

The Importance of Economic Feasibility Studies in Making Sports Investment Decisions

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Abstract

This study aims to clarify the role played by economic feasibility studies in making sports investment decisions, as it is a crucial tool by presenting accurate and comprehensive analyses of the opportunities and risks of the project. Providing reliable information helps to make an informed investment decision, which contributes to the success of these sports investment projects and thus achieve their objectives effectively.

Keywords: Economic feasibility, Decision-making, Sports investment.

Preamble:

Economic feasibility is a comprehensive analysis of the feasibility of the project, that is, the project's ability to make profits. It is used to assess the extent to which the desired objectives can be achieved.

A sports investment is a business whose goal is to increase the capital of a sports organization. Or increase its resources by maximizing the use of its potential to obtain the largest financial return that helps it implement its programs and improve the level of services. It allows the beneficial exchange between the investor and sports organizations, to invest their material and human capabilities necessary for sports activities. It is an action aimed at increasing capital or increasing resources by operating or exploiting capital.

A feasibility study is an essential tool in making sports investment decisions, as it helps to assess the potential risks and benefits. These studies provide a careful analysis of the financial and economic factors that affect the success of the project and also help in the feasibility of sports investment in terms of economic and social.

Through a precedent, the following question can be asked:

How do feasibility studies contribute to sports investment decisions?

Through this study, three main axes were addressed

The first axis: Economic feasibility studies.

The second axis: Sports investment.

The third axis: The contribution of economic feasibility in sports investment decisions.

Importance of the study:

The importance of the study is as follows:

- The importance of economic feasibility studies in sports investment projects.
- The importance of sports investment in economic development.
- The importance of the feasibility study in making an investment decision in the sports field.

Study Objectives:

- The research aims to highlight the topic of economic feasibility studies as one of the most important criteria on which to base sports investment decisions.
- Recognize the topic of economic feasibility as an entry point for making strategic decisions.
- Highlight the role of both initial and detailed feasibility in making sports investment decisions

3.1 Feasibility- Economic

1-1 Definition of the Feasibility Study:

The feasibility study is defined as a process of collecting information about a proposed project and then analyzing it to know the possibility of implementation, reducing risks and profitability of the project, and therefore the extent of success or loss of this project compared to the local market and its needs must be known.

The feasibility study defines a set of comprehensive scientific studies for all aspects of the project or proposed projects, which may be either in the form of preliminary studies or a type of detailed or technical studies, through which it is possible to choose an alternative or investment opportunity from among several alternatives or proposed investment opportunities. It is also a means that contributes to the investment decision-making process characterized by accuracy, objectivity and comprehensiveness.

1-2 Types of Feasibility Study:

There are two main types of economic feasibility. The first is a comprehensive and preliminary study of all aspects of the project. The second is a linkage of a series of detailed and accurate studies.

2-2-1 Preliminary Feasibility Study:

They are often called pre-investment studies so that they aim to clarify the main objective of establishing the project and give it a preliminary idea of its material, financial and human requirements, as well as a preliminary guess about the economic returns and benefits expected from it in return for the necessary investments. This study seeks to assist in taking the appropriate decision on proceeding with the project study and justify the expenses that will be spent on preparing the detailed feasibility study for it.

2.2.2 Detailed Feasibility Study:

Environmental, legal, marketing, financial and social aspects of research, analysis, assessments and tests.

They are divided into the following:

First: Environmental Feasibility Study: This study aims, in its analytical aspect, to try to identify the impact of the project on the environment

Second: Legal Feasibility Study: This study determines the relationship between the project and the laws and legislation affecting it.

Third: Marketing Feasibility Study: This study includes estimating the demand for the project's products, in addition to analyzing data and information from their sources, and determining the structure and type of market in which the project operates.

Fourth: Technical Feasibility Study: The technical feasibility studies focus on planning and preparing the production capacities of the project based on the results and estimates of the marketing feasibility studies and determining the volume of production.

Fifth: Social Feasibility Study: This study attempts to assess the impact of the project on the national economy and the extent to which it contributes to achieving the macroeconomic objectives of the society in addition to the added value on the balance of payments and the stability of the currency.

Sixth: Financial Feasibility Study: This study relies on other studies, mainly marketing studies and technical studies, with the results and effects they reflect on cash outflows (costs) and cash flows (revenues) during the productive life of the project.

Here, it is necessary to address the factors affecting the financial feasibility in the sports field:

Type of Sports

Different profitability opportunities from one sport to another, for example: football, basketball. The pen has a wide fanbase and greater sponsorship opportunities than basketball, for example.

Second: The level of competition.

Third: Marketing strategy: The possibility of investments reaching the target audience and marketing them in effective ways.

Fantastic: Financial sustainability: Relying on diverse sources of income, effective management of expenditures, and balancing growth and development.

1-3 The importance of the feasibility study:

The importance of economic feasibility is reflected in the following:

- The results of the feasibility studies allow the investor to differentiate between the investment opportunities available to him and their arrangement.
- Demonstrating the ability of the project to achieve the objectives for which it is established, so that the establishment of the project is not an objective in itself, but rather it is with the satisfaction of obtaining certain material benefits for the institution.
- The feasibility study contributes to determining the appropriate sources of funding for the project's needs, their availability and their ability to provide the project with funds when needed.

The Objectives of Economic Feasibility Study:

The economic feasibility studies aim at a number of objectives, including:

- Choosing investment projects that achieve the greatest net benefit to society.
- Providing the opportunity to choose projects that contribute to solving economic and social problems.
- Selecting economic projects that achieve the highest net benefit, which leads to the optimal allocation of resources.
- Providing an opportunity to choose those projects that work to increase equity in the distribution of income by introducing some social considerations when evaluating projects.

The establishment of sports investment projects requires a feasibility study to determine the validity of these projects in several aspects:

- Markets
- Technically.
- Financing.
- Economic and social aspects.

This is to achieve the highest benefit to help solve the economic and social problems in the community.

2- Sports investment and investment decision making.

2-1 Definition of Sports Investment:

It is a work aimed at increasing the capital of the sports organization. Or increase its resources by maximizing the use of its potential to obtain the largest financial return that helps it implement its programs and improve the level of services. It allows the beneficial exchange between the investor and sports organizations, to invest their material and human capabilities necessary for sports activities.

It is to increase the capital of sports institutions through various sports activities, which allows the exchange of benefit between investors to invest their money and between sports institutions to invest their material and human potential necessary for sports activities.

It is a work aimed at increasing individual capital or increasing resources by operating money or exploiting it with the aim of increasing it.

2.2 Sports Investment Objectives:

- 1-Achieving return or profit through various projects.
- 2-Maintaining the assets or the value of the original capital of the investor in the project.
- 3- Continuity and increase of income: The investor in the field of physical education and sports aims to achieve a continuous income and work to increase and develop it continuously.
- 4-Ensuring the necessary liquidity to meet work obligations and cover emergency situations.

2-3 Areas of Sports Investment:

First: Sports investment in the sports institution:

By sponsoring sports teams for individual and group games, establishing health clubs, television broadcasting rights, sponsorship and advertising rights, hosting international foreign teams, the right to sell tickets for matches and competitions, the right to sell the purchase of players, providing multi-purpose closed halls with the establishment of schools for the education and training of various sports.

Second: General Sports Investment:

By establishing therapeutic centers, suitable lounges with fast food restaurants, organizing various parties, internet halls, buying the shares of a refueling station company and training courses for education, promotion and sports management, and exploiting sports facilities in public activities and events not related to sports, in addition to exploiting them as tourist vehicles through the services and entertainment that attract tourists.

2-4 Incentive and incentive decisions for sports investment:

- The need for laws, regulations and decisions that encourage sports investment.
- Availability of different methods to motivate and encourage investors.
- Developing a strategy for investing the athlete in the sports institution.

2-5: Recent Trends in Sports Investment:

Relying on traditional sources of funding such as subsidies, donations and credits by the state and businessmen is no longer sufficient to enable countries to reach their desired goals, so it was natural

for investors to think about how to find non-traditional funding sources, and there is a tendency to form joint-stock companies that manage and supervise sports in order to reach the best levels of profitability, which in turn achieve the appropriate return on investment.

2-6 Investment Decision Making: The term investment decision refers to the process of making the investment alternative that gives the largest return on investment among the projects offered, and is based on a set of feasibility studies that precede the selection process.

2-7 The concept of the investment decision in the field of sports:

It is based on choosing the investment alternative that gives the most return on investment from two or more alternatives.

2-8 Foundations of Investment Decision Making:

The investment decision-maker shall take into account the following:

- Determine the main objective of the investment.

Gathering the necessary and appropriate information to make an investment decision.

Determine the appropriate factors through which to determine the basic factors in the decision.

- Evaluating the expected factors of the available investment alternatives.

- Choosing the available investment alternatives.

2-9 Characteristics of a rational investment decision in the sports field:

- The availability and conformity of the scientific foundations to overcome problems.

- It extends to future activities and is associated with a certain degree of risk.

3: Contribution of economic feasibility to sports investment decisions:

The subject of economic feasibility in making sports investment decisions is of utmost importance as it allows the implementation of the sports investment project through comprehensive and accurate studies characterized by objectivity and accuracy to choose the optimal decision and achieve the main goal of sports investment.

3-1 Sports investment projects that need a feasibility study:

3-1-1 Feasibility of commercial sports projects: We mention among them:

First: Establishing a club:

It is a specialized club for sports use and it has different facilities and its aim is to practice sports activity, where the following is done:

- Assess the demand for sports services.

- Determine the costs necessary to establish and equip the sports club.

- Estimate the return on sports investment.

Second: Building a playground:

The stadiums are designed in line with the rules of the game and the instructions of the international federations. They are more advanced in engineering and architecture. The following are identified:

- Assessment of construction and maintenance costs.

- Evaluating the return on sports investment by organizing sports events or renting the stadium.

Third: Development of a sports academy:

The Sports Academy is a scientific institution that does not aim for financial profit only to the extent of its interest in achieving the preparation, qualification and development of players of different age groups and levels of both sexes through the correct scientific and training programs, and the preparation of future cadres for all sports, as well as its focus is not only on the graduation of players, but also their behavioral and cultural upbringing, which is of great importance to technical skill. The following are identified:

- Cost Evaluation:

- Estimating returns on sports investment.

- Assess demand for sports training programs.

3-1-2 Feasibility study of competitive sports projects:

We mention among them:

Organizing a sporting event:

Sports events are a set of periodic or frequent sports matches or competitions at specific times and known times in specific or known places under the supervision of a known body or federations, where:

- The costs of holding the sporting event.

- Anticipated Earnings
- Determining sources of income (sponsorship, television broadcasting rights, selling tickets... etc.).

3-1-3 Feasibility study of social sports projects:

We mention among them:

- Creating sports programs for children.

3-2 Importance of Feasibility Studies in Sports Investment Decisions:

We mention among them:

3-2-1 Attracting investors:

The financial feasibility study is an important scientific means to attract investors, as it provides comprehensive, clear and accurate information about the feasibility of the sports investment project.

3. Performance Measurement

By this, we mean the adequacy of processes, making changes, addressing deficiencies, and other issues. Feasibility study can be used:

- as a tool to measure project performance.
- compared to predefined goals.

3-2-3 Budgeting:

It is the process of creating a financial plan for a specific project. FEASIBILITY

- Determine the necessary budget for the project.
- Effectively distribute financial resources.

4.3.3 Identification of Opportunities:

The feasibility study helps to provide opportunities for profits, whether:

- Traditional sources: ticket sales and broadcasting rights.
- Innovative sources: such as sponsorship and marketing.

the risk assessment.

It is an ongoing scientific process that aims to study risks by analyzing and reducing the internal factors of the sports project and the external environment, for example:

- Players and team performance.
- Changes in Laws and Regulations.
- The impact of local and global sporting events.

3-3 Elements of the Feasibility Study in Sports Investment:

1. Market Analysis:

Sports market analysis includes the study of:

Target Market:

- Competitor Analysis
- happiness.

Market Gap:

- vulnerabilities in
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3-3-2 Marketing Plan:

It is the process by which the elements of the plan are applied, such as setting the goal, drawing up policies, determining the material and human potential, and approving procedures.

strategy

- to promote the project.
- Pastoralists
- Customer Acquisition

3-3-3 Operational Plan:

An operational plan is a detailed document that describes how the organization or project objectives will be achieved in the short and medium term. Operational Plan

- Activities positioning
- Resources needed to implement strategies.
- Strategic Goal Realization

4-3-3 Financial Analysis:

They are effective decisions, and the audit of the financial statements. So that it includes:

- Estimating expected costs and revenues.
- Calculate the return on investment (ROI).
- Percentage of the profits

5-3-3 Financial Evaluation:

Financial evaluation The financial feasibility study helps the investor in making the decision on investing in the proposed project under study from Ladoa, and to facilitate that decision, both investment costs, production costs and expected revenues must be clearly arranged in the sense of:

- Compare expected returns to costs.
- Investment recovery period

Through the above, it can be said that the continuators can get a clear picture of the feasibility of the project and how to achieve the basic goal of investing in the sports project, as the economic feasibility studies help in making accurate decisions, assessing risks and attracting investors through analyzing the market, technical, financial, and regulatory aspects. This enables the owners of sports investments to determine the feasibility of the sports project.

Conclusion:

By addressing the subject of economic feasibility studies and making sports investment decisions, we find that economic feasibility is an essential and necessary tool in making sports investment decisions because of its great impact on the success of the sports project, where it plays an important role in determining:

First: Challenging the feasibility of the project:

- Financial evaluation: through accurate estimates of the costs of the sports project in addition to the returns on investment and the determination of the capital recovery period.
- Investment risks.
- OPPORTUNITIES

Second: Making investment decisions.

Third: The target market and identifying the target audience.

Fourth: Chances of success.

- Risk assessment: The feasibility study helps to reduce the risk of failure of the sports project by identifying risks and finding appropriate solutions.
- Increase the return on sports investment: by increasing the chances of making profits.

This helps in making investment decisions based on a sound scientific basis, so a comprehensive analysis of the feasibility of any sports investment project, whether it is commercial sports projects, social sports projects or competitive sports projects.

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