperative and prevent them from participating in social activities[15]. The findings of Benturaki (2000) and Nekouei et al (2010) indicate that basically the independence of cooperatives and their being independent from government are from the conditions necessary for the development of cooperatives. So it is suggested that along with the modification of cooperative structure, the conditions for the foundation of private cooperatives especially the sport ones to be provided.

In addition to the weakness and dysfunction of the rules relevant to cooperatives, other identified barriers in the way of development of sport cooperatives are the absence of clear-cut rules and regulations on the activity of sport cooperatives as well as absence of clear definition of the possession of cooperative clubs. The rules concerning professional club management in the country are out of date. The current rule to establish sport clubs was passed by the Islamic Consultation House in 1369. By law for this rule was formulated in 1992. This rule was a start for the revival of the activities of club management in the country. But it remained intact so far, thus attention to the current issues such as partnership or cooperative possession is needed. In addition, according to the fourth plan of development, it was predicted that at the end of the plan 100 percent of the professional sport activities is alienated to the private sector. Therefore we can see that even based on the plan no position was considered for the cooperation sector and basically having the rules and conditions present in professional club management, still no clear and transparent definition of the company or cooperative possession was presented.

The problems from weakness in the structure and the method of presenting services of cooperative fund of the country resulted in creating obstacles and barriers in the development of cooperatives and specially sport cooperatives. Most of the people established cooperatives with the aim of getting loans, and less attention was paid to the higher goals of cooperatives. Abbasi and VazifehShenas (2009) also reported that from the point of view of elite the most important weaknesses of the cooperative fund of the country include too much bureaucracy to get facilities from the fund, absence of professionals in examining the plans, improper organizational structure, sluggish transactions of credits between funds and banking system, incredibility of transaction papers of the fund in banking system and in other financial institutions[16]. Some researchers, examining the effective factors on the accomplishment of cooperatives, believe that there was poor interaction concerning the credits (loan paid to companies), in such a way that today after 40 years the credits still stand within the capital of people or lower than expected [15]. Of course, by turning the cooperative fund into the bank of cooperation development, it is expected to lift some barriers and obstacles thereto.

According to Saeedi (2009) the cooperation sector in the country did not grow perfectly, and its formation was not complete from the beginning [1]. Furthermore, the exclusive attitude of government in control and management of governmental cooperatives and weakness in the structure of the governmental cooperative are considered as the most important barriers for the development of sport cooperatives. Management is a factor which is undoubtedly has effective role in the success of an institution. The effect of competent, experienced and influential managers is not deniable in the success of cooperatives [15]. The results and findings of the research, can be an evidence to the effect that the weakness of the cooperative originates from the lack of adequate training on production activities is the reason why the rate of development is so slow[16]. Studying the present condition of the big industrial workshops in terms of cooperative, private and governmental and comparing their efficiency showed that the average efficiency in cooperative and private sectors the practices thereto are almost the same, because the private workshops have almost identical conditions, and the condition for them is not in such a way that some enjoy the strong support from government and others not. But this condition is not true for the cooperation sector especially governmental sector, because they can enjoy some government supports, bank loans, etc[17].

Disregarding the profit making and incapability of cooperative sector comparing to private sector are from the kind of obstacles experts mentioned as barriers in the way of development of sport cooperatives. Tajgardan (2009) in his research suggested that the cooperative sector has not clear and definite position in the economy of the country, and if it is assumed that the general policies of principle 44 of the Constitution Law to be carried out

based on the plan and correctly, investment in cooperative sector and increase in the fixed properties of this sector should amount to at least 30% out of the total properties of the country within the fourth and fifth plans of development, and finally in 1394 the contribution of the cooperative sector in Gross Domestic Product would reach to 225 percent [2]. Thus, we can see that in the present condition the cooperative sector in the field of economy and especially competition in professional clubs is not able to rival and compete with other sectors (either governmental or private).

Not believing the efficiency of cooperative sector in professional sport on the part of some experts and specialists is considered as one of the barriers in the development of sport cooperatives. The financial and economic ability of each unit of cooperative is likely considered as factors effective in generating power to risk more, increase in flexibility and the ability to compete in the market and serving the members [16]. Sexton & Iskow (1993) examined the financial practice of cooperatives and the ones owned by investors to see how the structure of cooperatives affect the financial practices such as profit making, capital structure, liquidity and property efficiencies. They provided evidence that the cooperatives comparing to those with investor possession because of Agency Problems are not sufficiently efficient. They showed that cooperatives compared with investor possession ones can economize their expenses by carrying out intra-organization transactions and making use of better information [17]. The results of the research of Sexton & Iskow are consistent with that of the present research.

According to SarAabadi (2009), one of the most important means of developing sport cooperatives in community is to be the cultural work, that is, we need to first familiar the thinking of people with this issue so that it is easily accepted by them. If the base for thinking and morality concerning the cooperatives develops in society and cooperationism becomes part of people manner, in that case establishing and developing the cooperatives would not be a difficult task[3]. The results of the present research showed that part of barriers present in developing the cooperatives goes back to cultural weakness, and another barrier or obstacle in this regard is the presence of individual-oriented culture and incompatibility of the culture and spirits of people and organizations with the culture of cooperative.

For several reasons, Iranian people are more looking for non-generative properties than financial ones. The non-generative properties (such as gold and jewelry) resulted in the development of dealership and brokers in the country, so that only 10% of the properties of the country is financial, but in some other countries, the proportion of financial properties versus real properties is 40-60 respectively, which is an indicative of the institutionalization of the culture of stock holding in the country.

Absence of the culture of cooperation and cooperative possession in professional club management is another barrier in development of sport cooperatives. The cooperative possession in professional club management of the world is common and credible, the best example of which can be seen in Japan League. The kind of management of the professional football club is in such a way that each club has been registered as a commercial company, but various companies establishing a Consortium have been presented as the sponsors and financial supporters. In fact, these clubs are supported by Consortiums of companies, industries and local factories.

In spite loss making of professional sport in the present conditions, there are few people active as private sector in the professional sport. Except these people, there are other investors who are willing to enter this field, but due to absence of cooperative culture or cooperative ownership they plunge into this by themselves and after a while they quit. In case there is the a cooperative culture, it would be possible to collect people in a unity having common goal, and along with sharing the financial burden they can manage the issues better than ever. In sum, in order to lift the present barriers in the way of development of sport cooperatives, it is suggested that the rules concerning the fields of cooperatives in general and the rules concerning the sport cooperatives in specific to be reviewed and necessary modification to be carried out. In addition, along with model taking from the famous and prestigious clubs of the world, to consider the condition for cooperative possession or ownership in the country, and necessary rules formulated. Since part of the problems and barriers are originated from people's lack of information or inadequate information about cooperatives, it is recommended that measures to be taken to inform the people and to acculturate people in this regard. Also it is necessary for the role of the government to be changed from guardian and interferer to a supporter and supervisor, and the conditions prepared for the participation of private cooperatives.

Definition and institutionalization of value and cultural beliefs consistent with development is necessary for development. Thus, in the path of developing the cooperative sector and promoting people participation, proper policies and measure should be taken to apply the culture of cooperation, which is institutionalized in the religious and national society in Iran.

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