

Privatization of State Sporting Venues in Alborz Province: Requirements and Actions

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Receive Date: 29/Jun/ 2024
Accept Date: 05/July/2024
Published Online: 24/Dce/2025

How to cite
Afshari, M., Mirsafian, H. R.,
Mohammad Hassan, F., &
Esmaeili, M. (2026).
Privatization of State Sporting
Venues of Alborz Province
Requirements and
Measures. *Applied Research of
Sport Management*, 14(3), 33-52.

EXTENDED ABSTRACT

Introduction

Examining access to resources, achieving economic progress, and addressing related challenges has consistently posed a pervasive challenge to humanity, placing economic issues at the forefront of human concern, particularly in the modern era. Among these, privatization, the development of the private sector, and the reduction of government involvement have emerged as critical issues confronting economists and policymakers in recent decades, with the aim of fostering economic prosperity and relieving the state from managing numerous enterprises that the private sector is willing and capable of handling (Welsh & Frmond, 2011). Privatization in the sports industry enables governments to reduce current expenditures, redirecting saved resources toward foundational investments in sports infrastructure (Salatin Eslamiye et al., 2023). Given the extensive structure of government and its current inability to achieve optimal productivity, transferring operational and executive responsibilities to the private sector, under adequate supervision and sound policymaking, offers a principled approach to addressing challenges in this domain. One issue that has consistently attracted the attention of sports experts is the transfer of public sports facilities to the private sector (Mollajafari, 2011). Privatization can be understood as an economic policy aimed at balancing the roles of government and other economic sectors to enhance competition and improve economic and social efficiency (Karamzadeh, 2023).

Sports facilities and venues serve as the foundation for implementing sports activities and programs, with their quantity and quality directly influencing the development and expansion of sports participation across various societal segments. According to statistics from Iran's Physical Education Organization, the per capita sports space is approximately 0.5 square meters, far below the global standard of three square meters per person. Consequently, increased investment in constructing sports facilities not only raises per capita sports space but also promotes public health and reduces healthcare costs (Salari, 2013). The expansion of government services in recent years, coupled with rising public costs and economic pressures, necessitates improved performance in public organizations, including public sports facilities (Rostami et al., 2011). Many sports facilities fully owned and managed by the government face budget shortages, leading to the cancellation or reduction of organized events. As a result, sports organizations, particularly the Ministry of Sports and Youth, have turned to private entities, which

demonstrate superior investment capacity compared to public organizations (Ehsani, 2003). Research indicates that privatization in sports yields positive outcomes, most notably increasing the number of sports, recreational, and training facilities (Moghani, 2015).

In recent years, policies for constructing and developing sports facilities have gained greater attention nationwide, resulting in specialized and multi-purpose venues in most counties. However, the limited per capita sports space remains inadequate to meet diverse societal needs, requiring managers to enhance facility utilization through strategic planning and executive approaches (Olson, 2008), with privatization representing one such strategy. Budget constraints in publicly owned and managed sports facilities highlight the need for incentives to encourage private sector involvement. Evidence reveals that public sports organizations exhibit suboptimal operational efficiency and financial performance, falling short of public expectations. Thus, transferring management to the private sector addresses these issues while fostering championship sports development and expanding facilities and equipment. Despite strong private sector interest in sports facilities, barriers such as an insecure economic environment, high investment risk, lack of serious managerial commitment to privatization, bureaucratic delays, and other factors have hindered progress (Salari, 2013).

The significance of privatization is underscored by its dedication in Article 44 of Iran's Constitution, yet incomplete and improper implementation has deprived the economy of its benefits. Reforming the national economic structure, heavily influenced by global oil dynamics, currency fluctuations, inadequate support for production and employment, and dominance of quasi-private entities, represents an initial step toward effective privatization (Salimi, 2022). In advanced economies, the added value of the sports industry constitutes a substantial portion of gross domestic product, playing a vital role in income generation, employment, recreation, and entertainment (Jones, 2010). Private sector participation in sports can thus drive industry growth amid challenging economic conditions (Michi, 2006). Within public organizations, resistance to privatization policies persists despite official directives, emphasizing that overcoming barriers requires cultural and attitudinal transformation (Karamzadeh & Nasiri, 2023). Achieving broad objectives like implementing Article 44 demands not only constructive strategies but also transparent infrastructure and committed expertise. From a policy analysis perspective, inappropriate linear executive strategies and neglect of alternative approaches contribute to privatization failures in Iran (Torabi & Safarikia, 2023).

International studies further illuminate barriers: Alfandi and Seguin (2016) identified political, economic, social, legal, cultural, and technological obstacles affecting sports business in Egypt. Diejomaoh et al. (2015) found adequate government facilities for select disciplines like football and volleyball but insufficient provision in others. Christopher et al. (2015) concluded that facilities and equipment do not significantly predict sports development in Nigeria. Successful privatization requires complementary economic adjustments, including capital market reforms, banking system modifications, and robust legal frameworks (Panahi et al., 2022).

Karaj, as a developing city, possesses substantial potential for delivering sports services, generating financial profit, and achieving citizen health objectives, with sports facilities serving as essential infrastructure. Accordingly, given Karaj's need to expand sports in alignment with national goals, improving lifestyles, fostering employment, reducing social harms, and recognizing the critical role of infrastructure requiring financial and human resources, the present study examines the current state of privatization in public sports facilities in Alborz Province, identifying barriers, challenges, threats, and opportunities.

Methodology

To precisely elucidate observable and latent aspects of privatization in public sports facilities, while identifying barriers, challenges, threats, and opportunities, an exploratory mixed-methods design was employed. Initially, the qualitative phase involved reviewing theoretical foundations and literature from internet

databases, books, journals, and publications. Subsequently, semi-structured interviews with experts and specialists identified key factors and indicators. In the second phase, grounded theory was applied to construct the proposed model.

The statistical population comprised heads and deputies of sports and youth departments across Alborz Province districts and counties; presidents and vice-presidents (women's section) of sports federations; tenants and coaches in privatized facilities; athletes, champions, and users of rented venues; physical education experts in provincial departments; and specialized university professors holding PhDs in physical education with familiarity in sports privatization. Purposeful sampling targeted knowledgeable individuals, continuing over three months until theoretical saturation was reached with 13 interviewees.

In qualitative research, acceptability, transferability, and confirmability replace traditional validity and reliability concepts. Recommendations by Parker and Pitney (2009) for enhancing acceptability were rigorously followed. Transferability was pursued through repeated interview reviews to extract maximum non-repetitive content. Confirmability was achieved by transparently documenting the entire research process and decisions. Collaborative input from research team members was maximized despite constraints. Credibility followed a seven-stage process: topic selection, question design, expert interviews, coding transcripts, response analysis, result verification, and reporting. Reliability was confirmed through multi-expert review of interviews.

Findings

The paradigmatic model derived from grounded theory reveals privatization of public sports facilities in Alborz Province as the central phenomenon. Contextual conditions were categorized into four primary groups. The first encompasses intra-organizational factors and barriers to public privatization, including financial-economic, legal-regulatory, executive-behavioral components; managerial, environmental, and structural challenges; and restrictions in transfer, management, and execution. The second category involves incentives promoting privatization development, impacting employment and public sports, spanning individual, interpersonal, economic, social, and cultural dimensions. The third addresses influential components of the current privatization status, emerging from market dynamics and statistical indicators. The fourth examines privatization effects on labor markets, unemployment, public sports, and education, prioritized by experts. Intervening conditions represent broader environmental factors influencing strategies, identified as opportunities across five domains: political-legal, macro-management, infrastructure, cultural-social, and economic drivers affecting public sports facility privatization.

Strategies constitute specific actions or interactions deriving from the central phenomenon, shaped by contextual and intervening conditions. Proposed strategies address internal and external threats while leveraging opportunities within the sports and youth administration. These are structured across four levels: Level one targets improving the current privatization status of public facilities; levels two and three focus on mid-level interventions tackling barriers and threats; level four encompasses macro-policies exploiting opportunities in the sports administration domain.

Consequences represent outcomes from strategy implementation under internal and external conditions. Five primary codes emerged: increased statistics of privatized public facilities; purposeful privatization of public venues; expanded space for sports investors; enhanced organizational processes for privatization; and strengthened decision-making capacity in dynamic environments.

The paradigmatic model visually integrates these components, illustrating relationships among causal conditions, context, interventions, strategies, and consequences.

Discussion and Conclusion

In advanced countries, the sports industry's added value significantly contributes to gross domestic product, driving income, employment, recreation, and

entertainment (Holt, 2007). However, Iran's sports sector presents a contrasting reality. Omolawon and Ibraheem (2005) found 92% support for sports privatization among athletes, managers, and philanthropists. Tomaru (2007) argues privatization reduces productive efficiency but enhances social welfare. Zhang and Zhang (2009) view privatization as elevating economic and social welfare in sports facilities. In Iran, transfers to quasi-governmental entities are classified as privatization layers, yet evidence shows state-owned companies underperform compared to private counterparts across numerous metrics (Yarahmadi & Sadeghi Shahdani, 2023). Tsamenyi et al. (2010) assert privatization improves services, customer satisfaction, staff training, and productive efficiency.

Privatization has not fully materialized in Iranian sports due to insecure economic conditions, high investment risk, restricted foreign investment, managerial reluctance, bureaucratic delays, multiple decision centers, and imbalanced inter-organizational relations (Elahi, 2008; Elahi et al., 2009; Ahmadi, 2007; Padash, 2009). Conditions elevating privatization importance include sports' societal sensitivity, national privatization seriousness, public management issues, dynamic international environment, positive privatization impacts, and existing sports privatization constraints.

Overcoming public sector challenges increasingly favors private transfer. The private sports sector can significantly contribute to public and championship sports development, employment generation, and enhanced facility utilization. Public sports facilities currently exhibit suboptimal operational and financial performance, failing public expectations and facing budget deficits that reduce services and events (Ahmadi et al., 2007). Sports organizations thus seek private partnerships for superior investment (Zare et al., 2015). Public facilities in Alborz Province similarly require privatization attention, driven by sports importance, privatization seriousness, public ownership, constraints, and positive impacts.

Successful privatization yields substantial benefits: reduced government involvement, aligning with policies promoting public administration; alleviated financial burden through private coverage of operational costs (salaries, insurance, utilities); revenue generation and sports economic growth via taxes and dedicated returns; functional development, redirecting public administration toward expertise in planning, education, supervision, and evaluation; and employment opportunities, as sports industry growth creates diverse jobs (Asgarian, 2005).

Contextual conditions influencing strategies include intra-organizational barriers (financial-economic, legal, executive-behavioral), challenges (managerial, environmental, structural), and restrictions (transfer, management, execution). Incentives span individual, interpersonal, economic, social, and cultural realms impacting employment and public sports. Market and statistical factors shape current status.

Intervening opportunities encompass political-legal, macro-management, infrastructure, cultural-social, and economic domains, consistent with Ghanbari Firouzabadi et al. (2011) ranking political factors highest for foreign investment in Iranian sports facilities.

Four-level strategies address current status improvement, barrier/threat mitigation, and opportunity exploitation via macro-policies. Consequences include expanded privatized facilities, purposeful processes, investor attraction, organizational enhancement, and adaptive decision-making.

Global changes, expanded public services, rising costs, and economic pressures necessitate improving public organizations like sports facilities for national sports development. Private transfer offers widespread support for overcoming public sector issues. To advance privatization in Alborz Province, intra-organizational barriers and restrictions must be addressed, followed by challenge pathology, incentive development, market analysis, intervening factor consideration, and strategy implementation yielding societal benefits.

Overcoming barriers requires cultural transformation; government must trust private efficiency, foster acceptance through media, promote social commitment, and engage stakeholders while persuading opponents. Clarifying decision-maker authorities reduces multiple centers and bureaucracy. Restructuring facilities

currently controlled by non-sports entities advances goals.

International evidence (Diejomaoh et al., 2015; Christopher et al., 2015) highlights government limitations in facility provision. Successful privatization demands supportive macro-policies avoiding post-transfer challenges that deter investors.

Weak supervision post-privatization risks stagnation; comprehensive oversight clauses and localized facility grading systems ensure transparency in pricing and performance. Authorities should minimize involvement via diverse methods, asset return, direct sales, management/employee buyouts, share distribution, commercialization, contracting, service agreements, management contracts, leasing, public-private partnerships, joint ventures, and build-operate-transfer models, drawing from advanced nations to activate dormant or underperforming facilities.

KEY WORDS

Privatization, Public Sports Facilities, Paradigmatic Model, Sports Infrastructure, Private Sector Participation

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