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INVESTIGATING THE FINANCIAL AFFAIRS PROCESS IN MINISTRY OF SPORT AND YOUTH

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ABSTRACT

The purpose of this study was to investigate the financial affairs process of public and private sports organizations in the country. The present study in terms of its purpose is an applied research, and a descriptive- qualitative research based on data collection and analysis. This research is survey type in terms of implementation. The population of the present research includes all financial executives and sport organizations, including the headquarters of the Ministry of Sports and Youth, Sport Federations and sports clubs in the city of Tehran. Considering the number of the population (312) 240 questionnaires were sent 202 questionnaires of which were returned, which is consistent with the minimal samples mentioned in the table of Morgan (At least 175). To assess the financial affairs status of the sport organizations the researcher made questionnaire was used after confirming the validity and reliability. The questionnaire contained 22 items and included 4 components of budget allocation prediction process, validation process and post auditing. The data were analyzed using the SPSS statistical software and based on the measurement level of the variables the descriptive statistics were used and in inferential statistical methods the dependent and independent t-test and the Friedman test was used to prioritize the requirements. The results showed that there is a significant difference between the existing and desired process of budgeting, credit allocation, the cost of credit and post auditing. So the null hypothesis is rejected. The results showed that there is no significant difference between the views of executives and financial authorities in sport organizations in terms of budgeting, credit allocation, the cost of credit and post auditing.

Keywords: *Financial Affairs, Budgeting, Credit Allocation, the Cost of Credit, Post Auditing*

INTRODUCTION

Today sport is beyond a mere exercise and had had considerable development in different countries (Elahi, 2004) and as an economic sector has a decisive role in production and consumption of goods and services (Androv, 2001). In most countries sports is considered as a trade and industry and governments in developed countries consider sports as a trade and industry along with other industries (Elahi, 2008). Professional sports is one of the diverse areas in modern sports, and has a significant role in advancing the sports industry, as considering the professional sports significantly contributes the economies of many countries developed and developing countries (Elahi, 2008). The necessity of the globalization of sport started since 1980s that changed the role of sports in the society and created income opportunities for many individuals, institutions and various media (Elahi, 2005).

Special attraction of sports and the creation of special interests in all communities to sport events have led the sports teams to advertise in enterprises to develop and enhance their quality. The main infrastructures of the sport industry are the clubs that act as the manufacturing plants and enterprises (Askarian, 2004). Since the targeted allocation of credit to the activities of each organization can clarify the distribution of resources, monitoring process and post auditing, using the operational planning of the budget is an effective step toward increasing efficiency and effectiveness of the credit. Operational budgeting includes the budget prepared based on the functions, operations and projects that the governmental organizations are responsible to implement them. When setting the operational budget instead of goods and the service that the system buys or in other words instead of the tools of performing the activities, the activity itself and the expenditures are considered (Lievens *et al.*, 2003). In this way, budgeting focuses on results rather

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than the spent money. In this type of budgeting Instead of considering the means used to implement activities, activities and measures considered as part of the main duties of the executive shall be considered. Operational budgeting increases the ability of decision makers in evaluating the executive agencies claims by providing them with better data about the results of each program and the set of programs to achieve common goals (Saeedi and Mazidi, 2006).

Limited resource allocation requires unlimited needs, therefore in order to achieve the desired objectives it is necessary to use limited resources so that when transforming all resources into money one could say the best performance is achieved by least cost (Ayatollahi, 2005). Organizations always require budgeting for three reasons: 1) presenting the financial aspect of the plan 2) identifying the resources needed to execute the program 3) obtaining measure, monitor and control criteria and controlling the results with the plans.

The managers of the companies have three main duties (planning, coordination and control) for the management of their organizations. And budget improved and strengthens the duties of directors and it is one of the tools used by the management to make decisions and set goals (Khashaie, 2006). Budget is the origin of effectiveness of the organization and leads to achieve the objectives and policies (Khashaie and Khatibiorator, 2007).

Also the budget is used as the planning tool to set financial policies to achieve economic purposes and it is an appropriate means for allocating limited resources based on planned priorities (Pileroudi, 1996) and the realization of organizational goals depend on appropriate planning and budgeting (Soheili, 2007). Budgeting process begins when an organization starts to work and it needs financial resources continue (Delangizan and Mohammad, 2008). State budgeting is an effective tool to organize management information to make the correct decisions relating to the allocation of limited financial resources (Mahdavi, 2008). It is therefore important that every institution defines the exact budget for the activities or tasks. On the other hand, without budgeting, the organizations are objective less and their activities are unknown (Khashaie, 2006).

The importance of financial resources in plans is not unknown to anyone and physical education is not an exception. PE financial resources have never been desirable as well as specialist human resources.

Karimi (2008) proposed to determine the sports-related budget according to the number of students in the Ministry of Science, Research and Technology and require the universities to implement the Act.

Afarinesh *et al.*, (2005) discussed the perspective of faculty members, coaches, athletes and administrators about sport development and reported that there was a significant differences based on the role of sport public budgeting in the development of sport.

Talebpour (2007) announced that according to the annual budget of the Universities, the per capita funding for each student for sport activities throughout the year is 300thousand Rials and only 10 percent of the university's budget is spent on students sport activities.

A study analyzed the budgeting of the organizations. The results of this study indicated that based on financial management plans in sport organizations budgeting exercise may actually result in exporting sports products which might have marketing aspects.

Richard Lachik in a recent study of the budgeting in universities in America (Central Florida) announced that the educational conditions of women and the number of graduated women athletes is much better than the past and one of the reasons of this improvement is the reforms taken by the National Collegiate Athletic Association in the United States based on which college grants and scholarships are not allocated to the sports programs that did not consider the scientific considerations of the athletes and do not perform well academically. Weak universities in sports are deprived from the budget (Lachik, 2005).

Lenin and Nico (2007), addressed financial problems of the college sports and finding new sources of funding through organizations and non-profit institutions persuasion for budget allocation in universities and announced to use the experience of the University of Aachen, Germany regarding fundraising to cope with reduction of the budget of the university sports.

Given the above, this study seeks to answer the question: “How are financial affairs of the Ministry of Youth and Sports (as trustee of the sports issues)?”

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MATERIALS AND METHODS

Research Methodology

The present study in terms of its purpose is an applied research, and a descriptive- qualitative research based on data collection and analysis. This research is survey type in terms of implementation.

The population of the present research includes all financial executives and sport organizations, including the headquarters of the Ministry of Sports and Youth, Sport Federations and sports clubs in the city of Tehran. Project managers and administrators of sports are 36 people and federation managers including chairman, secretary and treasurer include 150 people and the number of the Premier League managers and financial managers, include 36 people and the directors of Youth and Sports Office, as well as vice president and treasurer of the province, include 90 people which results in a total number of 312 people.

Considering the number of the population all the population of the study was selected as samples and among all given questionnaires 202 questionnaires were returned, which is consistent with the minimal samples mentioned in the table of Morgan (At least 175).

Measuring instrument included two researcher made questionnaires including demographic characteristics and the scale of the financial status in sport organizations that were used after confirming the validity and reliability. The questionnaire contained 22 items and included 4 components of budget allocation prediction process, validation process and post auditing. The questionnaire has two parts and includes the existing condition and the optimal condition evaluated by 5 point likert scale.

To assess the face validity the sports management and funding professionals were used. After confirming the face validity based on the professionals the Cronbach's alpha test was used to confirm the reliability which was 0.87.

The data are analyzed using SPSS statistical software and according to the level of measured parameters in the descriptive statistics of the tables the relative frequency percentage, mean and standard deviation are used. Also in the inferential statistical method t-test was used to compare the existing and optimal situation, budgeting process was used in sport organizations to compare existing and optimal situation, credit allocation process in sport organizations from the perspective of the respondents, the independent t test was used to compare the view of executives and financial officers in sport organizations based on the financial affairs of the sport organizations and the comparison between the viewpoint of the authorities in sport organizations was used in financial affairs of the sport organizations and the Freeman test was used to prioritize the needs to improve the financial affairs.

RESULTS AND DISCUSSION

The Findings

Descriptive analysis of objective data (demographic) of the population under study was as follows: regarding the gender distribution of the sample under study results show, 46 (8/22%) of the survey were female and 156 (2/77%) were male.

The distribution of the sample under consideration on the basis of education indicated that 10 (0/5%) had a high school degree, 86/6 (42%) had a bachelor's degree, 89 (1/44%) had a master's degree and 17 (4/8%) had a doctoral degree.

The distribution of the sample under consideration on the basis of major indicated that 33 (3/16%) had a degree in accounting, 42 (8/20%) had a degree in physical education, 62 (7/30%) had a management degree and 65 (32/2%) had degrees in other disciplines.

The distribution of the sample under study is based on responsibility and organizational position indicated that among the samples 2 people were deputy ministers, 3 people were Administrators Staff (non-financial), 4 persons were administrators (finance), 18 people were state general managers, 22 people were Deputy Director of Staff (non-financial), 19 people were General Deputy Director (Finance), 29 people were the federation secretary, 28 people were treasurer, 12 people were President of Clubs, 22 people were CFO and 14 people were financial experts.

The distribution of the sample under consideration on the basis of management experience also showed that 25 people (12/4%) had an experience of less than 5 years, 34 people (16/8%) had an experience of 5-

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10 years, 49 people (24/3%) had an experience of 11-15 years, 41 people (20/3%) had an experience of 16-20 years, 32 people (15/8%) had an experience of 20-25 years and 21 people (10/4%) had an experience of over 25 years.

Descriptive statistics related to the budgeting process indicate that the mean and standard deviation of the optimal process are 2/51 and 0/66 respectively but the mean and standard deviation of the present process are 4/27 and 0/44 respectively that based on the 5 point Likert scale it is associated with average budgeting process.

Descriptive statistics related to the allocation of credit indicate that the mean and standard deviation of the optimal process are 2/52 and 0/64 respectively but the mean and standard deviation of the present process are 4/11 and 0/49 respectively that based on the 5 point Likert scale it is associated with average allocation of credit in the organization.

Descriptive statistics related to the cost of the credit indicate that the mean and standard deviation of the optimal process are 2/29 and 0/469 but the mean and standard deviation of the present process are 4/19 and 0/49 respectively that based on the 5 point Likert scale it is associated with weak cost of the credit in the organization.

Descriptive statistics related to the post auditing indicate that the mean and standard deviation of the optimal process are 2/28 and 0/68 but the mean and standard deviation of the present process are 4/15 and 0/46 respectively that based on the 5 point Likert scale it is associated with weak post auditing in the organization.

Before conducting the statistical tests and due to the presumption to use or not to use the parametric tests the Kolmogorov-Smirnov test was used. Accordingly the variables analyzed in this study were analyzed and the results showed that all variables are normally distributed.

Given the normal distribution of data the dependant t-test was used to compare the differences between the existing and optimal budgeting process in sport organizations. The results are given in Table (1).

Table 1: The results of the t-test for the difference between the Present and optimal budgeting process, allocation of credit, the cost of credit and post auditing

| Variable | | Mean | Degrees of freedom | t | Significance |
|------------------------------|-------------------|-------|--------------------|--------|--------------|
| Budgeting process | Present condition | -1.76 | 201 | 12.524 | 0.001** |
| | Optimal condition | | | | |
| Credit allocation process | Present condition | -1.59 | 201 | 10.002 | 0.001** |
| | Optimal condition | | | | |
| The total cost of the credit | Present condition | -1.90 | 201 | 12.908 | 0.001** |
| | Optimal condition | | | | |
| Post auditing | Present condition | -1.88 | 201 | 12.311 | 0.001** |
| | Optimal condition | | | | |

According to Table 1, there is a significant difference between the present and optimal conditions of budgeting process, allocation of credit, the cost of credit and post auditing, This indicate that the present conditions of budgeting process, allocation of credit, the cost of credit and post auditing is significantly lower than the optimal condition.

Given the normal distribution of data independent t test was used to compare the views of executive and financial administrators of sport organizations in terms of budgeting process, allocation of credit, the cost of credit and post auditing. The results are shown in Table 2.

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Table 2: The results of independent t test to compare the views of executive and financial administrators of sport organizations in terms of budgeting process, allocation of credit, the cost of credit and post auditing

| Group | Responsibility | Mean | Levene's test. | | Degree of freedom | t | A Significance |
|------------------------------|----------------|------|----------------|-------|-------------------|-------|----------------|
| | | | F | Sig | | | |
| Budgeting process | Executive | 2.37 | 1.155 | 0.293 | 201 | 1.550 | 0.134 |
| | Financial | 2.78 | | | | | |
| Credit allocation process | Executive | 2.35 | 1.061 | 0.313 | 201 | 1.971 | 0.060 |
| | Financial | 2.84 | | | | | |
| The total cost of the credit | Executive | 2.21 | 0.676 | 0.419 | 201 | 1.004 | 0.325 |
| | Financial | 2.44 | | | | | |
| Post auditing | Executive | 2.19 | 0.657 | 0.425 | 201 | 1.069 | 0.295 |
| | Financial | 2.48 | | | | | |

As Table 2 shows although the budgeting process, allocation of credit, the cost of credit and post auditing was weaker based on the viewpoint of the executive authorities but this difference was not statistically significant.

After monitoring the questionnaire the most important problems of predicting the budget based on the research samples include: No previous assessment, lack of transparency, lack of instructions for the correct prediction of funds, lack of preparation by the experts, the lack of full information from subordinate units, lack of planning and development for the identification of financial resources, lack of evaluation of the results of implementing the last year budget and managers unfamiliarity with budget system.

The most important problems of allocated credit based on the research samples include: the non-proportionate funds allocated to different areas, the absence of specialized units, lack of timely payment of funds, lack of full payment of credit, credit allocation based on market bargaining, lack of specialized working groups, lack of justice, the lack of national perspective, the weakness of the managers in the allocation of funds, lack of integration and lack of transparency in the system. After data analysis the most important problems of cost of the credit include: the need: review the procedures, lack of transparency in accounting, lack of control, the extra out of the program cost, the lack of authority of the deputies, lack of specific expertise, optional decision makings, lack of up to date accounting systems and lack of appropriate strategic objectives. The most important problems of post auditing include: lack of adequate control, lack of certain control programs, lack of responsibility about the expenditures, The lack of an integrated system of financial supervision, the supervisory power shortages, lack of adequate oversight of spending, lack of honesty and individual supervision, lack of meritocracy in the selection of inspectors, the lack of reference regulatory structure and relationship-oriented governance.

Discussion and Conclusion

The results showed a significant difference between the present and optimal budgeting process in sport organizations. The results of this study are consistent with Talebiannia (2003), Mahmodi (2007), Ansari and Zeinali (2008), Khan *et al.*, (2011) and Mashayekhi *et al.*, (2014).

Talebiannia (2003) pointed out that most of the ministries and agencies in the country make their funds according to the traditional method of budgeting and only the Ministry of Science, Research and Technology and Ministry of Education have the related software to meet the approved strategic plans and none of them have modern scientific and logical budgeting method.

The results showed a significant difference between the present and optimal credit allocation process in sport organizations which is consistent with Azar and Vafaei (2010), Taleb (2007), Afarinesh *et al.*, (2005) and Mashayekhi *et al.*, (2014).

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Afarinesh *et al.*, (2005) in their study regarding the Views of faculty members, coaches, athletes and administrators on public sports development announced that there were significant differences between the viewpoints about the public sports budget role in developing the public sports.

As mentioned above, the budget is one of the most important processes that organizations need. According to the results of this research there is a significant difference between the present and optimal credit allocation in sports organizations.

The budget is the lifeline of a sports organization because the organization conducts all financial activities within the budget line. On the other hand since in the traditional budgeting system the important factors such as effectiveness, efficiency, economy and return are ignored compared to the resource allocation, therefore the resources are not used appropriately and they are wasted. One of the proposed strategies for better management is appropriate budget allocation.

The results showed a significant difference between the present and optimal cost of the credit in sports organizations which is consistent with Andrews (2004) and Bornes and Lie (2004).

Andrews (2004) showed that the possibility of performing cost of the credit is in the states in which there are higher professional skills and expertise to conduct such changes and officials have more authority to make such changes, and the change acceptance of is higher. Bornes and Lie (2004) found that using performance indicators has reduced the productivity rates in the state budgets within 1990-2000. They also found that during the periods that the level of funding has changed, these indicators are improved significantly.

The results showed a significant difference between the present and optimal post auditing in sports organizations indicating that the present post auditing condition is less than the optimal condition.

The results showed that there is no significant difference among executives and financial managers in sport organizations viewpoint about budgeting, credit allocation process, the total cost of the credit and post auditing. Although the budgeting, credit allocation process, the total cost of the credit and post auditing was weaker based on the executive authorities but this difference was not significant.

The overall conclusion of the study is that the changes and complexities of present era has caused the governments to apply the necessary measures to correct planning, decision-making and scientific management and coordination of matters relating to the needs of communities. Using new methods of budgeting in addition to prevent the slow work of government agencies and waste of public funds, has been highly effective in promoting social and economic objectives and the governments can distribute the national resources fairly and effectively in the desired objectives.

The budget is the lifeline of a sports organization because the organization conducts all financial activities including collecting revenue and expenses for the implementation of various programs within the budget line. Therefore budget mirrors all programs and activities of the organization and plays an important role in the development of the economy and the advancement of sports organizations.

The conventional process of budgeting does not provide the sufficient information on the total cost of the credit and the effectiveness and efficiency of the program and also has short-term planning horizon and limits authority of management to control costs and monitor the implementation of any single unit.

Since in the conventional budgeting system, important factors such as effectiveness, efficiency, economy and efficiency are ignored, therefore the resources are not used appropriately and they are even wasted. On the other hand, the increase or decrease in the budget of the political decision makers, the influence of individuals, the bargaining power of managers, the accountability and responsibility of the managers are pale. In addition, in our country budget is connected with macroeconomic problems such as economic growth, employment, inflation and general economic growth and recession and on the other hand it is faced with budget deficit and the sports organizations also suffer from this deficit.

Ensuring and strengthening accountability at various levels of management, realization of output oriented approach, granting authority to the directors to choose the inputs required to produce the desired outputs, continuous performance appraisal of the managers as one of the criteria to allocate credits, decision making about the evaluation of the performance of management, the production of transparent management and financial data for decision making in relation to increasing, reducing the budget and

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budget allocations, getting rid of cronyism and achieve the long-term planning and spending based on programs, increasing the managers' ability in financial, physical, human and information resources management, reduced corruption and bribery at different levels of administration and decision making, providing a proper basis for making decisions about resource allocation, determining the expected measurable results, focusing the decision-making process on the most important and the challenges of the administrative system and defining a rational decision making process in terms of budget with is directly related to the planning, implementation, monitoring, evaluation and reporting could have very valuable effects on the sports organizations.

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