

COVID-19 AND THE CHALLENGES FACING THE SPORTS CLUBS INDUSTRY IN IRAN TIME FOR SPORT ENTREPRENEURSHIP

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Received 06 March 2023; Revised 18 March 2023; Accepted 21 March 2023

ABSTRACT

The purpose of this study was to investigate the Covid-19 and the challenges facing the club industry in developing countries. In this qualitative-analytical study, 17 sports experts, sports club managers, and sports entrepreneurs were interviewed based on purposive and triangular sampling methods. The data analysis was also performed by open and axial coding, of which 6 concepts and 42 categories were classified under 6 general themes. The main concepts include government support, financial issues, Club activity, Sponsorship, Mental consequences, and Social media. This study highlights the role of sports entrepreneurship in overcoming problems. Managers must use the ability of entrepreneurship because entrepreneurship is considered essential in the economy and provides the impetus for economic growth. Using sports entrepreneurship can overcome the corona virus crisis and solve the problems that have arisen.

Keywords: Term 1, Sports industry Term 2, Sport ClubTerm 3, Corona virus

INTRODUCTION

In a rapidly changing global business environment, innovation and change; is the main axis in the sports industry. Sport is a dynamic and unique industry that is inherently in the context of entrepreneurship (Atilgan & Tukel, 2021). Sport provides a lucrative and ever-growing market for huge investments, thus providing not only economic impact but also entertainment for millions of people worldwide (Fu, 2021). Sports entrepreneurship is a tool for the growth of recreational and industrial sports structures. Entrepreneurship is an integral part of sports management and creates a

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competitive advantage for individuals and organizations involved in sports. On the other hand, change in sport has necessitated the need for entrepreneurship (Chen & Lin, 2021).

In recent years, the most significant and influential change in the sports industry has been the Covid-19 pandemic, which has delayed the world's largest sporting event, the Tokyo 2020 Summer Olympic Games (Gallego, Nishiura, Sah, & Rodriguez-Morales, 2020). The crisis caused by this pandemic means fundamental changes in mobility, international trade, consumption and lifestyle. Current research findings on entrepreneurship policies during the coronavirus crisis are reviewed and extrapolated to suggest new practical proposals and future research directions. Given the ongoing nature of the coronavirus crisis worldwide, research should continue on entrepreneurship, management, and political implications (Surico, 2020).

Governments and policymakers are trying to use entrepreneurial thinking as a way to respond to the crisis. This policy is due to the widespread impact of coronavirus on business and society. Despite the obvious need for entrepreneurship due to the change in the disease, there is a lack of research that adequately explains how to use entrepreneurial policy initiatives in a crisis (Donthu & Gustafsson, 2020). Uncertainty about the coronavirus has provided an incentive for entrepreneurship. There is more awareness of how innovation and forward-thinking can turn epidemic hardship into opportunity. Some studies have been done on coronavirus and entrepreneurship. However, they are more focused on certain types of entrepreneurship such as social needs (Bacq, Geoghegan, Josefy, Stevenson, & Williams, 2020).

In addition, to date, there is no comprehensive analysis of the role of politics in entrepreneurship-related efforts in this context. Entrepreneurship is essential in times of crisis because it provides a positive outlook for new situations. This is necessary to turn a negative event into a positive one and thus change people's perception of the crisis. Coronavirus is a major crisis that has not been seen before and has led to unpredictable changes. Some of these changes are evident in policy practices that can lead to innovative solutions that happen quickly (Bond et al., 2022). These innovations can pave the way for future innovations that are rapidly evolving to meet social needs. However, the response time to innovation depends on the feasibility of the idea and the perseverance of those involved. The need for short-term business survival using an entrepreneurial mindset with a commitment to change that includes innovation. These innovations can be the beginning of the next innovation that is rapidly evolving to meet social needs. However, the response time to innovation depends on the feasibility of the idea and the perseverance of those involved. The need for short-term business survival using an entrepreneurial mindset with a commitment to change that includes innovation (Ratten, da Silva Braga, & da Encarnação Marques, 2021).

Sports clubs need to be flexible to survive in the new market conditions. Managers must use the ability of entrepreneurship, because entrepreneurship is considered essential in the economy and provides the impetus for economic growth. Entrepreneurship has traditionally been considered a purely economic factor, but this has changed with the acceptance of the necessity of the social forms of

entrepreneurship (Ma, Chen, & Tian, 2021). Entrepreneurship is common in knowledge-based industries, new activities and technology-based sectors. Most research in the past decade in the field of entrepreneurship has focused on these areas and less on sports. However, some previous research has examined the relationship between sport and entrepreneurship (Ratten & Jones, 2021).

Hall (2006) found that the development of large sports programs is associated with urban entrepreneurship (Hall, 2006). Ball (2005) found that entrepreneurship is very important for the sports sector because it allows for changing consumer demand with a greater emphasis on innovation (Ball, 2005). In a study of rugby, Maritz (2004) examined sports performance using the entrepreneurial score card (Maritz, 2004). In sports management publications such as *Sport Journal*, a sports entrepreneur is defined as a person who organizes and takes on a sport-related business activity (Santos, Marques, & Ratten, 2018). As of mid-January 2020, sporting events in Asia have been postponed or canceled. These delays or cancellations related to the epidemic later spread and affected organized sports at all levels and in almost all countries. The 2020 Olympic Games in Tokyo, the world's most important sporting event, have been postponed to 2021. Hammer Schmidt (2021) in his study entitled "Professional Football Clubs and the Empirical Evidence of the Coronavirus Crisis: The Time of Sports Entrepreneurship", stated that the Coronavirus disease has spread worldwide in a short period of time. Measures taken by governments to minimize person-to-person contact have severely affected professional football clubs (Hammerschmidt, Durst, Kraus, & Puumalainen, 2021). In this regard, Escamilla (2020) conducted a study entitled "The effect of coronavirus epidemic on sports entrepreneurship". In their view, sports entrepreneurship is considered an important part of sports organizations when overcoming critical situations (Escamilla-Fajardo, Núñez-Pomar, Calabuig-Moreno, & Gómez-Tafalla, 2020).

According to many researchers, the coronavirus epidemic has changed people's lifestyles, so using entrepreneurship in the sports industry is essential to meet the epidemic needs of the coronavirus. According to the contents of this study, an attempt is made to identify the status and performance of sports entrepreneurship in Iranian clubs so that it can meet the needs, because the epidemic of coronavirus has changed the human lifestyle and has created new needs. Business models must also be designed and planned for good and sustainable performance in similar situations. Sports entrepreneurship is dynamic and affects a number of management areas such as business strategy, crisis management, new sport development, performance management, product innovation, advertising strategies, social issues, sustainability concerns and technological developments. There are many types of entrepreneurship in sport, including community-based entrepreneurship, corporate entrepreneurship, ethnic entrepreneurship, immigrant entrepreneurship, institutional entrepreneurship, international entrepreneurship, social entrepreneurship, technology entrepreneurship, and women entrepreneurship. Therefore, the purpose of this study is to identify the entrepreneurial business model in the country's sports industry to meet the needs of post-corona conditions.

RESEARCH METHOD

This research has been done with qualitative design. The study population was all experts in the field of sports management, sports club management and entrepreneurship with educational, research and executive background in the field of entrepreneurship. The sample of the present study was determined qualitatively with an exploratory approach and at the time of research and interviews based on the saturation approach. Data collection tools were semi-structured interviews and demographic information questionnaire. In this study, after conducting 17 interviews, theoretical saturation was reached. The interview was conducted according to a pre-arranged interview guide. The interview was conducted according to a pre-arranged guide.

All interviews were conducted by one interviewer. Some interviews were conducted in person and in accordance with health protocols, and some interviews were conducted by telephone due to the prevailing conditions. The transcripts of the interviews were written on paper and reviewed on the same day and used as the main research data. The interview with each person lasted between 30 and 45 minutes, depending on the tolerance and the level of interest. At the beginning of the interview; participants were asked questions such as: What are the effects of Covid-19 on sport? Has the pandemic affected the performance of sports clubs? Which part of the sports industry has been most affected by the pandemic? Do you think the pandemic has had an effect on sporting goods? Can sports clubs continue to operate? Could this crisis happen again? What should be done? What is the role of government in controlling the pandemic? Is it possible to control the crisis with traditional methods? More questions were asked during the interview to answer the main research questions.

At the end of each interview, the researcher summarizes the interviews and re-presents them to the interviewees to ensure that the material is understood correctly. Then all the interviews were read and written, summaries and key points were considered, all interviews were reviewed interpretively, to identify the main and sub-topics and compare them with each other. Patterns were determined and a group was used to review and receive new ideas and suggestions. In fact, it can be said that after each interview, the information and speeches made by the participants were turned into text and some of the sentences and experiences of the people were highlighted. In the next step, the researchers categorized the important phrases and identified the main and secondary concepts. Participants' reviews and field notes were used to verify the data and codes extracted. The extracted interviews, codes and classes were reviewed by three faculty members and 90% agreement was reached among the extracted results.

RESULT

Out of 17 participants in this study, there were five faculty members from the Sport Management Department, four faculty members of the Economic Department, three professionals and managers of the Iran clubs, two members from the media, and three members of Sports entrepreneurs, whose demographic characteristics are presented in **Table 1**.

Table 1. The frequency of the study participants' demographic characteristics.

Demographic characteristics	University degree		Gender		Age		
	PhD degree	Master's degree and lower	Male	Female	30-40	40-50	Above 50
Sport Management Department	5	0	3	2	1	1	3
Economic Department	4	0	3	1	0	1	3
Managers of the Iran clubs	1	2	3	0	0	1	2
Media members	0	2	2	0	0	2	0
Sports entrepreneurs	1	2	3	0	1	2	0

As outlined above, the given study follows an exploratory approach. Therefore, the used method should offer an accessible and theoretically flexible approach to analyse qualitative data. To address the research questions, the interviews were conducted in a deep and continuous manner, using the interviewee’s experiences. Accurate analysis of the information obtained from the interview began with word-for-word transcription. This process was accompanied by initial note-taking to document the information obtained from the interviews. Then, the important parts of the interviews were coded in a systematic approach. The codes were then categorized and refined to examine the homogeneity of the content. This process was performed in two stages; first the issues were examined at the level of the obtained data. Topics that were similar in content were summarized to make it possible to identify general themes. Second, after reviewing all the topics, an overview of the topics produced was applied, in which the introductory topics were examined according to the data set, which means that the statements of an interviewee could not lead to a topic. Finally, according to the research methodology, at the end of the open coding process, a total number of 42 categories and 6 concepts were identified, as listed in **Table 2**.

As mentioned, the interviews were carefully coded and the main concepts were extracted, then reviewed and revised. Preliminary data showed that Iranian sports clubs have been severely affected by the consequences of coronavirus. The number of clients has decreased, the club's revenues have decreased, and there have been many economic problems for sports clubs. On the other hand, economic support from the government is very low and there is no clear law on the protection of sports clubs. Sponsors have also declined and investment in sports has declined sharply,

while online sports and home sports are on the rise. Exercise has increased on social networks. Traditional club systems do not seem to meet the needs and the new conditions require fundamental changes in club management.

Table 2. Concepts and Final codes.

Concepts	Final codes
Lack of government support for sports clubs	Special conditions, neglect of clubs, privatization, financial support, private sponsor, government, privatization, government budget
Rising rental prices due to economic inflation	Economic inflation with the advent of coronavirus, rents, declining liquidity, the cost of maintaining sports venues, declining incomes, membership fees
Reduce the activity of sports clubs	Registration of sports club clients, athletes staying home, virtual sports, home sports, cancellation of membership, non-renewal of contracts
Reduce sponsors	Lack of media coverage, lack of law to support clubs, framework less investment, non-renewal of contract, reduction of broadcasting rights, reduction of club capital
Mental consequences of coronavirus	Obligation to follow health protocols, cost of purchasing health items, compliance with standards, obsession with over-compliance and overpayment, fear of getting sick, fear of transmitting the virus, coronavirus phobia
Social media	Internet costs, increase of sports activities on the Internet, content production, online trainers, home sports, unlicensed activities, unlicensed training program, network marketing, traditional systems

Lack of government support for sports clubs and Rising rental prices

One of the challenges that sports clubs faced, which was identified as a concept in interviews, was the lack of government support. The prevalence of coronary heart disease in the world has highlighted the role of governments in supporting the economy, but given the limited resources, support must be provided to have the greatest impact on controlling economic losses. Therefore, the need for financial support from the government and even the private sector in order to reduce the economic damage caused by Corona to coaches and clubs is more felt and operational steps must be taken in this regard (Piotrowski & Piotrowska, 2021). The interviewers emphasized that the government and government agencies made only assumptions, and none of them were implemented. According to a government decree to protect tenants during the corona outbreak, no landlord has the right to increase rents by more than 25 percent in Tehran and 20 percent in other cities. The most important decision was that all contracts are extended for up to one year with

the same price increase and the landlord has no right to terminate. For many club managers, the biggest challenge has been renewing their contracts. To prevent possible injuries in the future, it is necessary to pass precise and clear rules in the field of club management. It is also necessary to determine how the government supports sports clubs in critical situations.

Reduce the activity of sports clubs

Reducing the activity of small and entrepreneurial businesses was a challenging issue for sports club managers. One of the most important challenges for small businesses is access to cash. Running any business comes with risks. However, small businesses are very vulnerable. Only half of small businesses live more than five years. The costs of any business such as rent, salaries and utilities, especially in the early years, require a lot of liquidity. However, the decline in revenue from the coronavirus crisis should also be considered (Pietsch, Linder, & Jansen, 2022). Considering the existence, a lot of sports clubs in the country, most of which are private clubs, now the business and livelihood of coaches, assistant coaches, gym managers and service staff, etc. due to closure and lack of the realization of the received fees is endangered, and in the professional club's section, there is a risk of canceling or modifying the contract with the sponsors and the related modification of the players' contracts. Most club managers rented venues or used loans to equip their clubs. Some of them only had a club job. Many clubs were closed due to rent increases. The high cost of following health protocols was also a reason for the decrease in the activity of clubs and the reduction of clients. This decline in activity due to the coronavirus crisis has caused great economic damage to clubs. However, these clubs do not have the necessary financial support or are not covered by insurance in critical situations (Hashimoto, Nakatani, Kida, & Nomura, 2021). Therefore, it is necessary to design and implement programs to prevent possible future damage.

Reduce sponsors

In the sports and club industry, one of the most important issues is the existence of sponsors. In developed countries, the mechanisms of sponsors in the sports industry are well defined and there are necessary laws and regulations regarding sponsors. This is while financial support in developing countries faces many challenges. The coronavirus crisis has complicated the situation of financial support. Sponsors can easily terminate their contracts. The lack of support from sponsors has caused irreparable damage to the club industry and the future of this industry is still uncertain (Martino et al., 2021). In this situation, sports clubs are trying to continue their activities and seek to attract new sponsors. Therefore, it is necessary to review the financial support infrastructure in the sports industry.

Mental consequences of coronavirus

Compliance with health protocols, cost of purchasing health items, adherence to standards, obsession and overpayment, fear of getting sick, fear of transmitting the virus, fear of the corona, are some of the mental concerns about the corona pandemic crisis (Wright, Williams, & Veldhuijzen van Zanten, 2021). These cases have limited the conditions for athletes to attend sports clubs. On the other

hand, with the decrease in the activity of athletes, the activity of clubs has also decreased, and this has caused many problems for the management of sports clubs, this is especially true in group sports (Di Cagno et al., 2020). It is clear that traditional club systems do not respond to the situation and in similar circumstances cannot meet the relevant needs, so it is necessary to review and modify the previous mechanisms.

SOCIAL MEDIA

During the coronavirus pandemic, many restrictions were imposed, one of the most important restrictions being quarantine and homelessness in many countries, including Iran. Under these circumstances, the use of the Internet and social networks increased rapidly (Pacak, 2020). School and university classes also went online, and Internet usage in the country increased. In the field of business, many businesses offered their services online. In the sports industry, due to the closure of sports clubs, coaches used social networks to hold online sports classes. However, the necessary infrastructure to cover this volume of cyberspace was not enough, and there were many problems in connecting to the Internet and low Internet speed. On the other hand, the production of sports content on social networks increased and there was no specific reference to confirm the published information. Social media activity seems to be a major challenge to traditional club systems, with online systems rapidly expanding to meet existing needs. Therefore, the existing mechanisms in this field should be carefully considered, because traditional club management systems do not meet the existing needs.

In the current situation, sports clubs need to be flexible to survive in the new market conditions. Managers must use the ability of entrepreneurship, because entrepreneurship is considered essential in the economy and provides the impetus for economic growth. Entrepreneurship has traditionally been considered a purely economic factor, but this has changed with the acceptance of the necessity of the social forms of entrepreneurship (Ma et al., 2021). Entrepreneurship is common in knowledge-based industries, new activities and technology-based sectors. Most research in the past decade in the field of entrepreneurship has focused on these areas and less on sports. However, some previous research has examined the relationship between sport and entrepreneurship (Ratten & Jones, 2021).

DISCUSSION AND CONCLUSION

The coronavirus crisis has spread rapidly around the world in the months since the beginning of 2020. Many countries, including Iran, experienced certain restrictions, such as quarantine. In this situation, some businesses used the telecommuting system and tried to keep their business active. Some other businesses were unable to work from home and were forced to reduce their activities. Travel, sporting events and entertainment programs, going to restaurants or cafes, shopping malls and museums, and public spaces in general were banned or restricted. These restrictions have affected all sectors. There is evidence that the financial capacity of consumers in most societies to pay optional costs has declined sharply. The closure of educational institutions around the world due to the corona epidemic has affected the sports education sector, which includes a wide range of stakeholders, national

ministries and local authorities, public and private educational institutions, sports organizations and athletes (Sajjadi, Sedighi, Roshanzamir, & Eskandari, 2021). However, service businesses are more affected than others and more jobs are at risk. Athletes getting sick, closing clubs and leagues, and stopping sporting events were the first visible signs of a corona outbreak in the world. This seriously affected the income of sports clubs and federations, which resulted in the unemployment of many club staff or the limitation of their working hours and the payment of lower salaries (Keshkar et al., 2021). The impact of the epidemic on the sports industry is intense, profound and widespread, and may persist for some time in the post-epidemic period. In this regard, experts believe that it is not easy to predict what will happen to the sports industry in the post-epidemic period, therefore, in the future, the sports business models will change significantly. Sports organizations will have changes in the content of personnel contracts and premiums due to the possibility of a recurrence of the crisis to support the activities of sports centers, athletes and staff (Guba, Belyutin, & Achkasov, 2020). Therefore, it is necessary to plan and implement accurate and specific planning to prevent possible damage.

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