A Comparative Study to Identify a Suitable Model of Ownership for Iran Football Pro League Clubs

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ABSTRACT

Today the government ownership of the professional football clubs is absolutely illogical view point. Most of sports clubs are conducted by private sector using different models of ownership all over the world. In Iran, government credits benefit was main reason that the professional sport was firstly developed by government firms and organizations. Therefore, the sports team ownership is without the professionalization standards. The present comparative study was to examine the different football club ownership structures of the top leagues and the current condition of Iran football pro league ownership and then present a suitable ownership structure of Iran football clubs to leave behind the government club ownership. Among the initial 77 scientific texts, the thirty cases including papers, books and reports were found relevant to this study. We studied the ownership prominence and several football club models of ownership focused on stock listing model of ownership, private investor model of ownership, supporter trust model of ownership and Japan partnership model of ownership; theoretical concepts, empirical studies, main findings, strengths and weaknesses were covered in analysis procedure. According to various models of ownership in leagues and the models’ productivity in football clubs, each model of ownership considering national environmental, economic, social conditions has strengths and weaknesses. So, we cannot present a definite model of ownership for Iran football pro league clubs due to different micro-environments of Iran clubs. We need a big planning to provide a supporter-investor mixed model of ownership to Iranian clubs. Considering strengths and weaknesses in the models of ownership as well as the micro and macro environment of Iran football clubs, German model and Japan partnership model are offered as
suitable ones to probable new model of ownership in Iran pro league clubs. Consequently, more studies are required to find a suitable model of ownership based on environmental conditions in Iran.

**KEY WORDS:** Ownership, Football, Comparative, Club, Iran

**INTRODUCTION**

Football is a prominent segment of the sports industry and it has largely influenced sport and society economically, socially and culturally throughout the world. The economic effects and revenue generation of football are not limited to major international tournaments, such as the World Cup, but in many countries, conducting the professional leagues and the professional football club industry have created a favorable economic development in the football industry. Along with the increasing inclination to football, there have been lots of changes, so far as the professional football in recent years is not comparable with the past. With the growth of communication and new technologies as well as competitive and globalized trade, football has faced a lot of changes in terms of progress and professionalization. In most countries of the world, one of the most significant sport organizations is professional sports clubs, especially football clubs. The football club environment complexity is due to a set of multiple goals and demands of different groups, for example, investors, players, fans, local authorities and media [1]. Football clubs in the world look at football in two competitive aspects. One aspect is the competition between professional clubs within the match, and another aspect is the commercial competition between professional clubs where each one tries to make more annual contributions to the operating profit of their club. There is a strong correlation between these two aspects of sport and business competition, and they have a mutual affect. Hence, it is essential to pay particular attention to the ownership and governance structure of clubs [2]. Sometimes how to finance is not reason for not being revenue generative in clubs, but the structural and property problems of clubs leads to failure in this area. Chadwick (2009) declared the necessity to analyze the model of sport organization ownership, and clubs in particular. Different models of ownership should be assessed according to their effectiveness and the most suitable model of sport organization ownership in general, and the ownership structure of football clubs in particular is presented [3]. The ownership structure means to identify the structure and composition of the shareholders, the investors, and sometimes the ultimate owner of the shares of the club. Also, the ownership structure is how to distribute the shares and property rights in terms of share capital and voting rights, in addition to the nature and existence of stockholders [4]. Morrow (2004) found that the ownership and management model of some Scottish football clubs is a major obstacle to the development of football clubs [5]. The proper system of football club ownership and management in countries like the United Kingdom has had a positive economic impact. At the present time, all England football clubs have been registered as commercial firms and they are subject to UK trade [6]. Football club ownership is a prominent issue in the whole world, especially in Europe. The ownership structure in the corporate governance literature has a certain core status. Type of ownership structure and composition of the shareholders are control and governance tools in the companies.
Perchuda (2002) claims that the role of sport organizations in free market economy becomes increasingly difficult as a result of increasing competition. The traditional financing through central (union) and government budgets is decreasing and not working [7]. To this end, rapid changes in sport organization performance are required using organizational and legal structure change as well as ownership and management method change. The club ownership structure should be designed in such a way that the club can interact with a large number of governmental, nongovernmental, profit and nonprofit institutions and in the meantime, it gains the most profit in terms of both sport and economic aspect. The professional football with different private sector models of ownership in the European and Asian countries creates many domestic economic and social effects every year, but Iran's professional football is not only deprived of various match revenues, it is also far from the football professionalization principles and components, causing many obstacles and problems in football. In Iran, government credits benefit was main reason that the professional sport was firstly developed by government firms and organizations. Therefore, the sports team ownership is without the professionalization standards [8]. The experts believe that the government economy and political and non-specialized management are as the most important reasons for the depression and lack of financial development in the football clubs. Also, Mehrabani (2012) explains that the main reason for the lack of development of Iran financial market is not because of the lack of modern financing tools, but rather the inappropriate organizational structure and the absence of corporate governance standards [9].

Today the government ownership of the professional football clubs is absolutely illogical and in many cases, illegal viewpoint. Most of sports clubs are conducted by private sector using different models of ownership all over the world. In recent years, different formulas have been proposed to transfer Iran’s sports clubs to private sector in order to prevent the growth of government clubs which they have hitherto been ineffective. Considering Iran’s current economic conditions, the sociocultural status, the financial problems of the majority of clubs and the progress of professional football in the world as well as increased costs teams and clubs, can Iran’s current pro league club ownership structure and governance meet these issues? The present comparative study was to examine the different football club ownership structures of the top leagues and the current condition of Iran football pro league ownership and then present a suitable ownership structure of Iran football clubs to leave behind the government club ownership. Is it possible to use different private sector structures in Iran football the same as other countries?

The Importance of Ownership
Dietl and Weingaertner (2011) argue that the ability of professional football clubs to generate revenue depends largely on their legal structure and model of ownership [10]. In many countries, the traditional structure of the clubs has changed into the commercialization. Sports economists believe that the structure of club ownership will have a significant impact on the development of football economics. The importance of the model and structure of club ownership and consequent economic impacts have persuaded many researchers to cover this topic in analyzing economic issues of football [11]. The proper system of football club ownership and management in different countries has had a positive economic and sporting effect. Accordingly, Samagaio (2007) found that there is a strong correlation between
the financial and sporting structures of the clubs [12]. Wiedenegger, Kern and Rupprechter (2012) utter that choosing the suitable legal form of club ownership leads to its good management, and in terms of the good ownership of professional football clubs, the conversion from a club into a firm seems to be the most appropriate legal and property form for medium to large professional football clubs [13]. Chadwick (2009) and Farquhar et al. (2005) state that, in contrast to profitable companies, one of the main reasons for the depression of professional football clubs is the poor standards of management and ownership [3,14]. Various researches showed that the structure of the corporate ownership system has led many clubs to introduce themselves as a fully professional club. Aguilera et al. (2009), Hamil (2010), Bauwhede (2009), Larcker et al. (2007), Gompers et al. (2003) provided evidence to show a systematic and positive correlation between model of ownership and firm performance [15,16,17,18,19]. Ng et al. (2009) and Bonin et al. (2005) have shown a significant relationship between types of ownership structures with the efficiency and performance of business firms [20,21]. Smith and Stewart (2010) mentioned although sport organization management differs from conventional business management, football clubs are turning from an association to a firm; consequently, a corporate system of ownership and governance is needed [22]. Silva (2015) shows that clubs must have the necessary mechanisms to achieve attractive financial indicators for the market and investors in particular [23]. Dimitropoulos (2014) mentions that corporate ownership and governance can be used as a monitoring mechanism to reduce the debt in the clubs [24]. Okoyhongore (2011) also states that there is a significant negative relationship between the government ownership structure and the firm performance [25]. However, there is a significant positive relationship between the diverse ownership structure and the corporate ownership with the firm performance. Gunasekarage et al. (2007) said that big government ownership has a negative impact on firm performance [26]. Kapopoulos and Lazaretou (2007) examined the effect of ownership structure on firm performance and found that a more concentrated ownership structure positively relates to higher firm profitability. Higher profitability needs a less diffused ownership [27]. Deng and Wang (2006) show that firms with more government stakes are more likely to be exposed to a lack of financial health [28]. Mitić et al. (2016) indicated that the financial structure of Serbia’s professional clubs is mainly afforded by the donations of local governments and government firms. The revenue of Serbian clubs is negative and they need to change their business policies. In addition, comparing Serbian clubs’ gaining profit method with European clubs, there were significant differences between them. The results show that structural changes of Serbian football club ownership will improve the primary source of Serbian clubs’ revenue [29].

Considering the research literature, we can claim that the success of professional football clubs depends on the type and structure of ownership in order to create more earnings and sporting achievements. As a result, the good management, performance, efficiency, monitoring of debt reduction, new capital inflows and financial and sporting structure followed by the proper ownership structure of the clubs will have a great success. Also, the research results show that the private ownership structure has a remarkable advantage over the government ownership structure in football clubs and firms.
Common Ownership Structures of Football Clubs

According to various comparative studies, different football clubs have three models of ownership: supporter trust model of ownership, stock market model of ownership and (foreign or local) individual or limited liability company investment model of ownership. These different sorts of ownership all have various motivations and success criteria. There is also a special partnership or consortium ownership in Japanese League. The studies done by Horne and Manzenreiter (2008) regarding partnership ownership in all levels of Japanese professional league showed that Japanese football clubs had non-partnerhip and nonprofit ownership at the start of their professional league, but gradually in a tree-level process they were forced to change into professional and partnership structure and to be managed in the form of supporting consortiums [30]. First, the clubs were know by the name of their owners (often famous Japanese factories and industries), but later the most of the clubs turning from amateur to professional changed their names and removed the owner’s name from the name of the club. Several supporters and companies started to support them and thus the clubs took the name of the cities in which they were placed.

Public listing (initial public offering) model of ownership

The first part of present research investigates the analyses of the financial and sporting effects of public listing of football clubs. In the early 1990s, due to increase in expenditures, the professional football clubs started to join the stock market and this issue attracted the attention of many economic researchers. Holt (2007) asserts that the management of clubs in stock structure has replaced the old, traditional structure of clubs and this trend is increasing in famous European clubs [31]. In England, Tottenham Hotspur was the first club to understand the importance of stock in long-term investment and by selling its shares in 1983 gained 3.3 million pounds. Later in 1989, Millwall and in 1991, Manchester United joined the list of London stock market. From 1995 to 1997, sixteen more clubs were added to the stock list in England. Lazio was the first Italian club which joined Milan stock exchange in 1998. Clubs like Sporting Lisbon and Porto in Portugal, Borussia Dortmund in Germany and other clubs in Scotland and Netherlands league are among the examples [32]. Theiri, Medabesh and Ati (2012) showed that the presence of clubs in stock is not only an available financial source for the football clubs, but it also is a way to discipline and balance the financial structure of the clubs that are worried about their debts and financial balance[33]. Various studies indicate the superiority of stock model of ownership and its better financial health [34,35] and positive financial effects on economic condition of the clubs in stock market [36,37,38,39,40,41]. However, there are studies which show lack of a positive relationship between financial performance of the club and the weak return on investment in the stock [42, 43,44,45,46]. Until 2000, there were 22 English clubs in London Stock Exchange (LSE), Alternative Investment Market (AIM) and OFEX (today’s Plus Market). But, since 2000, on the whole, 14 clubs have left the list of stock market. Although share’s offering has provided initial capital for the football clubs, the capital turnover for the investor in the terms of share interest and capital gains through increase in the price of shares has been very low [16]. Therefore, maximizing of capital gains and capital turnover for investors which is an important principle in stock market does not correspond the facts of football club. Likewise, some analysts argue that stock market model is not suitable for football industry because
football clubs have a multipurpose goal which is a far cry from the key goal of maximizing profit.

While Gerrard (2005) suggests that being involved in stock market improves financial performance of the clubs, the results are controversial and later studies including Leach and Szymanski (2015), Baur and McKeating (2011) suggest that being involved in stock market may have only a one-time effect or a short-term effect and there is not enough evidence indicating remarkable improvement in sport performance. Although public offering has positive effect on the sport performance of second or lower divisions, it has no meaningful effect on international performance of top clubs. They also showed that the average performance of football clubs does not improve with or after public offering.

Table 1. Analyzing the financial and sporting impacts of public listing on the football clubs

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Theoretical vs. empirical</th>
<th>Dependent variable</th>
<th>findings</th>
<th>Final interpretation of share return impact on club</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferreira [42]</td>
<td>2017</td>
<td>Empirical</td>
<td>The behavior of share returns of football clubs</td>
<td>Insignificant positive rise of stock market indexes of football clubs</td>
<td>Inconsiderable impact</td>
</tr>
<tr>
<td>Deloitte [47]</td>
<td>2016</td>
<td>Report</td>
<td>Net debt</td>
<td>Fulham’s debt reduction by selling new share</td>
<td>Positive impact</td>
</tr>
<tr>
<td>Sevil [36]</td>
<td>2014</td>
<td>Theoretical</td>
<td>Provision of financial needs</td>
<td>Positive impact of issued shares on provision of financial needs</td>
<td>Positive impact</td>
</tr>
<tr>
<td>Acero and Alcalde [48]</td>
<td>2014</td>
<td>Theoretical</td>
<td>Club’s control mechanism</td>
<td>Shareholders’ ownership as a control mechanism (proper monitoring)</td>
<td>Positive impact</td>
</tr>
<tr>
<td>Petrović [37]</td>
<td>2014</td>
<td>Theoretical</td>
<td>New ownership structure of football club in Croatia</td>
<td>Incorporating a football club as a joint-stock company can have a positive impact on supporters’ inclusion in football governance in Croatia and other South-Eastern European countries.</td>
<td>Positive impact</td>
</tr>
<tr>
<td>Dobson and Goddard [45]</td>
<td>2011</td>
<td>Theoretical</td>
<td>Success of stock market model of ownership</td>
<td>At the beginning of 21st century, football clubs left stock market due to considerable stock price drop as a result of weak return on stock investment</td>
<td>Negative impact</td>
</tr>
<tr>
<td>Baur and McKeating [44]</td>
<td>2011</td>
<td>Empirical</td>
<td>Football clubs’ performance</td>
<td>The performance of big football clubs does not improve on average with or after an initial public offering. Only football clubs in lower divisions benefit from a stock market listing.</td>
<td>No impact in big clubs/positive impact in lower division clubs</td>
</tr>
</tbody>
</table>
Foreign and Domestic Investor Model of Ownership

There are studies about another kind of ownership, ownership of local and foreign investors. The studies indicate positive impact of rich local and foreign investors on team’s investment, budget limit, profitability, and clubs’ success [51, 52, 53, 54, 55, 56]. Also, Teodora (2017) shows the superiority of private investors’ ownership over the ownership of registered public companies or associations [57]. On the other hand, there are increasing studies like Lang, Grossmann and Theiler (2011) which investigate the positive effect on competitive balance and social welfare resulting from big buyers of the clubs [58]. Studies like Madden (2015) and Sass (2016) investigate the hindering consequences of financial fair play laws of European Football Association [59, 60]. Some studies also have reported maximizing of club gains by private investors [61], negative effect on profit and accumulation of debt [62] increase of wage and transfer expenditure and club income, and improvement of the quality of league competitions with direct foreign ownership [63] and destruction of local identity (Table 2).

There are specific explanations concerning the increase of foreign investors. First, football was more commercialized and globalized. Ownership of a football club can be an attractive option for the foreign investors as a property which wins worldwide fame for the owner. Finally, the high local and international value and broadcasting right and global development opportunities maximization the potentials of the brand name in newly developing markets are quite attractive for foreign investors.

Supporter Trust Model of Ownership

The next common form of ownership in football is member associations and supporter trust model of ownership. Frank (2010) asserts that most of Austria’s football clubs have been registered as nonprofit associations which are controlled by its members because they elect representatives in a democratic way and these representatives have the responsibility of conducting the club’s every day activity. This model of ownership has increased since 2000 [52]. Supporter trust organization is an independent, nonprofit, democratic and corporative organization which intends to influence the club governance through improvement of supporters’ presence and also establishment of a powerful relationship among the club, the society and fan base. Ward (2013) suggests that over past decade, there has been a
kind of supporter ownership in England football but it has been limited to lower divisions [67]. There have been different research indicating the prevailing success of the member association and supporter trust ownership of the football clubs as well as superiority of this kind of ownership over other private ownerships [48,67,68,69,70,71,72], Also, studies have been conducted on the effect of member associations in channelizing money to the clubs [52], tackling of the income of the sponsors by this kind of ownership in clubs [10], and the change in law and method of 50%+1 ownership in Germany. Krabbenbos (2013) noticed that in member clubs, the contentment is higher than non-member clubs (Table 3). Football fans are very important for the future success of the clubs. Finally it can be claimed that with regard to professional, strategic and commercial football, the member club approach which concentrates on the identity of football is a proper replacement for the club’s identity in both dimensions of finance and success [71].
Table 2. Analyzing the financial and sporting impacts of investor ownership on the football clubs

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Theoretical vs. empirical</th>
<th>Dependent variable</th>
<th>findings</th>
<th>Final interpretation of investors’ impact on club</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emeneth [51]</td>
<td>2017</td>
<td>Theoretical</td>
<td>Foreign investors in football</td>
<td>Clubs’ reliance on investors’ pay</td>
<td>Positive impact</td>
</tr>
<tr>
<td>Plumley [64]</td>
<td>2017</td>
<td>Empirical</td>
<td>Performance assessment</td>
<td>Evidences of financial crisis in clubs managed individually</td>
<td>Negative impact</td>
</tr>
<tr>
<td>Rohde and Breuer [62]</td>
<td>2016</td>
<td>Empirical</td>
<td>Team investment and profitability</td>
<td>Higher team investment and lower club profitability</td>
<td>Positive impact of investment and negative impact on profitability</td>
</tr>
<tr>
<td>Rohde and Breuer (b) [65]</td>
<td>2016</td>
<td>Theoretical</td>
<td>Sporting success</td>
<td>Direct correlation between sporting success and team investment</td>
<td>Positive impact</td>
</tr>
<tr>
<td>Barajas and Rodriguez [55]</td>
<td>2014</td>
<td>Theoretical</td>
<td>Success in international football competition</td>
<td>Positive impact of rich foreign investors on international football leagues’ competition</td>
<td>Positive impact</td>
</tr>
<tr>
<td>Andrew [63]</td>
<td>2014</td>
<td>Empirical</td>
<td>Income, salary and wage, transfer costs, debt and profit</td>
<td>Negative impact on salary and wage, transfer costs, debt and profit and positive impact on income and match quality</td>
<td>Positive and negative impact</td>
</tr>
<tr>
<td>Nauright and Ramfjord [61]</td>
<td>2010</td>
<td>Theoretical</td>
<td>Flow of income, liquidity</td>
<td>Increase of flow of income, creation of extra liquidity, increase of debts</td>
<td>Positive and negative impact</td>
</tr>
<tr>
<td>Keen [66]</td>
<td>2009</td>
<td>Theoretical</td>
<td>Clubs’ financial problems</td>
<td>To overcome financial problems, it is suggested to select eligible one(s) as club owner.</td>
<td>Positive impact</td>
</tr>
</tbody>
</table>
Table 3. Analyzing the financial and sporting impacts of supporter trust ownership on the football clubs

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Theoretical vs. empirical</th>
<th>Dependent variable</th>
<th>findings</th>
<th>Final interpretation of supporter trust ownership impact on club</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acero [48]</td>
<td>2017</td>
<td>Theoretical</td>
<td>Corporate governance in German Bundesliga</td>
<td>Sport and financial results and the highest average attendance in stadiums</td>
<td>Positive impact</td>
</tr>
<tr>
<td>Scottish Supporters Network [68]</td>
<td>2017</td>
<td>Empirical</td>
<td>Key advantage of supporter and community ownership</td>
<td>Football clubs and fans benefit this ownership</td>
<td>Positive impact</td>
</tr>
<tr>
<td>Shane Tobin [69]</td>
<td>2016</td>
<td>Theoretical</td>
<td>Supporter ownership</td>
<td>Rise of social influence, norms and values</td>
<td>Positive impact</td>
</tr>
<tr>
<td>Brown [70]</td>
<td>2015</td>
<td>Theoretical</td>
<td>Reasons to support community ownership in sport</td>
<td>Rise of financial stability and transparency in sport, governance improvement, wide community participation in ownership, increase of investment in deprived areas</td>
<td>Positive impact</td>
</tr>
<tr>
<td>Plumley [73]</td>
<td>2014</td>
<td>Theoretical</td>
<td>Model of ownership in Bundesliga clubs</td>
<td>Making financial problems</td>
<td>Negative impact</td>
</tr>
<tr>
<td>Cerović [74]</td>
<td>2014</td>
<td>Theoretical</td>
<td>Different models of ownership</td>
<td>Ownership association as the best club organization</td>
<td>Positive impact</td>
</tr>
<tr>
<td>Ward, Sara [67]</td>
<td>2013</td>
<td>Empirical</td>
<td>Analyzing governance structure in football clubs with supporter ownership</td>
<td>Identity creation and democratic decision making</td>
<td>Positive impact</td>
</tr>
<tr>
<td>Rudd [72]</td>
<td>2012</td>
<td>Theoretical</td>
<td>Team capabilities</td>
<td>Preventing presence of rich extremist and positive impact on fans</td>
<td>Member association not being appropriate for Europe-wide level and being appropriate in Bundesliga (national level)</td>
</tr>
<tr>
<td>Dilger [75]</td>
<td>2009</td>
<td>Theoretical</td>
<td>Verein</td>
<td>Clubs’ financial success</td>
<td>Positive impact</td>
</tr>
</tbody>
</table>
Ownership structure of European top leagues

The ownership of football clubs is an important issue all over the world and especially in Europe. There are different kinds of ownership model and legal structures in the football of Europe. These structures vary based on the condition of the countries and their leagues. The legal structures of the clubs and their supervisory framework have considerable effect on the way of their ownership and this brings about major differences among the leagues. Traverso (2016) investigated 232 clubs in 13 major leagues in Europe in a report which UEFA published under the title of “European Club Footballing Landscape” [76]. He indicates that at the moment, forty four clubs in major European leagues have foreign ownership with 18 different nationalities. More than half of clubs in two premier leagues of England are basically owned by foreigners. Nineteen percent of ownership of European clubs is private and foreign ownership and English Premier League and Championship have highest statistics of foreign ownership (First 75% and the latter 54%) among football clubs in Europe and this rate has increased in recent years. Besides, foreign owners in France, Spain and Italy are considerable minority and there are cases in Belgium, Netherlands and Portugal. Thirty seven percent of ownership is controlled by no particular party (i.e., no single person or group owns more than 50 percent of a club individually and whenever it is more than 50 percent of ownership is under control of members, association and supporters). More than three fourth of the clubs in Germany, Portugal and Turkey have no controlling party because the clubs are mostly under ownership of associations. In Portugal, fifteen clubs are owned by members, associations, and shares; two clubs have private ownership and one club has foreign ownership. In Spain, twelve clubs are owned by members, associations, and shares; three clubs have private owners and four clubs have foreign ownership and one club has unknown ownership. In France, four clubs are under ownership of members, associations, and shares; nine clubs have local ownership and five clubs have foreign ownership. In Belgium, four clubs are under the ownership of members, associations, and shares, 10 clubs have local owners; one club has foreign owner and one club has unknown ownership. In Switzerland, four clubs are under the ownership of members, associations and shares; five clubs have local owners and 1 club has unknown owner. In Germany, fifteen clubs are under members, associations and shares ownership and three clubs have local owners. In Netherlands, thirteen clubs are under the ownership of members, associations and shares; three clubs have local owners and two clubs have foreign owners. In English Premier League, five clubs have local owners and 15 clubs have foreign owners. In English Championship, eleven clubs are under ownership of local owners and 13 clubs have foreign owners. In Italy, seventeen clubs have local ownership; three clubs have foreign owners and one club has unknown owner. In Ukraine, two clubs are under the ownership of members, associations and shares; nine clubs have local owners and three clubs have unknown owners. In Turkey, sixteen clubs are under the ownership of members, association and shareholders; 10 clubs have local owners and one club has unknown owner. In Russia, fourteen clubs have local owners and two clubs have unknown owners.
German clubs traditionally take shape as nonprofit member associations. Since 1998, German clubs are allowed to merge a professional football club as an affiliate company comprising association members. This affiliate company takes shape as a limited company or even a public limited company [77]. DeutscheFußball- Bund (DFB) has enacted laws according to which the members of the association own 50%+1 of the incorporated football club’s vote. This law is to make sure that majority ownership of a German club cannot be granted to a specific person [77]. This law does not allow that more than 49 percent of the club ownership belongs to companies and sponsors and the 51 percent ownership of the supporters (those who have paid for their ownership) must be preserved. Acero et al. (2017) recommend German Bundesliga’s corporate governance, which has the best financial and sporting results and also enjoys the best average presence of spectacles in stadiums, as the football club ownership [48]. The “50+1” law which has prevailed in German clubs is considered a good ownership example.

The ownership of most of successful Italian football clubs are under control of rich individuals, families or companies. In other words, in Italy, there is an individual/family-owned model which is reflection of ownership structure in Italian companies [5]. One remarkable example for direct control of family is Juventus which is controlled under IFI institute (Fiat Motors is of the affiliates of the institute) by Agnelli family [16]. The most of the 42 professional clubs in Spain have been defined as SAD (Sociedades Ano´nimas Deportiva). SAD is a limited joint-stock company like the English model, the percentage of shares determines the right to vote. The member ownership model in Spain exists only in F.C. Barcelona, Real Madrid, Atlántico Bilbao and Osasuna. These clubs are run democratically where each member has one vote.

Ownership Structure of Iran Pro League Clubs (Persian Gulf Pro League)

Persian Gulf Pro League or Iran Pro League is the name of the professional league in Iran which is the highest level football competitions in Iran. The first round was officially held with 14 teams in November 2, 2001. It is a 16-team league now. In the ranking list reported by the international federation’s football history and statistics in 2012, this league was the 36th powerful league in the world and the 4th powerful league in Asia. Moreover, in the ranking released by this federation, Persian Gulf Pro League has been the 47th in the world and 4th in Asia in 21th century (2001-2012). This league was the 3rd powerful league in Asia in 2014. At the moment, in an overall classification, the government ownership of the most of Iran’s pro league clubs can be categorized under three state groups: the state industries and companies (Paykan under Iran Khodro ownership, Saipa under ownership of Saipa Motors, Sanat Naft Abadan owned by Ministry of Oil, Pars Jonoubi Jam owned by Pars Special Economic Energy Zone as representative of National Oil Company of Iran, Zob Ahan Esfahan, Sepahan and Foolad owned by Ministry of Mining, Industry and Commerce, Esteghlal Khuzestan owned by National steel industrial group), Tractor Sazi under military ownership, and finally Perspolis and Esteghlal owned by Ministry of Sports and the Youth. In private sector, Siah Jamegan has an individual private ownership and clubs of Padideh, Nafte Tehran and Gostaresh Foulad have corporate private ownership. It can be concluded that more than 70 percent of clubs in Iran have government ownership and private sector does not have a remarkable role in the
ownership and leading of professional football in Iran (Table 4).

As mentioned above, of Iranian pro league clubs, only four have private ownership and 11 clubs have government or semi-government ownership. However, from perspective of AFC laws, these clubs are all registered as company.

**Table 4. Ownership status of Iranian football clubs in 2017-18**

<table>
<thead>
<tr>
<th>Row</th>
<th>Club</th>
<th>Owner</th>
<th>Sector</th>
</tr>
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Conclusion and recommendations

Based on the studies on the different kinds of ownership in different leagues and the productivity of each kind of football club ownership, this can be asserted that each kind of ownership depending on social, economic and environmental conditions of each league and each country may have some advantages and some disadvantages. Of the advantages of stock market ownership are concentration on financial productivity, increase of income and the improvement of economic condition of the football clubs. Of the disadvantages of the stock market ownership are lack of attraction for football stock market and low level stock transactions compared to other industrial sectors for the following two reasons of low demands by organizations and nature of supporters’ shares. Besides, the supporter trust ownership model can result in channelization of income from sponsors, more involvement of the supporters in the affairs related to the club and more engagement on their side and democratic decision making. Although foreign and local investor model of ownership leads to increase of club’s capital, better sports performance and higher income, it can result in destruction of the local identity and social status, rise of debts and reduction of club’s profit. Finally, it cannot be said which way of ownership is absolutely useful however the important point in all sorts of ownership in different leagues is non-government ownership of clubs. A brief look at the ownership of most of the clubs sheds light on the fact that most of sports clubs in the world are founded and run by private sector including companies, stock exchange, association, members and supporters, and local and foreign investors. The private sector has a main role in professional sport. Obviously there are advantages and disadvantages in each model of ownership. Nevertheless, ownership of football clubs is clearly an important issue in football industry and different models can affect the club governance. What is important is to determine a desirable club ownership as well as proper laws on the side of football officials to provide financial management incentive and also a sense of responsibility and transparency. In addition, all the studies done on the privatization of sport in Iran have unanimously indicated that privatization in football will pave the ground for its success, but none have practically recommended a model of changing the ownership of football clubs. Some theoretical ways have been offered by some researchers to leave sports clubs to private sector: as the clubs are mostly unprofitable, they can be sold at auction and outside of stock exchange; short-term submission to public non-government organizations; selling the club shares in terms of public stock companies; privatization and clubs’ presence in capital market; selling Perspolis and Esteghlal via auction. Although there is unanimity about shortcomings of present way of managing Iranian football clubs, there is no agreement about the way of getting rid of this undesirable situation. The proper model should consider the characteristics of the government agency which is to be privatized. So, a suitable model should be devised and essential strategy should be done.

Finally it can be said that football is more than ever a scene for economic competition and the clubs are more than ever in need of revenue generation. Thus, it can be said that progress in clubs is a major principle in creating wealth and also it is a powerful tool in national development. Therefore, conducting money-making strategies in different parts of country is a part of the essentials of reconstruction and development of football in Iran. Most of sports club in the world are founded and run by private sector and they have the main role in professional sport. However, in Iran, because of
benefitting from government credit, professional sport and sport clubs have been developed by government companies and organizations. Consequently, lack of professional standards has caused problems in team management and it has also done harm to private sector. As a result, in recent years, different formulas have been offered as how to leave the sports clubs to private sector in order to stop growth of government clubs and team management and encourage growth of the private sector, but none of them has taken effect. On the whole, the present situation of the world including globalization, accelerating economic competition between countries, and rise of national and world expenses force the clubs to be financially independent and play new roles in the societies. It certainly can be said that current structure of ownership and governance of Iran football clubs which are dependent on the government and government organizations will not allow them to take the roles mentioned. Studies show that most countries in the world believe in privatization and involvement of non-government sector so that it can give faster pace to the development of country. In order for privatization plans to succeed, studying the successful experiences of other countries can be very useful. The experiences which can be localized to the economic, political, social and cultural situation of our country.

Finally, for following reasons, the change in ownership of the 16 year old professional league clubs seems inevitable: the demographic variety of fans and athletes, shortage of financial sources of government clubs and the endless problems to run them, the positive experience of other countries in economic growth and growth of football after privatization, the experience of countries with top level football; the need to be compatible to the today’s football and not falling behind world in the development of this money making industry, and finally the unsuccessful experience from leaving football clubs to stock exchange to auction and leaving them to fans and the former football players.

This research paper sheds light on the necessity of doing more research on how to leave the ownership of football clubs in Iran to private sector. No empirical research has been done on the desirable ownership of football clubs in Iran. Thus, different research must be done and put to operation, and the effects of different ways of leaving them to private sector on sports and financial performance of the clubs must be measured so that we can reach a clearer description of optimized ownership of football clubs based on the local situation.

What is obvious, however, is inefficiency of government ownership and it reveals the necessity of change in the ownership of football clubs in Iran. The national and international laws also emphasize the necessity of ownership change. Finally, through an empirical study, a model of optimized model of ownership must be devised for Iranian clubs using the already successful models. Because of different situation of the clubs with regard to supporters and the Infrastructure of the club, management and human resources, not a single way of ownership can be prescribed for all of them; so, to succeed, a proper plan should be devised in a specific proper temporal process based on the nature of the club in terms of supporters and inner structure and finally the ownership of the clubs should be determined using a combination of supporters and investors so that supporters in cooperation with investors can maintain the identity of the club. The privatization should be carried out in step by step process and the legal preparations should be made for it over a couple of years.
Regarding the positive and negative results of the studies done in different countries and also knowing the possible micro and macro environment effects on the Iranian football clubs, the German model of ownership and also the Japanese model of ownership in football are suggested as proper models for changing the ownership of Iranian football clubs. Thus, in order to pass the transition period, the policy making should be in line with the general policies made by the government and parliament and also in line with the development plan of the country. The following preparations should be made to change current ownership condition: codifying laws which guarantees the leave to private sector, revision of current laws, setting a committee to supervise over the process of leaving before and after it, paving the ground for the foreign investment of the Iranians who live abroad, confirming the broadcasting right of the clubs and the copy right law, giving long-term loans and offering tax-exemption plans in different periods, devising a plan to supervise and control the decision making of the owners and the managers of clubs, removing the legal problems obstructing the investors way to the league; streamlining the process of issuing license for the transfer in clubs and submissions, removing the ambiguities in the laws concerning the submission of the clubs to private sector in order to minimize the role of government agents.

Last, after getting to know the ways of privatization and change in the ownership of the clubs, the requirements of each model, consequences of leaving for the clubs and their supporters and finally recommending a combination model of ownership in Iran, in addition to reducing the expenses and guaranteeing the results, the current research output is expected to be feasible. This research has tried to provide useful information by presenting the current condition of football clubs in Iran, offering practical results useable in identifying different factors in the ownership of the clubs as well as the possible results of the ownership. The research also covered the results of studies in some selected countries because using the experience of the countries can have valuable fruits for our country. At last, we provide the stakeholders of the current research with suitable guide for the enactment of the policies of the transferring the ownership of the clubs.

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