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## ORIGINAL ARTICLE

### The Impact of Privatization on The Performance of Privatized Sports Facilities and Spaces from the Customers' Point of View

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#### EXTENDED ABSTRACT

#### Introduction

Sports programs and activities have various positive effects on society across different dimensions, the most significant of which are the economic effects. The direct economic effects of sports include factors such as the production of sports goods and services, the export and import of sports equipment and goods related to sports disciplines, the development of sports facilities and spaces, tourism, and attracting financial sponsors. The indirect economic effects of sports are seen in areas like promoting public health and reducing healthcare costs. Moline first referred to sports as a profitable and promising industry in 1983; he believed that any sports activity that leads to an increase in the added value of sports goods and services is termed the sports industry (Aghaei Shahri, Memari, and Sa'adati, 2017).

One of the most significant issues confronting economists in recent decades has been the debate over privatization and the reduction of government control (intervention). This phenomenon can be regarded as an organizational transformation process that, if implemented correctly, leads to economic growth, especially in emerging economies, where it is referred to as the 'engine of the economy'.

Our country is also among those that favor privatization. In the context of privatizing sports organizations, several important matters must be considered, including: creating an environment for competition, changing the structure of sports, increasing the quantitative and qualitative efficiency of sports services at all levels, institutionalizing sports in family life, and upgrading the status of championship sports at international levels (Naderian Jahromi, Moslehi, 2015).

One of the goals of privatization is to improve performance; performance is considered one of the important indicators in the study and evaluation of organizations. Some of the most common indicators for evaluating organizational performance include effectiveness, efficiency, innovation, flexibility, and quality of work life. The efficiency and performance of sports venues and facilities include increased safety, provision of creative services, hardware and software development of the facilities, planning and foresight, as well as financial and administrative development.

In Iran, the management of sports venues and facilities is predominantly public, which is directly linked to their allocated budget, most of which face budgetary shortages. One of the ways to overcome the financial problems of sports venues and facilities is to transfer them to the private sector so that, through private sector investment, while disregarding short-term results, they strive for long-term planning to offer competitive sports goods and services in the future.

There is a positive relationship between program quality and behavioral loyalty, motivational loyalty, and investment loyalty. Differentiation is easier and more creative in the private sector. Therefore, addressing the factors affecting the performance of sports venues and facilities from the users' perspective is essential for achieving a dynamic competitive advantage and succeeding in attracting customers. Thus, this research seeks to measure the effect of privatization on improving the performance of privatized sports

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facilities and venues from the perspective of users and customers.

### Mothodology

The present study is applied in purpose and descriptive-survey in data collection method, conducted based on a mixed research approach (qualitative-quantitative). In the qualitative section, the statistical sample included 2 managers, 3 employees, 4 university professors (2 in urban economics and 2 in management), 3 coaches, and 6 customers of private sports clubs in Isfahan city, all of whom were selected purposefully. In addition to the interviews, documents, previous research results, and available Persian and English reference books related to the topic of privatization were used. The quantitative section consisted of managers and experts of the General Directorate of Sport and customers in the year 2022 (1401 Persian calendar). Due to the lack of precise statistical information, 384 individuals were determined as the sample size using Morgan's table. For model development, qualitative content analysis was employed, and for model testing, quantitative descriptive-analytical method of the correlational type based on structural equation modeling (SEM) was used. In the qualitative stage, the interviews continued until theoretical saturation was reached, and through content analysis and coding of the main components, a questionnaire was constructed. Its validity was confirmed by eight experts, and their corrective suggestions were incorporated before distribution among respondents. Ultimately, the questionnaire included 55 items measuring the performance of sports venues and facilities across 7 major indicators, designed using a five-point Likert scale. In addition, after distributing 30 questionnaires among the sample and applying Cronbach's alpha test, the reliability coefficient was found to be 0.84. To confirm construct validity, first-order confirmatory factor analysis was performed for all research variables, where all factor loadings of the final items were above 0.40, and the t-values exceeded 1.96. For data analysis, SPSS software was used to calculate Cronbach's alpha, means, and exploratory factor analysis, while LISREL software was utilized to perform confirmatory factor analysis, path analysis, and to estimate the relationships among latent variables and assess model goodness-of-fit.

### Findings

Before performing the exploratory factor analysis, the preliminary assumptions required for this test were examined. The significance level obtained from Bartlett's test of sphericity was 0.000, which is less than 0.05, indicating that conducting exploratory factor analysis to identify the underlying structure and factor model is appropriate. This result implies that the null hypothesis of an identity correlation matrix is rejected. Furthermore, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.663. Therefore, it can be concluded that the sample size (226 participants) in this study is adequate for conducting exploratory factor analysis.

In order to better understand the causal relationships and the impact of privatization on the performance of sports venues and facilities, path analysis was conducted using the Structural Equation Modeling (SEM) approach in LISREL software. In this study, several indices were used to evaluate the structural model: 1-Chi-square ( $\chi^2$ ), 2-The ratio of Chi-square to degrees of freedom, 3-Non-Normed Fit Index (NNFI), 4-Comparative Fit Index (CFI), 5-Root Mean Square Error of Approximation (RMSEA) and Incremental Fit Index (IFI). The Chi-square value, used to judge the linear relationship among latent constructs, was found to be 1356 at a significance level of  $p < 0.01$ . The ratio of Chi-square to degrees of freedom was 2.78. Based on this criterion, the ratio should fall between 1 and 5 for the model to be considered acceptable. Given that the obtained ratio lies within an appropriate range, it can be concluded that the observed data are consistent with the proposed model. The Root Mean Square Error of Approximation (RMSEA) was 0.086. According to this index, a value of 0.10 or higher indicates poor model fit. Other indices, each reflecting different aspects of the model's goodness-of-fit, are presented in the corresponding table.

**Table 1.** Fitness Model Indicators

Fitness indicators	Estimate	Acceptance range of fitness indicators	Result
Chi-squared ratio to degrees of freedom ( $\chi^2/d f$ )	2/78	Between 1-5	Confirmation
Root Mean Square Error Estimate (RMSEA)	0/086	<0/1	Confirmation
Root Mean Square Residual RMR	0/047	<0/05	Confirmation
Goodness of Fit Index (GFI)	0/91	>0/9	Confirmation
Incremental goodness-of-fit index (IFI)	0/97	>0/9	Confirmation
Comparative Goodness of Fit Index (CFI)	0/93	>0/9	Confirmation
Bentler -Bonnet Index (NFI)	0/91	>0/9	Confirmation

As is evident, all indices of model fitness possess desirable values, thus the factor structure of this research's data has an appropriate fit. Furthermore, based on the software output, the impact of privatization on upgrading the level of public and championship sports has a path coefficient of 0.67 and a t-value of 9.31; financial and administrative development has a coefficient of 0.61 and a t-value of 9.01; management and planning development has a coefficient of 0.55 and a t-value of 7.59; infrastructural and hardware development has a path coefficient of 0.76 and a t-value of 12.41; service quality and satisfaction has a path coefficient of 0.57 and a t-value of 10.10; cultural and social functions has a path coefficient of 0.64 and a t-value of 8.71; and improving the safety and security of venues has a path coefficient of 0.43 and a t-value of 5.92. Considering that the t-coefficient or the significance coefficient for all relationships is greater than 1.96, it can be concluded that all relationships between latent variables and the relationships between latent variables and observed variables are significant. This means that in addition to confirming the influence of the research variables on each other, the model reports the existing relationships as significant.

### Discussion and Conclusion

The research results indicated that the performance of sports venues and facilities has 7 main components: enhancing the quality of sports services, effective administrative processes, effective planning, facilities and hardware, customer satisfaction, social relations development, and finally safety and security. Furthermore, it was found that privatization has a significant positive impact on all 7 aforementioned components from the respondents' perspective. The findings of this research, regarding the impact of privatization on enhancing service quality, are consistent with the studies by Ahmadi et al. (2020), Houlihan (2005), and Mirsadeghi & Sadeghi Boroujerdi (2014). Moreover, in terms of improving effective administrative processes, it aligns with the research by Seyed Ali (2023), Razavi et al. (2018), and Moharramzadeh et al. (2015). Regarding the improvement of effective planning, it is in line with the research by Kamroozman et al. (2010) and Naderian et al. (2015). The component of improving facilities and hardware is consistent with the findings of Mirsadeghi & Sadeghi Boroujerdi (2014) and Hinderson (2016). Also, the customer satisfaction component is aligned with the research by Zhang (2009) and Jafari (2014). The component of developing social relations is consistent with the research by Ruow (2015), Moharramzadeh et al. (2015), and Javanmard & Navabakhsh (2014). Finally, the safety and security component of sports venues is consistent with the research by Hall et al. (2018), Hinderson (2016), and Razavi et al. (2018).

In interpreting the above findings, it can be concluded that given the existence of numerous obstacles and challenges in the public sports facilities and venues sector, undergoing the privatization process presents an economic opportunity for investors. However, for success, investors must guarantee the high performance of privatized facilities and venues. Based on the research results, as a first step, the performance of sports facilities and venues can be improved by promoting a culture and enhancing public participation in sports among the community. This will convert potential applicants for sports goods and services into actual consumers, enabling revenue generation by meeting their needs.

### K E Y W O R D S

Privatization, Customer Satisfaction, Performance of Places, Service Quality.

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