

## Studying the income sources of Isfahan football clubs with entrepreneurial approach

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### Suggested Citation:

Salehnia, B. & Nasrabadi H. H. (2019). Studying the income sources of Isfahan football clubs with entrepreneurial approach. *New Trends and Issues Proceedings on Humanities and Social Sciences*. [Online]. 6(7), pp 042–046. Available from: [www.prosoc.eu](http://www.prosoc.eu)

Selection and peer review under responsibility of Prof. Dr. Jesus Garcia Laborda, Alcala University

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### Abstract

The present study investigated the income sources of Isfahan soccer clubs with an entrepreneurial approach. This research is applied in terms of purpose and nature and uses the qualitative method and content analysis. The statistical population of this research includes all experts and experts on the requirements and methods of income generation of football clubs (including football club managers, sports management professors and economists and management professors), of which 30 are goal-oriented and the snowball method was selected as a sample, and interviews were used to collect the data. For this purpose, a researcher-made questionnaire was prepared, and the Friedman test and correlation analysis of variance–covariance matrix were used. The research showed that all three research hypotheses were approved. The revenues from football clubs in Isfahan province with the entrepreneurial approach of various aspects were determined, and ticket prices on the income of football clubs of the entrepreneurial approach are effective and broadcast on the income of football clubs of the entrepreneurial approach is effective.

**Keywords:** Income sources, football clubs, Isfahan province, entrepreneurship.

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## 1. Introduction

At present, healthy sports and leisure in developed countries is considered as an important industry and an influential factor in the growth of the national economy and is one of the most profitable industries of the 21st century (Askarian, 2004). The growing tendency of the people to exercise sport and the need to consume sporting goods and services has led the sports industry to experience a significant income-generating trend and to make a significant contribution to the economy of the country (Ramazani, 2008). The big sports competitions have provided the opportunity for media propaganda opportunities, which in itself has created the necessary framework for interaction between the industry and the sports trade. Football is a major part of the sports industry in the world and has had a profound impact on the sport and society of the world economically, socially and culturally. In 2014, Jason announced a statistic of more than 265 million footballers. The ECA has projected a turnover of € 25 billion for the European football industry in 2015 and 2016, so today football has all the necessary elements. Although the economic and industry implications for monetisation of football are not limited to hosting major international tournaments such as the World Cups, in many countries, the organisation of professional leagues and the professional football club industry has led to a favourable economic growth and development in their football industry. In countries such as Spain, England, Germany and Italy, clubs operate as an economic machine that generates millions of dollars annually (Rezai et al., 2015). Naqdi et al. (2013) stated that clubs are the most important part of the football industry and the survival of the football industry depends on the continued life of the clubs (Naqdi et al., 2013). UEFA European Football Association 2016 has announced the value of the Manchester United football club in England in excess of € 2905 million. Along with the growing interest in the sport, there have been a lot of changes in the clubs, so that professional football in recent years is not comparable to the past. Multi-million dollar deals for player transfers, sponsors with big funds and buying and selling club logo items, and multi-hundred million dollar deals around the globe and gaining huge revenue from television broadcasting. Competitions, club listing and so on have all played an important role in the economic development of soccer in many countries. So the sport of football has become more economic than any other era, and the clubs have relied more on money than ever.

One of the primary requirements for income generation and sustainable economic development of football clubs in the countries of origin is the registration of these clubs as business entities such as other companies and enterprises. Registered businesses, on the one hand, will be free to operate as an independent entity of the state economy and on the other hand, they will have a legal personality. The commercialisation of soccer clubs involves a series of technical, economic and financial activities that, in the light of the club's commercial registration as a business, become legal and follow the rules of business (Rezaei, 2016). This process also makes the original game football product more easily accessible to the end-user of the service. Rezaei (1395) in the book *Economics of Sport, Leisure and Tourism* includes the most important revenue-generating components of the football industry: financial support and advertising, ticket sales, sale of club commercial products, investment income and value-added income. It is the right of television broadcasting and betting. Also, Stephen Moreau (1999) in his book *The New Business of Football* mentions many of the major changes that football has made over the past decade, which have led to the industrialisation and commercialisation of football including stock market, the presence of satellite TV for football recordings, the existence of large capital stocks, the emergence of a new type of football in the field of football, the increase in profits from the sale of professional club products, the globalisation of the transfer market, football players, the creation of ticket agencies to pre-sell football match tickets birth of the entrance ticket price of football stadiums, huge bonuses awarded to players and travelling in the courts to protect the rights of the player and the club. According to economic theories, increasing demand will increase income. The main element of demand in football is the spectators. Therefore, it can be argued that increasing demand or spectators can increase revenue in football. Spectators and fans of football are the most important contributors to make money in football, so identifying the factors that influence the audience's presence and reinforce them and eliminate weaknesses. Attracting viewers will increase

demand for football. In the UK, there has been widespread fans support (Torabi, Victim, Bagheri & Tarighi, 2015).

It is also possible to examine the relationship between demand and income in football, and the relationship between spectators and income. Spectators' effects on football revenue are both direct and indirect, such as buying tickets, donating to the club, paying club memberships, buying club stocks and buying club logo products and services. Audiences also indirectly play a major role in boosting sponsors' income and broadcasting rights.

## 2. Methodology

The present study investigated the income sources of Isfahan soccer clubs with an entrepreneurial approach. In terms of purpose and nature, this research falls into the category of applied research that is the application of the theories, rules, principles and techniques that are formulated in basic research to the solution of real and executive problems, and since the results of this, the research can help the Isfahan football clubs' income sources with the entrepreneurial approach so it will be one of them. The statistical population of this study will consist of all experts and experts in the requirements and methods of monetisation of football clubs (including football managers, sports management professors, economists and management professors). Gathering the collective views of two experts in the field of commercialisation of football clubs, football club managers, physical education and non-physical education professors and Ph.D. students in sports management (30 people with the purpose-based and bulletproof method), snow samples were selected. Interviews are generally used to collect data. First, with the help of studying library documents and information sources, websites and databases, books and articles, theses and English and Persian dissertations, the sources of income of football and entrepreneurship clubs are examined. Accordingly, general (semi-structured) questions about the income sources of Isfahan football clubs were interviewed with the entrepreneurial approach based on qualitative data collection. Since interviewing tools can be used as a source of income for managers of Isfahan football clubs themselves, interviews have been used as the main data collection tool in this study. Thus, in the form of a semi-structured in-depth interview, the interviewee will have the opportunity to describe, without limitation, how he or she perceives, practices and behaves. Since in the qualitative phase of this study, focus groups and semi-structured interviews were used for data collection, therefore, the coding method was used to analyse the data. The following seven steps were taken in the qualitative data analysis: 1 – Data review, 2 – Compiling coding guidelines, 3 – Organising data, 4 – Classifying data, 5 – Open coding, 6 – Axial coding, 7 – Compiling qualitative data analysis report. The process began by examining the verbal statements of the interviewees in the form of objective contexts, metaphors and concepts and repeatedly came up with basic concepts and categories. In fact, after reading the text of each interview, the sections that could be considered as a basic code according to the research questions and research goals were selected and considered as the basic concept. In the following, the basic concepts in the upper class that is subscribed are defined as components of the sources of income of Isfahan football clubs with the entrepreneurial approach. In other words, with the inductive approach, the concepts were identified and classified according to the theoretical framework. In quantitative research, descriptive and inferential indices (such as mean and standard deviation) were used for data analysis. Mean and standard deviation were used to describe the biographical characteristics of the participants and test data, and the Kolmogorov–Smirnov (K–S) test was used to check the distribution of data. In the statistical inference stage, Friedman's test will be used to compare the mean scores and to examine the effect of each factor on the sources of income, the variance–covariance matrix correlation will be used. Excel software was used to plot the data and SPSS 21 software was used for data analysis.

## 3. Results

Table 1 shows prioritising the sources of income of Isfahan football clubs with the entrepreneurial approach.

**Table 1. Friedman’s test of income resources of Isfahan province football clubs with the entrepreneurial approach**

میانگین رتبه	منابع	ردیف
9.90	Obtain loans from credit institutions and banking system of the country	1
9.88	Transfer of players to clubs	2
9.70	Earnings from Club and Sports Teams Annual Membership	3
9.40	Proceeds from the Club 9.40 Sports Permit	4
8.97	Ministry of Sport and Youth Affairs donations to clubs	5
8.57	Public and Private Partnership Contracts	6
8.33	Financial Contracts and Sponsors	7
8.13	Community grants such as the Asian Confederation and the World Federation	8
7.78	Stock sales earnings on the stock exchange	9
7.47	Football School Income	10
6.77	Shirts Income	11
6.73	Income from sports rights such as television broadcasting and commercial advertising	12
6.17	Right to broadcast matches	13
6.13	Advertising	14
6.07	Sale, Books, Leaflets, Photos, Slides, Videos, Articles and Sports Publications	15

According to the results of Table 1, one of the main indices of borrowing from credit institutions and the banking system of the country, due to the highest average rating, is the most important area of sales, books, pamphlets, photos, slides, videos, articles, and sports media is one of the least important sources of income for Isfahan province football clubs with the entrepreneurial approach.

#### 4. Conclusion

In quantitative research, descriptive and inferential indices (such as mean and standard deviation) were used for data analysis. Mean and standard deviation were used to describe the biographical characteristics of the participants and test data, and the Kolmogorov–Smirnov (K–S) test was used to check the distribution of data. In the statistical inference stage, Friedman's test will be used to compare the mean scores and to examine the effect of each factor on the sources of income, the variance–covariance matrix correlation will be used. Excel software was used to plot the data and SPSS 21 software was used for data analysis. Rezaei et al. (2015), in a study of the approach and sustainable economic development of clubs in the countries that own football, registered these clubs as commercial banks and commercial institutions. The results showed that the government is the most important obstacle to the commercialisation of football clubs. Cash et al. (2013), in a study examining the economic factors affecting the income of football clubs, found that media broadcasting has the most impact on world club income. Based on the background, it is clear that no study has examined the sources of income of Isfahan clubs with the entrepreneurial approach, so this study is required.

Mehrabani (2012) in his research does not consider the main cause of underdevelopment of the Iranian financial market as not using new financing instruments, but rather the inappropriate organisational structure and the absence of corporate governance standards. Of course, the economic issues of the country, laws and regulations, cultural and religious issues can be influential in this regard. In his research, Rajab (2006) analysed the situation of financing in different countries of the world as well as its analysis in Iran in the field of industry and concluded that companies located in

developing countries compared to their counterparts in developing countries. Findings are more reliant on external funding.

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