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## ORIGINAL ARTICLE

### Privatization of Iran's Sports (Threats and Opportunities) Looking at the Future\*

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## EXTENDED A B S T R A C T

### Introduction

The achievement of positive economic outcomes, such as increased efficiency and productivity, reduction of budget deficits, job creation, and improvement in the quality of goods and services, as the most significant results of the public sector downsizing process in national economies, has led governments to pursue structural reforms and re-engineer their national economies with a new perspective. These governments seek to transition from a state-centric economy to one based on market mechanisms. By delegating tasks that the private sector is capable of performing, they aim to expand the operational scope of this sector, positioning themselves as supervisors, controllers, and guides. By creating a healthy environment and a suitable platform for the activities of existing enterprises in this sector, they facilitate the comprehensive development of their country. Privatization-the transfer of duties, activities, and organizations from the public sector-is a political-economic action aimed at reducing the size of the state and enhancing the efficiency of economic enterprises.

It is rare to find a country that does not have a privatization plan in place. In our country, following the revolution and a trend towards nationalizing affairs, many industries and factories were confiscated and nationalized, thereby further increasing the size of the state. However, post-war, the inefficiency of many state-owned economic enterprises, their continuous losses, and the financial burden they imposed on the budget compelled the government to adopt a privatization policy. The privatization program in Iran commenced with the First Comprehensive Economic, Social, and Cultural Development Plan (approved in 1386 SH [2007/2008 AD]) through the transfer of ownership of certain state-owned companies. The objectives of privatization differ based on the specific economic characteristics and standing of each country. All countries that have engaged in privatization share the primary goal of improving the overall economic situation and conditions. Alongside this main objective, other goals may also exist, which include: increasing productivity and national output, enabling the government to access private sector financial resources, encouraging competition, enhancing national welfare and the efficiency of economic activities, saving government expenditures, stimulating the capital market, expanding the culture of participation in the country, absorbing liquidity, and establishing a balanced system for income distribution among various segments of the population.

The complex and diverse relations in the areas of management, trade, economics, attracting foreign investment and new technology, the possibility of integration with the international economy, and so on, are predicated upon strengthening the "Supervising State" and reducing the role of the "Executing State." The research results showed that there are significant differences in most of the variables analyzed (regional level, number of users, tuition revenue, extraordinary revenue, total revenue, monthly revenue per customer, and

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average monthly tuition) between public and private sports facilities and between their business models. Finally, they suggested, this study provides relevant information for those working in the field of sports venue management, allowing them to perform benchmarks and understand that their improvements in sports venue management are dependent on their ownership and their business model.

### **Methodology**

The statistical population comprised the **heads and experts of sports facilities** under the Ministry of Sports and Youth of the Islamic Republic of Iran. The implementation method for this research was a **mixed-methods approach** (qualitative and quantitative). In the qualitative section, an **open-ended questionnaire** and the **Grounded Theory method** were employed. The sampling process involved selecting sports complexes that host a greater diversity of sports disciplines compared to other facilities owned by the Ministry of Sports and Youth. Initially, the demographic characteristics of the statistical sample were described. Subsequently, the **Friedman test** was utilized to rank the identified opportunities and challenges. Furthermore, the validity and reliability of the extracted components were assessed using **Factor Analysis** and **Structural Equation Modeling (SEM)**.

### **Findings**

Qualitative part of the research: The central factors include the challenges of privatization in Iranian sports, the opportunities of privatization in Iranian sports, and the various areas of privatization in Iranian sports. The first central factor, namely the challenges of privatization in Iranian sports, includes six categorical factors including legal and legal challenges, managerial and structural challenges, economic and financial challenges, cultural and social challenges, international challenges, and infrastructure and technological challenges. The second central factor, namely privatization opportunities in Iranian sports, also includes six categorical factors: legal and legal opportunities, managerial and structural opportunities, economic and financial opportunities, cultural and social opportunities, international opportunities, and infrastructure and technological opportunities.

The third pivotal factor, namely the various areas of privatization in Iranian sports, has six categorical factors: privatization of sports clubs, privatization of sports venues and facilities, privatization of sports events and competitions, privatization of education and research in sports, privatization of production and trade of sports goods, and privatization of media and information technology in sports. Also, the most important open codes for each axis are as follows. The challenges include: the interference of regulatory and security institutions in the privatization process, the existence of monopolies and rents in some sports disciplines, the prohibition of subsidies and government assistance to professional sports, the high concentration of decision-making and the lack of sufficient delegation of authority, the strong dependence of professional sports and championships on government funding, the dominance of Championing and medaling in the country's sports, international sanctions against Iranian sports, and the lack of standard and multi-purpose sports spaces and venues. In the context of opportunities: tax and customs exemptions for investment in sports, anticipation of arbitration mechanisms and dispute resolution in contracts, increasing motivation and productivity of human resources by improving the payment system, creating new job opportunities and reducing unemployment, introducing successful sports figures as role models. Social, increasing public demand for improving the quality of sports services, building modern and multi-purpose sports complexes with the participation of the private sector. In terms of areas: Transferring ownership of Esteghlal and Persepolis clubs, reforming the legal and ownership structure of clubs within the framework of Article 44, participating with the private sector in the construction and completion of unfinished projects, privatization of national teams in some selected disciplines, outsourcing the management of high schools Sports to the private sector, supporting theses and research projects related to sports, granting tax and customs exemptions to exporters of sports goods, issuing licenses for private sports television networks, and utilizing the capacity of knowledge-based companies in making sports smarter.

### **Discussion and Conclusion**

This study was conducted with the aim of identifying and prioritizing the challenges and opportunities of privatization in Iranian sports. Privatization in sports is presented as a crucial strategy for sustainable development and enhancing the quality of sports services. However, the privatization process in Iranian sports faces numerous obstacles and challenges, while simultaneously presenting valuable opportunities. Therefore, an accurate understanding of these challenges and opportunities, along with determining the main priorities, plays a significant role in effective policymaking and planning for successful privatization in the country's sports sector. The findings of this research revealed a wide

spectrum of challenges and opportunities confronting privatization in Iranian sports.

In the dimension of challenges, issues such as legal and juridical deficiencies, managerial and structural weaknesses, economic and financial constraints, cultural and social barriers, international challenges, and infrastructural and technological shortcomings were identified. Conversely, in the dimension of opportunities, elements such as legal and juridical capacities, managerial and structural capabilities, economic and financial advantages, cultural and social prospects, international openings, and infrastructural and technological potentials were enumerated. The results obtained from prioritizing the challenges indicated that Legal and Juridical Challenges, Managerial and Structural Challenges, and Economic and Financial Challenges ranked first through third in terms of importance, respectively. This finding suggests that legal gaps and shortcomings, inappropriate management structures, and financial and economic limitations are the most significant obstacles facing privatization in Iranian sports. Consequently, reforming laws and regulations, revising management structures, and securing sustainable financial resources must be prioritized in the sports privatization programs. Furthermore, the results of prioritizing the opportunities showed that Infrastructural and Technological Opportunities, International Opportunities, and Cultural and Social Opportunities are the most significant prospects ahead of privatization in Iranian sports. This finding demonstrates that developing sports infrastructure with private sector participation, leveraging international capacities, and enhancing the culture of participation and teamwork in society can pave the way for successful privatization in the country's sports.

Therefore, sports policymakers and planners must activate these valuable opportunities by adopting appropriate approaches. Another significant finding of this research was the identification and prioritization of the various contexts/domains for privatization in Iranian sports. The results showed that the privatization of Sports Media and Information Technology, the privatization of Production and Trade of Sports Goods, and the privatization of Sports Clubs are the most important domains for privatization in the country's sports, respectively. This indicates that the media, technology, production, trade, and club management sectors possess greater capacity and attractiveness for private sector involvement and should be prioritized in divestment and privatization plans.

In conclusion, the results of this study offer valuable achievements for policymakers, managers, and researchers in the field of sports. Identifying and prioritizing the challenges and opportunities of privatization can provide a suitable basis for formulating effective strategies and operational plans toward achieving effective privatization in the country's sports.

Moreover, determining the prioritized domains for privatization enables the optimal channeling and allocation of resources. However, achieving this goal necessitates serious commitment and resolve from officials, active participation from the private sector and civil institutions, and continuous monitoring and evaluation of the privatization process in sports. Overall, the results of this research showed that despite the existence of many challenges, there are also significant opportunities for privatization in Iranian sports. Identifying and exploiting these opportunities requires a comprehensive and coordinated approach by all stakeholders and key players in the country's sports system.

## KEY WORDS

Privatization in Sports, Threat, Opportunity.

