

A Proposed Framework for the Administrative and Legal Organization of Sports Service Companies in Accordance with Sports Law No. 71 of 2017

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Introduction and Research Problem

The idea of establishing sports companies emerged during the implementation of professional sports practices in the 1990s. European countries adopted this concept extensively, followed by several Gulf nations. Over the past 30 years, the sports industry has transitioned from being merely a social physical activity to becoming an economic and investment-oriented activity. Sports are no longer limited to competitions and championships but have evolved into a massive industry on which many countries rely for their economic growth. Therefore, the Egyptian legislator introduced a new model of investment companies, referred to as "sports service companies," in the latest amendment to the Egyptian Sports Law No. 71 of 2017. This law was designed to regulate investment in the sports sector and granted the minister responsible for sports the authority to establish the rules, conditions, and procedures necessary to facilitate operations in sports investment.

Bahaa Sayed Mahmoud (2016) indicated that sports communities require a legal framework as they are based on free competition to achieve results and legitimate gains. Thus, there must be organized legislation and governing legal rules that enforce discipline, ensure respect, and manage emotional control. This approach helps to avoid conflicts of interest and overlapping desires, increasing opportunities for practicing sports based on patience, mental focus, and conscious awareness. Such outcomes can only be achieved through the implementation of deterrent legal measures, provided these measures align with the educational goals intended behind the practice of physical education. (Mahmoud, 2016: 34).

Hassan Ahmed El-Shafei (2019) defined legal organization as a set of legislations, rules, and legal provisions that govern and regulate activities, relationships, or material and non-material

transactions between individuals, starting from the inception of an obligation until its conclusion. These individuals may be either natural persons or legal entities. A natural person refers to an adult human with full legal capacity, whereas a legal entity refers to an institution, company, association, or sports club that is treated as a juridical person in transactions, contracts, and cases presented before the judiciary. (El-Shafei, 2019: 17).

Shaaban Ibrahim Ghaleb (2023) defined a sports company as a joint-stock company operating in one or more areas of sports services specified by the competent minister. It is not subject to the supervision of the Ministry of Tourism and is granted a license to conduct its activities by the competent minister. (Ghaleb, 2023: 257).

Given the vital role that companies play as a fundamental element in society, it is crucial to place greater emphasis on their administrative systems, policies, and strategies for managing human resources. This also requires a deep understanding of all aspects of personnel management within these companies. Such an approach ensures that companies can fulfill their designated roles effectively, particularly amid the numerous interrelated variables that influence one another. These complex interactions create a multifaceted structure, necessitating precise and cohesive administrative organization across all aspects of the management process.

Yomna Mohamed Atef (2013) highlighted that the fundamental components of administrative organization revolve around the job position and its occupant. It can be said that the structure of administrative organization consists of a set of roles and the individuals occupying them, followed by the formation of administrative units. A job position refers to a civil role that imposes specific duties on its occupant, regardless of whether they are fully dedicated to it or not. It involves the tasks assigned to an individual to perform, consisting of a set of duties, responsibilities, and authorities. Thus, a job position is considered a legal status held by an employee. Moreover, the position itself is not influenced by its occupant. This independence of the position from its occupant stems from the administrative structure, which requires the existence of roles defined through legislation that specifies duties, authorities, and responsibilities before they are filled. (Atef, 2013: 62).

Osibanjo and Adeniji (2012) defined administrative organization as the provision of everything that helps a company perform its tasks, including capital, personnel, establishing relationships between individuals, defining tasks, and distributing them among individuals. This is achieved by determining lines of authority and communication between superiors and subordinates in order to accomplish the company's objectives. (Osibanjo & Adeniji, 2012).

The establishment of a company is considered the cornerstone in building an economic entity, whether small or large, around which various relationships will later emerge. These include transactions between the company and its clients, as well as those between the company and its employees. Inside the entity itself, relationships develop among partners regarding how to manage the company, allocate profits, and determine distribution percentages. Therefore, it is essential to focus on laying a solid foundation for this entity to protect the rights of partners and safeguard the rights of those interacting with the company. This can be achieved by formalizing and registering

the system with an administrative body entrusted with safeguarding the rights of all involved parties. [Link: <https://www.gafi.gov.eg/Arabic/eServices/Pages/eservices-guide.aspx>]

To ensure the success of private sports investment, particularly in the establishment of sports service companies in Egypt, it is crucial to explore the best methods for attracting investors and amending regulations and laws to support investment in the sports sector. Consequently, efforts should be made to encourage businesspeople to engage in this field and appreciate those investors who contribute to the sports industry. Furthermore, there is a need to enhance the process of sports investment by establishing joint-stock companies that can drive investment growth, foster community participation in sports sponsorship and production, and work towards updating and managing sports facilities in a financially successful manner.

Through my work in the administrative field at sports clubs, including Al Ahly Club, I have observed numerous administrative and legal shortcomings and obstacles that have hindered the application of this investment mindset. The law restricts sports clubs in establishing companies by provisions that emphasize the absence of a board of directors in these companies. The researcher raises the question: How is this possible? Ideally, the boards of directors of sports clubs should lead these companies. Additionally, the low interest of investors in establishing companies according to these regulations suggests the existence of multiple bodies managing investments, which increases the complexity of procedures to obtain the necessary licenses for sports service companies. Furthermore, investors' reluctance to regularize their companies stems from the lack of guarantees and incentives to encourage them to do so, along with the absence of a clear administrative and legal framework for the operational mechanisms in this area. This has also led to the failure to achieve the desired objectives.

Therefore, I conducted an exploratory study through structured personal interviews with 20 members of the boards of directors of sports service companies to identify the administrative and legal obstacles facing these companies. The aim was to assess the current state of the administrative and legal organization of sports service companies. The results of this exploratory study revealed unanimous agreement that there is no clearly defined organizational structure for sports service companies outlined in the regulations for granting sports service company licenses. Furthermore, it was found that more than one government agency is responsible for issuing licenses for sports service companies. Additionally, the procedures for establishing sports service companies, as outlined in the Egyptian Sports Law and the regulations for granting licenses, require further clarification and explanation.

The researcher also believes that the project of Pyramids Club in the Egyptian Premier League has raised numerous questions and inquiries from a sector of investors, capital owners, and large companies about the operational mechanisms of sports companies, the legislative controls protecting investors' activities in this domain, and the legal procedures governing the registration of such sports companies. This project represents Egypt's first foreign investment experience in sports companies, which had a significant impact in discouraging many Arab and foreign companies and investors from pursuing sports investment in Egypt. As a result, the Pyramids Club experience has become a

model for what sports investment in Egypt could potentially look like. Furthermore, this experience highlighted the inability of the regulations to meet the expectations of investors in the sports sector. This underscores the necessity to amend the provisions of these regulations to align with the nature of the Egyptian sports market. Despite its utmost importance, this issue has yet to be addressed, even though it is crucial for protecting investors' rights and clarifying all matters and conditions necessary for sports investment and executing operations with the highest possible efficiency.

Through reviewing the research and studies conducted in this field, within the limits of the researcher's knowledge, it became clear that the administrative and legal organization of these companies has not received adequate attention. At that point, I realized the necessity of clarifying the ambiguity surrounding the legal provisions governing sports companies. Therefore, I felt compelled to conduct a scientific study that would contribute new insights to the digital sports library and serve as a scientific reference and a guiding tool for any entity wishing to invest its funds in the form of a sports joint-stock company, due to the importance of this type of company.

From this perspective, my scientific thesis entitled "A Proposed Framework for the Administrative and Legal Organization of Sports Service Companies According to the Sports Law No. 71 of 2017" was created as an analytical, explanatory, and critical study of the legal provisions regulating these companies. The aim is to develop a comprehensive legislative system that serves the foundation for which these companies were established. Investors and capital owners, before entering any country to invest, consider the suitability of the country's legislative environment in relation to the size of their investments.

Therefore, my study focused on three main axes, which are outlined as follows:

The first axis, in which I clarified the definition of this type of company and the areas of licensing, was dedicated to analyzing the legal and administrative structure of sports service companies. This included addressing the general substantive provisions related to the registration of these companies, focusing on the rules and procedures for establishing sports service companies, managing such companies, and overseeing their activities.

The second axis included:

The organizational relationships within the company and its organizational structure, with the goal of achieving cooperation and harmony among the employees by gathering and coordinating individual efforts. It aimed to maximize the benefits of the interactions between the members of the work group, define the relationships between employees within the organization, helping each individual understand their administrative position and their relationships with their superiors, subordinates, and colleagues. This also facilitated the supervision and control process, as well as classifying and distributing tasks based on the importance of their activities and objectives.

The third axis of this study was dedicated to discussing the economic safety valve for any country, whether developing or developed, which is investment in the sports sector. It focused on examining the human, administrative, financial, and legal obstacles that hinder the implementation and

expansion of sports service companies within the Arab Republic of Egypt. The aim was to enhance the contribution of sports service companies in strengthening the state's capacity to develop youth, maximizing Egypt's developmental role, and significantly reducing government financial support.

Significance of the Research

The practical significance of this research lies in its contribution to finding solutions to overcome the obstacles that prevent the implementation of this investment concept. These obstacles can represent a significant barrier to investors entering the sports sector, as they fear failure and the loss of invested capital. Additionally, the research aims to establish a suitable administrative and legal organization for sports service companies.

Research Objective

The objective of the research is to explore the administrative and legal organization of sports service companies according to the Sports Law No. (71) of 2017, through the following:

- The legal and administrative procedures governing the activities of sports service companies.
- The current state of administrative organization within sports service companies.
- The obstacles to implementing investment and expanding the establishment of sports service companies within the Arab Republic of Egypt.

Research Questions

In light of the research objectives, the researcher poses the following questions:

- What are the legal and administrative procedures governing the activities of sports service companies?
- What is the current state of administrative organization within sports service companies?
- What are the obstacles to implementing investment and expanding the establishment of sports service companies within the Arab Republic of Egypt?

Research Procedures

Research Method

The researcher used the descriptive survey method, as it is suitable for the nature of the research.

Research Population

The researcher conducted a comprehensive survey of the research population, consisting of 400 individuals, including:

- Members of the Sports Service Companies Licensing Office.
- Employees of the Central Administration for Sports Investments at the Ministry.
- Managers of sports service companies and members of their boards of directors.
- Employees in the investment, marketing, and public relations departments of private sports clubs.
- Academics and professors of sports management at the faculties of physical education in Egyptian universities.

Sample of the Research

The researcher selected a random sample of 200 individuals from the research population, divided as follows:

- **Exploratory Study Sample:** Consisting of 30 individuals, aimed at standardizing the questionnaire from the original research population and outside the main sample.
- **Main Study Sample:** Consisting of 170 individuals, for the purpose of applying the research questionnaire.

Data Collection Tools

1. **Document and Record Analysis:** Relevant to sports service companies.
2. **Exploratory Study:** Conducted through structured personal interviews.
3. **Reference Survey and Previous Studies:** Linked to the research topic.
4. **Questionnaire:** A key tool for data collection, designed by the researcher.

Statistical Treatment

The statistical treatments were performed using the SPSS software as follows:

- **Percentage (%):** To calculate the frequency of experts' opinions in the items and sections of the questionnaire.
- **Losch coefficient of content validity**
- **Pearson's Correlation Coefficient:** To measure the internal consistency of the responses within the questionnaire.
- **Cronbach's Alpha Reliability Coefficient:** To assess the reliability of the questionnaire.
- **One-Way Analysis of Variance (ANOVA):** To determine the differences between the research groups.
- **Chi-Square Test (χ^2):** To calculate the differences in the responses of the research sample.

The researcher designed a total of **3 main sections** for the questionnaire, with each section containing several dimensions. The sections and their corresponding dimensions are as follows:

Main Section	Number of Main Items	Number of Sub-items
Section 1: Legal and Administrative Procedures Governing the Activity of Sports Services Companies	10	202
Dimension 1: Concept and Definition of Sports Services Companies according to Law No. 71 of 2017	7	-
Dimension 2: Fields of Licensing for Sports Services Companies	-	21
Dimension 3: Rules and Procedures for Establishing Sports Services Companies	2	108
Dimension 4: Management and Supervision of Sports Services Companies	1	73
Section 2: Reality of Organizational Structure in Sports Services Companies	20	8
Dimension 1: Organizational Structure	10	5
Dimension 2: Organizational Relationships	10	3
Section 3: Barriers to Investment and Expansion in Establishing Sports Services Companies in Egypt	55	0
Dimension 1: Human Barriers	9	0
Dimension 2: Administrative Barriers	20	0
Dimension 3: Financial Barriers	13	0
Dimension 4: Legal Barriers	13	0
Total	85	210

Conclusions and Recommendations

First: Conclusions

Conclusions related to the first section: Legal procedures and mechanisms governing the activities of sports service companies.

First Dimension: The Concept and Definition of Sports Service Companies According to the Sports Law No. 71 of 2017.

- A joint-stock company is a company whose capital is divided into equal shares that can be traded in the manner specified by the Capital Market Law. Additionally, its shares may be listed on the stock exchange.
- Companies established to engage in sports service activities must adopt the structure of joint-stock companies.

- Registered clubs under the provisions of this law may establish branches in the form of joint-stock companies in which the club, members, and investors participate, with the approval of the central administrative authority.

Second Dimension: Areas of Licensing for Sports Service Companies

- The areas of sports services include the establishment of private sports clubs, sports fields, indoor halls, swimming complexes, health clubs, fitness centers, sports academies, and military sports rehabilitation academies.
- Management and operation of the following: sports clubs, sports games, and specialized clubs (single-sport clubs).
- In addition to the fields of sports manufacturing and sports tourism.

Third Dimension: Rules and Procedures for Establishing Sports Service Companies

- The sports service company must have an independent headquarters suitable for conducting its activities or the location of the license. The duration of the property ownership should not be less than the duration of the license.
- The company's preliminary contract and its articles of association must comply with the model issued by the relevant minister through a decision, and must be signed by the founders or their legal representatives.
- To obtain a license to engage in sports service activities, an application must be submitted to the competent administrative authority, indicating the company's name, its headquarters, its email address, the locations for carrying out sports activities, the scope of the license, the company's capital value, and the details of the board of directors.
- The increase in the state resource development tax rate paid by sports service companies.

Fourth Dimension: Management and supervision of Sports Service Companies

- The management of the joint-stock company is entrusted to a board of directors consisting of no less than three members, chosen by the general assembly for a term of three years, in accordance with the method outlined in the company's system. An exception to this is the appointment of the first board of directors, which is done by the founders for a maximum term of five years.
- No person who has been convicted of a criminal offense or a misdemeanor involving theft, fraud, breach of trust, forgery, bankruptcy, or any other punishment prescribed by law may serve as a member of the board of directors.
- A member of the board of directors of a sports service company must acknowledge in writing their acceptance of the appointment, and the acknowledgment must include their age, nationality, and the names of the companies where they have previously worked in the last three years.
- The sports service company must have an auditor who meets the requirements set forth in the law regulating the practice of accounting and auditing. The auditor is appointed by the general assembly. An exception to this is that the founding members of the company appoint the first auditor until the first general assembly is convened.

Conclusions related to the second section: The Reality of Administrative Organization in Sports Service Companies

First Dimension: Organizational Structure

- The organizational structure of the board of directors of sports service companies must be (published and announced, clear, sufficient to achieve the objectives, flexible, and adaptable to necessary changes).
- The organizational structure within a sports service company requires the creation of new departments, and does not require (the elimination of existing departments or the redistribution of tasks according to the goal of each department).
- There is cooperation among the employees of the company to achieve the public interest, and the relationships between supervisors and subordinates are clear as required.

Second Dimension: Organizational Relationships

- The authority line in the company is clear, extending from the general manager to the employees.
- Achieving excellent performance among employees within the company enhances its competitiveness.
- The principle of delegating authority is not adopted within the company.
- Various communication methods are used within the company, such as written and oral communication.
- There is alignment between each employee's authority and responsibilities. The rules regarding work and penalties for violations of the system are clear and well-known. Employees receive salaries that are commensurate with their job titles, without discrimination.

Conclusions related to the third section

Obstacles to the Implementation of Investment Ideas and the Expansion of Sports Service Companies in the Arab Republic of Egypt

First Dimension: Human Barriers

- A shortage of trained and specialized leadership in the field of sports investment.
- A lack of experience among businessmen and investors interested in establishing sports service companies.
- There is no clear or specific plan to refine and qualify employees within sports institutions to ensure the development of specialized cadres and leaders in the field of investment.
- The absence of a clear and defined mechanism for selecting the necessary human resources to operate and manage the regulations for granting sports service company licenses.
- The scarcity of specialists in the sports field to implement investment ideas and establish partnership mechanisms with the private sector.

Second Dimension: Administrative Barriers

- Weak oversight of the market and the increasing number of unlicensed sports companies.
- The multiplicity of authorities involved in granting approvals and issuing licenses for sports companies.
- Weak incentives for sports investment, whether in the form of administrative or financial guarantees.
- The long time period required for issuing permits for sports service companies.
- Weak supervision by administrative and regulatory bodies over sports institutions in completing projects.

Third Dimension: Financial Barriers

- Sports bodies rely heavily on government support for their income, and there is insufficient financial backing to establish a joint-stock sports company affiliated with sports bodies.
- High costs associated with issuing licenses for joint-stock companies to invest in the sports sector.
- Fluctuations in the local market and concerns about unexpected price increases.
- Insufficient financial allocations for training personnel on how to apply investment methods.

Fourth Dimension: Legal Barriers

- The complexity of procedures and the long time period required to obtain the necessary licenses.
- Weakness in the regulations governing the granting of sports service company licenses, with a need for reform.
- The absence of clear legal mechanisms for resolving disputes in the field of sports investment.
- The lack of technical committees responsible for organizing and creating a suitable environment for investment.
- The failure to grant sports investors certain advantages, such as tax and customs exemptions.

Recommendations

Recommendations for Officials at the Ministry of Youth and Sports

- Engage specialized investment experts to evaluate proposed projects submitted by investors and assess their economic feasibility.
- Establish a stable organizational structure for managing sports service companies within the Ministry of Youth and Sports.

- Develop a clear and specific plan for training and qualifying employees in the management of sports service companies to ensure the preparation of specialized cadres and leaders in the field of investment.
- Create investment maps to guide investors on feasible projects and provide the necessary licensing.
- Define procedural and organizational steps for the operational framework of these companies, including drafting contractual clauses that govern the relationship between sports companies and the Ministry of Youth and Sports, while ensuring clarity for the public.
- Encourage sports clubs through well-structured strategies and plans to transition from being sports entities to sports service companies, allowing them to invest all their resources without restrictions.
- Incorporate the fields of sports industry and sports tourism into the areas of sports services outlined in Sports Law No. 71 of 2017.
- Provide a comprehensive database on general investment flows, with a particular focus on sports investments.

Recommendations for Officials at Sports Service Companies

- Organize continuous training programs to prepare specialists and employees in the investment field, equipping them with modern methods in various investment areas, given their significant impact on investment processes in Egypt.
- Promote and enhance the culture of operating under the sports service company model among investors by increasing media coverage and launching new sports channels.
- Revise the organizational structure of sports service companies to align with the operational demands of these companies, ensuring optimal efficiency. Continuously update the structure to maintain ongoing improvement.
- Focus on developing organizational capabilities and instilling a culture of progress among employees to ensure sustainable growth.
- Adopt a smart approach to informal organization and leadership within sports service companies, reconciling the interests of management and employees to foster a harmonious and productive environment.
- Implement the proposed administrative and legal framework for sports service companies in accordance with Sports Law No. 71 of 2017.

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