



A survey about sports investments in Iran: Comparison between 1998 & 2016 without inflation

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| Article Info | Abstract |
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| <p>Original Article</p> <p>Article history:</p> <p>Received: 20 August 2020</p> <p>Revised: 28 August 2020</p> <p>Accepted: 1 October 2020</p> <p>Published online: 1 January 2021</p> <p>Keywords: inflation, investment, sports industry.</p> | <p>Background: Sports Investments is one of the most unique sports events, in the country dealing both with collectors and dealers.</p> <p>Aim: The purpose of this study was to compare the sports investment o Iran in 2016 and 1998. Therefore, we estimate the value of the sports investment sector and share of total investment, GDP, GDSP and compare with 1998 in Iran.</p> <p>Materials and Methods: In this study, national accounts were used. Most of the basic data fare available in a decentralized manner in the Statistics Center and the Program and Budget Organization of Iran. Due to achieving real changes in sports investment between 1998 and 2016, prices in 1998 was considered as the base year and were considered. Then using the price index of the desired years, the effects of inflation were eliminated and growth real was calculated.</p> <p>Results: The results indicate that investment in sport in 1998 was 360 billion Rials, which is 0.43% of total investment, 0.1% GDP, and 26.2% of GDSP. Also, investment in sport in 2016 was 15449 billion Rials, which is 0.46% of total investment, 0.11% GDP and, 73.38% of GDSP. Investment in sport in 2016 compared to 1998 had 2347% real growth.</p> <p>Conclusion: Although, investment in sport in 2016 compared to 1998 has grown, but it is very small compared to the total investments. Results also show the major share of the public sector and the low participation of the private sector.</p> |

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1. Introduction

Sport has changed from as a leisure time activity to considerable social and economic effects [1]. There is a current sports facilities construction boom universally. Sports investments have the potential to generate substantial economic and social government [2].

Crompton (2002) argued that there are five reasons to use public investments in sports facilities and hosting of major events: (1) Economic impact from the spending of visitors to the community, (2) Increased community visibility, (3) Enhanced community image, (4) Stimulation of other development, and (5) Psychic income [3].

However, investing in sports increases participation among the people, in turn, leads to a healthier country and a wider population of people from which to pick champions future [4]; but Gratton et al. (2005) believe that investment in sporting infrastructure in cities over the past years was not primarily aimed to increase sport participants, but it aimed at attracting tourists, encouraging inward investment, and changing the image of the city [5]. On the other hand, attracting major sporting events makes strong economic sense and can act as a catalyst for change within a sport, out today [6].

In many developed countries, professional sports and elite athletes are supported by high levels of investment [4] and for this reason, many sports events, facilities, and franchises are subsidized either directly or indirectly by investments from public sector funds [7].

Government contributions to the funding of facilities ipso facto recognize that some portion of the benefits accruing from such facilities accrue to the public in general [8]. Sport and physical activity play

important role in promoting health, and as part of measures can contribute to improved educational outcomes; So, crime and greater social inclusion could be reduced [9]. Significant investment to the development pathway is the vital link that connects grassroots and high-performance sport [10]. For example, there is major public investment planned for school sports facilities in England [9]. One major issue with sports facilities' construction is their funding and justification for investment [11]. Fiscally strapped governments have increasingly turned to the public-private for redevelopment assistance, empowering private investors to exercise functions typically performed by the public sector [12, 13]. In this regard, the main question in this study is: "how was the sports investment in 2016 and 1998 in Iran?" Therefore, we estimate the value of the sports investment sector and share of total investment, GDP, GDSP and compare with 1998 in Iran.

2. Materials and Methods

National Accounts are actual tools to bring to coherence statistical data available. Most of the basic and collected data for this study are available in a decentralized manner in the Statistics Center and the Program and Budget Organization of Iran. The Statistics Division, Department of Economic and Social Affairs, United Nations (2008) suggested that the International Standard Industrial Classification of All Economic Activities (ISIC) is the international reference classification of productive activities [14]. Furthermore, descriptive statistics used as a tool for depicting or summarizing our data to comprehend them [15]. Due to achieving real changes in sports investment between 1998 and 2016, prices and the price index

of the desired years in 1998 were considered as the base year. Then, the effects of inflation were eliminated and growth real was calculated.

An increase in the public and private investments causes total investment to rise in the short run, but real investment provides a measure of economic growth while compensating for the effects of inflation. This produces a result that accounts for the difference between actual economic growth and a simple shift in the prices of goods or services within the economy [16].

$$\text{Ratio change} = X_n - X_i$$

$$\text{Real change} = (\text{CPI}_i - \text{CPI}_n) \cdot \text{Ratio change}$$

$$\text{Real growth rate} = [\text{Real change} / X_i] \cdot 100$$

where X_i is based period sport expenses, X_n is nth period sport expenses, CPI_i is based period consumer price index, CPI_n is nth

period consumer price index.

The increments in prices during the reference years collected from Iran Statistics Office being applied to the results to find out real increases.

3. Results

The results indicate that investment in sport in 1998 was 360 billion Rials, which was 0.43% of total investment, 0.1% of GDP, and 26.2% of GDSP. Share of the private and public sector were respectively 11.39 and 88.61%.

Also, investment in sport in 2016 was 15449 billion Rials, where 0.46% of total investment, 0.11% of GDP, and 73.38% of GDSP. Share of the private and public sector were respectively 35 and 65%. Investment in sport in 2016 compared to 1998 had 15089 billion Rials, ratio changes and 2347% real growth (Table 1).

Table 1. Share of private and public sector investment on sport in 1998 & 2016

| | 1998 | 2016 | Ratio changes | Real | Real |
|-------------------------------|---------------|---------------|---------------|---------|----------|
| | Billion local | Billion local | Billion local | changes | growth |
| | currency | currency | currency | % | % |
| Private investment* | 41 | 5407 | 5366 | 96.3004 | 17.7329 |
| Government investment** | 319 | 10042 | 10003 | 68.5601 | 28.14363 |
| Total | 360 | 15449 | 15089 | 84.8449 | 17.2347 |
| Share of total investment (%) | 0.43 | 0.46 | | | |
| Share of GDSP (%) | 26.2 | 73.38 | | | |
| Share of GDP (%) | 0.1 | 0.11 | | | |

Source: *The Statistics Center of Iran, **The Program and Budget Organization of Iran

4. Conclusion

Although, investment in sport in 2016 compared to 1998 has grown, it is very small compared to the total investments. Results also show the major share of the public sector and the low participation of the private sector.

This is exactly different with developed countries (the government's share of German and French sports support is 27% and 36%, respectively) [17, 18]. Also, the

private sector in the United Kingdom is the main source of sports investment in this country [19]. The private sector in the provision of sports facilities for schools and educational centers is an important resource; While local and central government financial support for the country's sport is the third factor in the development of sports in the UK [20]. The results of the present study confirm the views of Souchaud (1995) to whom the

government is the main supporter of the sports sector in underdeveloped countries [21].

Sports investments have the potential to generate substantial economic and social to government. The need of greater private investment in public infrastructure is immense, but governments worry that the private sector will create a lucrative operation and forced the government to accept price increases, when they should be providing the service for an inexpensive price [22].

Also, the existence of laws that cap the rate of return allowed to investors, can discourage investors. Therefore, a good managing can prove to be beneficial to both the government and private-sector investors, as well as the people who use the sport investments.

The financial crisis and economic conditions such as inflation, exchange rate, demand, rule of law, the risk of internal and external conflicts affect sports investment [23, 24, 25].

Regard to increasing any investment in the sports sector is an investment in increasing community health and reducing treatment costs; So, creating the necessary opportunities to persuade the private sector in this regard seems essential. Due to a lack of information provided by the national institutes of statistics in many countries, clearly, in order to provide further valuable findings for (sports) policy makers and sports officials, future research should increase efforts for establishing causal links.

Ethical considerations

The author has completely considered ethical issues, including informed consent, plagiarism, data fabrication, misconduct, and/or falsification, double publication

and/or redundancy, submission, etc.

Data availability

The dataset generated and analyzed during the current study is available from the corresponding author on reasonable request.

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