

PalArch's Journal of Archaeology of Egypt / Egyptology

THE IMPACT OF PRIVATIZATION ON SAUDI CLUBS ACCORDING TO 2030 VISION

Maram Balwel¹, Tahar Tayachi²

^{1,2} College of Business, Effat University, Qasr Khuzam St., Kilo. 2, Old Mecca Road

P.O.BOX 34689, Jeddah 21478, Saudi Arabia.

Email: [1mbalwel@effatuniversity.edu.sa](mailto:mbalwel@effatuniversity.edu.sa), [2ttayachi@effatuniversity.edu.sa](mailto:ttayachi@effatuniversity.edu.sa)

Maram Balwel, Tahar Tayachi. The Impact of Privatization on Saudi Clubs According To 2030 Vision -- PalArch's Journal of Archaeology of Egypt/Egyptology 18(13), 580-586. ISSN 1567-214x

Keywords: Youth; Sport; Football; Clubs; Saudi

ABSTRACT

In the study, the purpose was to examine and prove that privatization is required for Saudi sports clubs. For nation economic development and limit the financial spend in clubs. The researcher investigated the hypotheses of the relationship between privatization and economic recovery, and the relationship of clubs with privatization. This research adopted the Mixed method for collecting and interpreting data. Using qualitative method such as literature review and interview questions. While the quantitative method using a survey was distributed via online. The researcher conducts an interview with specialties experts in their fields and distributing a survey for 120 participants from the two major clubs in Jeddah. The finding is consistent with the hypothesis that privatization have strong relationship with improving the country economic and it also have quite relationship with the club's development.

INTRODUCTION

Privatization is the process of transferring the ownership of a company, institution, or particular entity from public sector to the private sector [1]. Privatization forms are three, full or total privatization, partial privatization, and conditional privatization. Full privatization is to transfer all the ownership from the public sector to the private sector in its entirety and has no right to intervene in it financially or administratively except through the constitution of the state [2]. Partial privatization is the transfer of ownership from the public sector to the private sector partially, as the public sector remains a partner, and often this partnership by keeping the administration within the powers of the public sector, especially in institutions that take care the state and people [3]. Conditional privatization is through transferring the ownership from the public sector to the private sector under certain conditions to be

agreed upon, and imposed these conditions to ensure parties right in financial and administrative matters [4].

Sport club's privatization, selling the club to companies or to a group of people by buying the shares of the club with the development of this club technically, and invest in it, which leads to increase profits in this club, and leads to count this club as a Joint Stock Company in which anyone can buy shares, where the club is private property not government property [5]. In a short way, its conversion of clubs from governmental institutions to specialize and investments companies owned by individuals or parties [6].

It was reported that privatization role in increase the efficiency in Libyan public institutions, and the administrative managers point of views of Libyan institutions [7] It is inaccurate to claim that privatization would aid the government's budget given the revenues from major purchases of projects, relieving it from spending. In fact, some projects are assessed for less than their actual value in some developing countries, which makes the government lose an important source of income [8].

Sports clubs and privatization will reduce the financial burden on the state budget [9]. The privatization technique includes eight essential targets that are centered around improving competitiveness of the national economy, that encourage private-sector investments, extending the Saudi citizens ownership of productive properties, increasing jobs opportunities, reinforcing the financial position, and providing cost-efficient services in the right time [10]. Also, this technique draws out the fundamental steps to be taken in privatizing and highlight the required policies for each goal, including amendments of business regulations and strategies, improving human resources, and financial market consolidation [11,12].

Privatization is one of the most important means to increase the efficiency of the financial and economic performance for institutions of public sectors. [13] The privatization policy is a means not an aim. It is a way of achieving relative efficiency in performance by taking advantage and using all the available resources [14].

Privatization in the sports sector is only part of the 2030 vision and the National Transformation Program, which is concern about development of all sectors in Saudi Arabia, and it is a part of the huge economic and development movement that the government recently launched [15,16]. This research will investigate the importance of privatization and how it extremely needed in Saudi sports clubs. In relationship of privatization with the economic and the sports clubs itself. Lack of investment in sport sector or professional use of financial sources in these clubs, are burdens the state budget as we know these clubs are owned to the government and states. So, if the sport sector privatized and transformed into investment companies, is it going to help the government? Are there any economic benefit from this move? This what this paper will discuss.

METHODOLOGY

Research Design

The authors adopted mixed method in this research, which combine between qualitative and quantitative methods. In this research, the researcher used qualitative method to extract and collect primary resource using interviews to gather more data. While quantitative method to collect secondary data.

Data Collection

In this research, the researcher used more than one type to gather the much information needed to advance the study. The researcher chose interviews and survey to collect primary resources. While the literature review approach used to collect secondary data. The survey specializes on the other techniques that it saves time, money, and effort. It is useful in collecting data from a large population, in different areas. This technique plays a major role in measuring findings in comprehensive way, where it simplifies the result to be analyzed in better way.

The collected data can be used as reference for further researches, or for clubs to develop or improvements. The interview questions were distributed among several of professional people, in sport, economic, and finance to collect their views about privatization of Saudi sports clubs via a phone. While the survey was distributed among the sports clubs in Jeddah via online link and the sports society in social media to find their opinions about this movement

Data Source

Primary sources are referred to the collected data or any data that was created in the study for the first time. The researcher distributed a survey for 120 participants from Jeddah major clubs and their fans. Also, the author made an interview with professional's sport and business man. Secondary data refers to any information that exist for any kind of use in for anyone and anywhere. Such as previous research, websites, book, journals, or internet, etc. The researcher extracts secondary source from websites, articles, previous research, newspapers, and journals that are published.

Sample Size

In the survey as the researcher mentioned above, that were distributed and get results of 120 person who have a preview about sports field in Saudi Arabia in Jeddah sport clubs to help the researcher to know the different points of views. The interview questions were allocated from 8 specialist in deferent fields. The survey used to measure two important elements of the impact of privatization. The relationship of privatizing clubs and the economy fixes, and how it affects the clubs itself. It distributed among the two popular sports clubs in Jeddah (Al-ahli Fc and Ittihad FC) and their fans in Jeddah. The researcher asked the respondents in scale from (strongly disagree) to (strongly agree).

Research Hypotheses

The research hypotheses is stated as follow. H1: Relationship between sport clubs' privatization and economic. H2: Relationship between privatization and clubs.

RESULT AND DISCUSSION

The data collected from the survey were distributed via online. The researcher collect data from 120 participants from the major two clubs in Jeddah and their fans. The participants were mostly men with 84% and between 18 to 25 with 62.5%. The statistics that have taken through the whole sample of diversified firms in Saudi Arabia. These samples show the impact of diversification.

The Relationship of Privatization of Saudi Sports Clubs with Economic Justification

In this part the researcher asked the participant how much they agree or disagree with the following statements. It was about the relationship between club's privatization and the economic justification. In which they can choose one option from five options.

In the first statement the researcher asks the participants about the privatization of clubs and how it will comfort the government from its financial burden. 56% of the percipients strongly agree with the first statement, where the privatization can exclude the financial burden from the government shoulders.

The second statement was about how privatization open the door to what call sports trade to the country. Which will bring economic benefit to the country in many fields such as ads, sponsorship, marketing, or stock market, etc. The majority of the participant strongly agree with 60% of all voices that it will bring trade in sport for economic recovery.

The third statement was about converting clubs into joint stock companies. 67% of the whole participants strongly agree in converting these clubs to joint stock company. Where they can invest in these company as stockholders. Also, allowing to fans inside and outside Saudi Arabia to be a part.

Forth statement was about encouraging foreign participation in investment in these clubs. The researcher aim in this part was to figure out if the participants encourage the foreign investment interfere or not. 69% of the participants strongly agree with this statement in which they encourage foreign intervention to invest in Saudi sports clubs. The fifth statement where about how privatization protect investors rights in clubs and its relationship to economy. Where will be there a strict conditions and supervision by the Sport General Authority on these clubs after privatization. So, when rights are saved, that will attract investors from all around the world to invest in these clubs which will assist the economy. 60% of the participants strongly agree about this statement in which privatization protect investors rights.

The last statement was talking about how privatization will increase employment opportunities. In a way that decrease the unemployment rate for better economic development. 71% of the participants strongly agree that privatization will help in opening the doors for new jobs opportunities.

Relationship of Privatization to Saudi Sports Clubs

This part was consisting about the relationship of clubs and what privatization will offer to these clubs. Providing five options to estimate their agreements or disagreements on the following statements. With the possibility to choosing one option.

The first statement was about how privatization will help clubs increasing economic efficiency. In the production and service sectors for clubs. More than the half of participants strongly agree with 52.5% about this statement.

The second statement refers to how privatization will increase the sports club's role in improving the investment environment. Where it will bring a growth in the investments rate with building new facilities, new projects, new opportunities, and etc. 58% of the participants strongly agree with the previous statement in how privatization will improve investment environment for these clubs.

The third statement was about the possibility of increasing in revenue for these clubs after privatization. 55% of the participants strongly agree on this statement. In which the increase in revenues from variety of investment projects for clubs.

Forth statement consist about how privatization will increase competition between clubs. From several aspect, such as attracting investors, customers, and even in the Saudi league itself. The participants strongly agree with 58% on increasing completion between sports clubs.

Fifth statement were about what if privatization will help in eliminating financial burden for clubs. The majority of the participants strongly agree on the previous statement with 71% of the whole participants. Where they see that privatization may eliminate financial burden from clubs or decrease it.

The last statement was about applying privatization will ensure players financial rights. 65% of the participants see that privatization will ensure players financial rights. They were strongly agreeing with this statement.

CONCLUSION

In conclusion, privatization is very important step to take for better economy and more opportunities that need to takes time in order to show it results. Implementing this step will meet the national transformation program which aims to privatize 16 governmental entity to private sectors including, education, health, labor, transportation, and sports sectors and etc. That under the 2030 vision, which aims to diversify income sources. Which lead to relieve

financial burden from the government shoulders, and increasing job opportunities that will aid in economic growth.

The main objective of this research was to examine and prove that privatization is extremely needed in Saudi sport clubs. In order to improve nation economy and trade instead of the large amount spent in this sector. The results in this study support the hypotheses, where a relationship between the privatization and economic recovery, and the privatization and clubs. So, the researcher will represent the summery of the major findings in this research.

In findings of this research confirms that privatization have quite relationship with economic development and the sports clubs. The country political, economic, and social justifications for club's privatization are all connected to each other, where it serves the country and the citizens. There are many problems and challenges exist that hindering the process of sports club's privatization in the Kingdom, and should be recognized and figure out the solutions. In reverse there are many factors for success privatization in SA.

Privatization of sports clubs can help in achieving the government required objectives. Privatization will attract investments opportunities for these clubs from local and foreign investors. Club's value can define according to their assets and earnings. If privatization did not rid the clubs from debts it will decrease over time. Finally, the researcher recommends future researchers to investigate more about this topic. Using European experiment as reference and going in depth. Also, can use this research as reference for clubs and researchers. Also, the researcher recommends the decision maker that face privatization problems and challenges by convincing all parties of the importance of further implementation in privatization programs to support the Saudi economy, and encouraging the private sector, as well as giving special privileges to stakeholders to obtain their support. Sports clubs liabilities should be taken into consideration when privatization is taking place.

REFERENCES

- Saltman, R. B. (2003). Melting public-private boundaries in European health systems. *The European Journal of Public Health, 13*(1), 24-29.
- Sheshinski, E., & López-Calva, L. F. (2003). Privatization and its benefits: theory and evidence. *CESifo Economic Studies, 49*(3), 429-459.
- Bortolotti, B., Fantini, M., & Siniscalco, D. (2004). Privatisation around the world: evidence from panel data. *Journal of Public Economics, 88*(1-2), 305-332.
- Li, W., & Xu, L. C. (2004). The impact of privatization and competition in the telecommunications sector around the world. *The Journal of Law and Economics, 47*(2), 395-430.
- Beisheim, M., Young, O. R., & Finger, M. (2012). Limits to privatization: How to avoid too much of a good thing: A report to the Club of Rome. Earthscan.
- Li, H., & Rozelle, S. (2003). Privatizing rural China: insider privatization, innovative contracts and the performance of township enterprises. *The China Quarterly, 176*, 981-1005.
- SHERNANNA, H. (2013). Critical Perspectives on the Efficient Implementation of Privatisation Policies in Libya: Assessing Financial,

- Economic, Legal, Administrative and Social Requirements (Doctoral dissertation, Durham University).
- Storm, R. K., & Nielsen, K. (2012). Soft budget constraints in professional football. *European Sport Management Quarterly*, 12(2), 183-201.
- Hvidt, M. (2011). Economic and institutional reforms in the Arab Gulf countries. *The Middle East Journal*, 65(1), 85-102.
- Ghosh, A., & Sen, P. (2012). Privatization in a small open economy with imperfect competition. *Journal of Public Economic Theory*, 14(3), 441-471.
- Rodrigues, E. R., Navaux, P. O., Panetta, J., & Mendes, C. L. (2010, March). A new technique for data privatization in user-level threads and its use in parallel applications. In *Proceedings of the 2010 ACM Symposium on Applied Computing* (pp. 2149-2154). ACM.
- Albalade, D., Bel, G., & Calzada, J. (2012). Governance and regulation of urban bus transportation: using partial privatization to achieve the better of two worlds. *Regulation & Governance*, 6(1), 83-100.
- De Vries, M., & Nemeč, J. (2013). Public sector reform: an overview of recent literature and research on NPM and alternative paths. *International Journal of Public Sector Management*, 26(1), 4-16.
- The privatization policy is a means not an aim. It is a way of achieving relative efficiency in performance by taking advantage and using all the available resources
- Scharfenort, N. (2012). Urban development and social change in Qatar: the Qatar National Vision 2030 and the 2022 FIFA World Cup. *Journal of Arabian Studies*, 2(2), 209-230.
- Low, L. (2012). *Abu Dhabi's Vision 2030: An Ongoing Journey of Economic Development*. World Scientific.