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**CHALLENGES OF FINANCIAL MANAGEMENT SYSTEM IN SOME
SELECTED ETHIOPIAN PRIMER LEAGUE FOOTBALL CLUBS**

BY

HABTAMU BELAY

**A THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES OF
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ADVISER: TEFAY ASGEDOM (PHD)

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APPROVED BY BOARD EXAMINATION

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Advisor	Date	Signature
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Internal Examiner	Date	Signature
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List of Acronyms and Abbreviations

EFF	Ethiopian Football Federation
CAF	Confederation of African Football
FIFA	Federation International de Football Association
IFAB	International Football Association Board
UEFA	Union of European Football Association
FC	Football club
SC	Sport club
IPO	Initial public offering
FF	Football Finance

Abstract

Today football is more than a Game. It enables a country to develop economic social relationship, politically and an instrument to build national images. The purpose of this thesis was to study Challenges of financial management system in some selected Ethiopian primer league Football clubs (Adama city FC, Ethiopia Coffee SC, Hawassa Kenema SC, Saint George SC and Sebeta City FC.). The sample of this study consists of head and vice officials/administrators from each respective club, namely: the 6 Treasurer or Financial Controller, 6 Chairman or Club Manager and 6 Marketing Representative from each clubs of all five selected Ethiopian primer league Football clubs. The researcher used purposive sampling techniques. To conduct this research both quantitative and qualitative approaches were employed.

The result of the study indicates that there were some challenges that hindered the effectiveness of financial management system in the selected Ethiopian primer league Football clubs; the major challenges of financial management system were lack of enough sponsorship, imbalance of revenue and avenue, deficiency of working capital, the inconsistency of cash flow, the difficulty of possessing own money and poor market system of players' transfer, and this study recommends To build the capacity of clubs, the government should involve itself strategically, it should help them to be independent and profit-making entities, that will ensure the growth and sustainability of the industry.

Key Words: - Club, Football, challenge, financial management

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

The countries that act as FIFA members (n=207) are more than that of the UN members (n=192), this indicates that football is a global issue, in most countries; football federation is the biggest sports federation, Football is the most broadcast issue, and the players are paid the highest. Asia 2002 World Cup and Africa 2010 World Cup proved that people are more and more interested in football worldwide (Albert et al., 2011). In recent decades, football has changed into a multi-billion dollar industry and football federation statistics shows that there are more than 200 million football players worldwide (Halicioglu, 2006); the football industry has occupied 3% of world trade (Szymansky, 2001); most sports are attractive because they are almost unpredictable. So, organizations and government departments attempt to maximize the unpredictability of the games by implementing limitations for teams and players (Koning, 2000).

Financial management is one of the management functional areas which is core to the success of business enterprises. Inefficient financial management, combined with the uncertainty of the business environment, often led Business Enterprises to serious problems (Deresse & Prabhakara, 2012). Paramasivan and Subramanian (2009) argued that financial management helps to improve the profitability position of business organizations with the help of strong financial control devices such as budgetary control and ratio analysis.

The Primary objective of any business enterprise is to generate revenue and maximize profit, which determines its viability and ensures its sustainability in the long term (Keat and Young, 2003). To do so, it must apply a sound financial management system in its day to day operations.

Big five power indicate Europe, predictably given the maturity of the major leagues and international club competitions continue to dominate the Football Finance 100 (FF100). The English Premier League has a commanding presence among the upper echelons, with 10 clubs in the top 30 boosted by lucrative broadcasting deals and high levels of foreign investment. Europe's major clubs are not just compelling investment cases, they also have the most 'pulling power' with spectators and customers. In the FF100, only 16 clubs could attract average crowds

of over 50,000 and they're all from Europe, although Major league soccer (MLS) Champions Atlanta United looks set to pass this mark" (soccer fix 2019).

Among the many sports that were introduced by foreigners who dwell in Addis Ababa at the beginning of the last century, football became the most favored. Following this, youngsters who lived around Arada Giorgis¹ established St. George Football Club in 1928. Youths in other sections of the city were also able to form their teams. This was how organized football competition started in the country. From these humble beginnings, the sport was able to achieve international success in a relatively short period of time (*Birhanu T and Shiferaw B, 2009*).

Ethiopia established the Ethiopian Football Federation in 1943. The budget for the Federation was a mere \$127.00. Since then, the Federation hosted the "Ethiopian Cup," which was contested between football clubs of the Ethiopian armed forces, known as Army, the British Military Mission (BMM), football clubs of Italian stragglers who stayed in Ethiopia after the war, Polisportiva, St. George and the Imperial Body Guard football club, Body Guard, the BMME and Polisportiva won the 1945 and 1947 Ethiopian Cup finals respectively, while the Army dominated the remainder of the 1940s and 1950s (*Birhanu T and Shiferaw B, 2009*).

In Ethiopian Premier League, almost all clubs are not financially strong enough because of this constraints a number of clubs are destroy the researcher was investigated the challenges of financial management system in some selected Ethiopian primer league football clubs.

1.2. Statement of the Study

The Primer league clubs in Ethiopia are not financially viable. They continue to suffer from financial and management constraints from time to time. The player's contract signing fees have skyrocketed from tens of thousands to hundreds of thousands just in few years. Now it is common for clubs to pay over half a million birr to get a player sign a contract for two-years. Dede-bit FC was one of the Football team on the part of skyrocketing fee for the players' contract, today Dede-bit FC is on the financial crisis, even the club cannot play games far away.

Jima Aba Jufar, Dede-bit and Weldia Kenema football clubs are best examples that receive support from the government. Fans, television stations, sponsors and advertisers are not powerful

¹ It is known the center of Addis Abeba the capital city of Ethiopia

in promoting local games. Fans, except the very committed ones, do not consistently attend matches.

There are no television stations availing the rights to broadcast the full matches; there are good number of sponsors that fund teams and tournaments, and there are few numbers of advertisers who buy advertising space during football events. The main issues that arise, therefore, are the capacity of football clubs to consistently raise revenue, manage costs, invest wisely, and their incapability of applying sound financial systems to keep themselves financially viable in the long term.

Even with the noted changes in the sports sector and the lack of financial viability of football clubs in Ethiopia, there are no studies conducted to identify the causes of the poor financial performance of the clubs. It is not clear how the various football clubs manage their finance in Ethiopia. This research, therefore, intended to study the Challenges of financial management system of Ethiopian primer league football clubs.

1.3. Research questions

1. How was the historical background of the financial management system of the football clubs?
2. What are the challenges of financial management system in the Ethiopian football clubs?
3. What are the sources of financial income of the Football clubs?
4. What are the systems or mechanism of financial control in the selected football clubs?

1.4. Objectives of the Study

1.4.1. General Objective

The main purpose of this study was to examine the challenges of financial management system in some selected Ethiopian primer league Football clubs.

1.4.2. Specific Objectives

1. Show the historical backgrounds of Ethiopian football clubs
2. Investigate the challenges of financial management system of some selected football clubs in the Ethiopian premier league.
3. Assess the sources of financial income in the selected football clubs in Ethiopian premier league.
4. Examine the financial controlling mechanism in selected Ethiopian premier league clubs.

1.5. Significance of the Study

Writing on this issue may take long time in order to assess the needs of clubs with respect to their challenges of finance. However, the researcher believes that conducting this study can be a corner-stone to benefit the following stakeholders:

1. To provide awareness for football club managers and in giving direction on how to achieve profitability through financial strategies.
2. To help Football players as well as those engaged in co-activities of football, can obtain ways of making the job field a sustainable career that can support their livelihood.
3. To give awareness for the researchers.
4. To provide new knowledge in the field of sports from a business perspective.

1.6. Delimitation of the study

The study focuses on Ethiopian Primer League (EPL) football clubs so the researcher delimited on clubs of Ethiopia EPL. In EPL, there are 16 football clubs. Among the 16 Football clubs, the researcher selected 5 of them. The selected clubs are Adama city FC, Ethiopia Coffee SC, Hawassa Kenema SC, Saint George SC and Sebeta City FC. This enabled the researcher to work within the time and financial budget. The population scope was restricted to respondents based in the clubs.

1.7. Limitation of the study

As the study was mainly focused on financial management of Ethiopian Football Clubs, for data collection and analyze the study was limited with such limitations: Lack of written Literatures in Ethiopian context, COVID-19, Problems of Network connection. To overcome the above limitation the researcher use newsletter, to overcome COVID-19 the researcher use electronic data collection method, to avoid problem of network most of the time the researcher use at night time.

1.8. Operational Definitions of Key Terms

Club: an organization of people with a common purpose or interest, who meet regularly and take part in shared activities (Jeanrenaud, 2006).

Financial management: is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds necessary for efficient operations (*Financial Management in the sport industry*).

Football: Is the most popular professional team sport, worldwide. According to the world's football governing body, (FIFA) (Halicioglu, 2006).

Leader: a person who has the ability of influencing others based on the objectives of the organization (Jeanrenaud, 2006).

Manager: a person responsible for controlling or administering an organization or group of staff (:[http://www.Businessdictionary.com/definition/ management.Html](http://www.Businessdictionary.com/definition/management.Html)).

Primer league: a professional football or soccer league consisting of the top teams in the country ((Halicioglu, 2006).).

Revenue: money earned by a person, company, government, etc. over particular period of time (Jeanrenaud, 2006).

Sport: is important to people in many ways. It provides an ideal forum for expressing one's physicality; it improves fitness, and builds social networks, particularly when played in a club setting (Bob.S 2016).

System: a set of connected things or devices that operate together ((Jeanrenaud, 2006).

1.9. Organization of the Study

This study has five chapters; the first chapter includes Introduction, the background of the study, statement of the problem, research question, objectives, the significance of the study, delimitation, limitation, operational definitions and organization of the study. In the second chapter; it contains the related literature review, whereas chapter three includes Research design and methodology, sources of data and sampling procedure, methods and instruments of data collection, data management and analysis, while chapter four and five contains a presentation of data and analysis of the findings, the last chapter which is chapter six contains summary, conclusion, and recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Finance Management

Finance, the science of fund management includes the application of concepts from accounting, economics, and statistics. Within the world of finance, there are three interrelated sectors: (1) money and capital markets, (2) investments, and (3) financial management (Brigham & Houston, 2012). Money markets are markets for highly liquid, short-term securities; capital markets are markets for intermediate or long-term debt, as well as corporate stock. Hence, the money and capital markets sector includes securities markets such as the New York Stock Exchange and the Chicago Mercantile Exchange. Investment banking falls within this sector as well, as do insurance and mutual fund management. As opposed to this first sector, the focus of the investments sector is on security choices made by individual and institutional investors as they build portfolios. Merrill Lynch and Edward Jones are companies operating within this sector. The financial management sector involves decisions within firms regarding the acquisition or use of funds, usually with the goal or outcome of wealth maximization, or maximizing the overall value of the firm. To achieve wealth maximization, the finance department forecasts future revenues and plans future expenses. In sport, this may include calculating cash flow increases resulting from a move to a new facility and determining how much the organization can increase player payroll as a result of the forecast. The finance department also performs a portion of the control function of management. Through coordination with other departments in the organization, the finance department pursues efficiency of operation and resource utilization (Brigham & Houston, 2012).

Hence, the financial management of a sports organization is often quite similar to the financial management of organizations in other industries; these commonalities include value creation, or increasing the value of a firm over time, and revenue growth. However, there are areas of difference. One major difference is the diverse objectives of firm owners within sport (Foster, Greyser, & Walsh, 2005). Although sports organizations usually compete for wealth maximization, an owner in professional sport might not be interested in this goal. Rather, the owner may be more interested in winning championships or in seeking celebrity status by being

one of a select few professional sport franchise owners. Another goal of the owner may be to protect a community asset. The differing objectives of owners can harm the competitive balance in a league, particularly in terms of winning championships. For example, an extremely wealthy owner with a willingness to incur losses over several seasons can create an imbalance in competition. As a result, at the beginning of a season, only a few teams may have a realistic chance of winning a championship. Leagues have reacted by implementing salary constraints, revenue sharing, and other similar mechanisms that create both competitions between franchises on the field and cooperation regarding financial management off the field (McEvoy, 2015).

2.2. Revenue Sources In European Football

2.2.1. Changes in Revenue Sources

Recurrent revenue of football clubs comes from fee charges for attendance to stadiums, television rights, and commercial and advertising agreements. Until recent decades, the main revenue source for clubs was gate receipts, for that reason, Santiago Bernabeu decided to build a stadium with a seating capacity of 100,000, whereas the old stadium could only hold 25,000, His idea was that, the bigger the stadium, the higher the revenue, which would enable the club to have a better squad, in the 1970s, advertising and sponsorship revenues became significant. Until then, clubs rarely had advertising spaces in stadiums, but the decision to include sponsors on team jerseys opened the way for commercial revenue. In the 1970s, Bayern Munich introduced the use of the Adidas logo on team uniforms. The sportswear company Admiral reached an agreement with Leeds whereby team jerseys exhibited their logo and the company began to sell replica Leeds jerseys, the club retaining a percentage of sales revenue. Shortly after, other sportswear manufacturers adopted this strategy, such as Umbro, Bukta, or Le Coq Sportif (*Sanchez, Luis Carlos & Barajas, 2019*).

The connection between the competitive balance and allocation of revenue from the sale of broadcasting rights is of major importance with sports economics doctrine. Starting by the exponential increase in revenue derived from TV rights, many economic writers have focused on specific forms of sports clubs revenue. Of these, for example, Szymanski, in 2001, identified the redistribution of revenues from the alienation of audiovisual rights as a source of possible strengthening of the competitive balance in sports leagues (*Piacquadio, Agostino, 2017*).

The types of revenue generated may also indicate whether revenue should be diversified or concentrated. Froelich's (1999) research considered three types of revenues: fundraising (donations), government support and commercial activities. Acknowledging that increasing revenue diversification is a way to reduce dependency, she argues that fundraising (as one way of increasing revenue diversification) and the ensuing accountability reporting are expensive and that the costs of gaining funds from new sources could outweigh the benefits. Notwithstanding that, by reaching out to communities in which they operate, grass-roots sports clubs may use fundraising to improve their reputation and draw in new members and supporters (Kearns, 2007) (as stated on Carolyn .C , Rachel B , 2011).

2.2.1.1. Broadcasting Rights

“Domestic and Foreign Broadcasting stations bid for rights to broadcast live matches to millions of football fans who are ever eager to watch. For example, In the United Kingdom, Sky Sports and BT Sports own rights to cover the Premier League, a right they acquired for 5 Billion Pounds in a deal that will run for 4 years (2015–2019) .This money will be shared among clubs, equally. That will amount to roughly 81 million pounds per club and that's only considering deals from the U.K alone, Away from England, 20 Broadcasters hold rights to cover the Premier League in China alone, and there are over 100 broadcasters who hold rights to show the P.L worldwide (<https://medium.com/@Thorpeskii?sourceofrevenue>).

2.2.1.2. Match Day Revenue.

When a football team plays at home (in their own stadium) they sell tickets to every individual that enters the stadium on match day. The size of a football club stadium and the ticket price determines how much the club makes on match day. In the premier league, each team plays 19 times on home soil. Now you know why clubs want to build bigger stadiums or expand the sitting capacity of existing ones, Manchester United's home ground Old Trafford is the biggest stadium in the league, with a capacity of 74,994. Arsenal Football club sells the most expensive match day ticket 95.5 per head (<https://medium.com/@Thorpeskii?sourceofrevenue>).

2.2.1.3. Sponsorship

Brands pay a huge amount of money for clubs to advertise them. For example, Chevrolet pays Manchester United roughly 50 million pounds per year to have their logo and name on the United Jersey, Adidas pays United another 75 million pounds per year to sponsor the kits. And that's just two sponsors of many a club can have globally.

(<https://medium.com/@Thorpeskii?sourceofrevenue>).

2.2.1.4. Merchandise

Football Clubs make money from selling kits and other club merchandise to fans around the world. It is common to find shops that sell Jerseys around stadiums or even club owned stores that sell club Merchandise (<https://medium.com/@Thorpeskii?sourceofrevenue>).

2.2.1.5. Transfers

Selling players to other clubs is another source of income for football clubs. Small clubs who have a pool of amazing young talents can make massive profits by selling them off to bigger clubs at head-bursting price prices. Some football clubs include sell-on clauses in such deals, which creates an avenue for parent clubs to make money when the player is sold again (<https://medium.com/@Thorpeskii?sourceofrevenue>).

2.2.1.6. Prize Money

Clubs enter different competitions at the beginning of a football season, in England's top-flight league; clubs play the domestic Premier League, then the F.A Cup, and another domestic cup competition. And if such club is part of the Top 4 of the previous season they qualify for another competition — UEFA Champions League. If they finish two spots behind the top 4 they qualify for the Europa League. Each competition comes with its own prize money. The higher you finish on the League table the bigger your prize money. The more competitions you win the more your prize money (<https://medium.com/@Thorpeskii?sourceofrevenue>)”.

2.3. Challenges of Financial Management

2.3.1. Sports Clubs and Financial Sustainability

“Football clubs continue to face new and often intense competition, but some clubs appear ill-equipped to manage significant and demanding financial challenges.

Clubs without a focused financial strategy or the lack of effective financial management may underperform off the pitch, even though they may perform well on the pitch, while keeping their fan base highly identified and fully engaged.

However, even though a club may be relatively successful on the pitch, it may definitely need to plan specific investments intended to:

- Improve on-field performance (buying the best or more promising players);
- Improve/increase marketing effectiveness through promotions, sponsorships and/or new marketing initiatives;
- Enhance the sustainability of its business model, and diversify its revenue stream by expanding beyond broadcasting rights and tickets and focus on merchandising, sponsorship, and stadium revenues. Such a strategy may require significant investment in new technology, personnel, manufacturing, new channel partners, venues, financial and legal representation, and marketing initiatives, etc.

A primary question for many football clubs is where to obtain the additional capital needed for these specific investments? Due to my experience in finance over the past twenty years, I know there are a variety of options available to clubs interested in raising capital: Issuing of corporate bonds; An IPO (Initial Public Offering); and integrating the club’s fan base into a shareholding structure

However, such options are viable only if clubs are willing to implement a reliable and sustainable growth plan and, therefore, a fully executable marketing plan and the club is willing to adopt a proper corporate structure (Harald Dolles & Sten Söderman 2005)..

Many football clubs throughout Europe, even those with a significant fan base and substantial visibility at national and international levels, do not appear to have a focused strategic business

plan. It is difficult to attract investors (national or international, private or institutional) if a club does not have well defined and executable business and marketing strategies.

The two key questions for football clubs seriously interested in raising capital are:

1. Is the club financially sustainable and, therefore, eligible for a capital market action? and
2. Is the club able to raise financing for its investment programs on the capital markets” (Harald Dolles &Sten Söderman 2005).

2.3.2. Consumers of Soccer

Why do supporters choose one team over another? Cost is certainly not the argument in the football business for fans, whereas fun, excitement, skillful players, regional embeddedness might be good reasons for supporting a team. The bottom line may be the corporate culture of the football club as the underlying culture helps to determine the value that consumers place on the football team. This organizational culture could be defined as a set of traditions and beliefs of an organization that distinguishes it from other organizations and infuse a certain life into the skeleton of structure (Mintzberg 1989: 98).

The area behind the goal is the space of wild enthusiasm and excitement. Fans become fascinated, pursue pleasure, and throw themselves into cheering. Using all parts of their body, supporters jump up and down, clap hands and never cease to shout in reply to the voices of their leaders.” (Shimizu 2002: 135)

2.3.3. Football - how to create the income?

With exception of merchandising, the football business lacks the option of producing and storing inventory for future sale, as the main characteristic of football is its ambiguity and the uncertainty of the outcome of a game. The main questions in the football business are: (1) how to create a good player? (2) How to create a good team? Philippe Troussier states in his book on the relationship between those two objectives as a trainer: “Sixty percent of my football is based on team play; the rest relies on individual talent” (Troussier 2002: 56). But due to the nature of a game, even if the players have the physical ability and technique and form a strong team together, they will not necessarily win the match. (1) To create a good player, one needs to

scout, recruit and train. The principle HR question for the club is: to buy or to train and develop a player? To develop an in-house organization or to buy a readymade player from a different club at home or abroad, he should be physically checked and examined before the purchase, and then when he is on the team, he will undergo a diagnosis to examine what he needs to learn and practice in order to fix his individual weakness. But this does not apply for playing skills alone, it also includes the mental attitude necessary to fight for a position in the team, as Troussier (2002: 114) explains: "... Japanese players have good skills, but lack desire and good decision-making. In the eyes of their [European] teammates, Japanese players do not show enough fighting spirit. (2) Create a team: eleven skillful players constitute a team. But a team should be more than eleven good players. Trainer's competence, his evaluation of the situation, his relationship with the players, the players attitude to each other, the ability to get them to play for each other, all these elements contribute to a skillful team. All is open information to the public, and all steps are observed by the fans and the media. This makes football distinct from other branches: trainers and players are always monitored, and the training methods applied are evaluated by the public. The fans in the stadium see themselves as actors. In one way or another, the fans relate to the team as a spectator, newspaper reporter, TV analyst, coach, player, or the club president. They all have their own idea about who should be in the team and what tactics should be used. They think they have the right to complain if a coach or a player fails to meet their standards. (Troussier 2002: 115)

2.4. Finance and Football

2.4.1. The Globalization and Commercialization of Football

"Over the last few decades the global business of football has grown significantly. As the game attracted more spectators and players' salaries increased, football clubs, which until then were sporting associations, began to commercialize, largely in order to stay financially competitive, and in the process some football clubs became international businesses. Consequently, football matches at many levels are now international, players are transferred worldwide, and the European Championships and FIFA World Cup are now high-demand media events with worldwide distribution - and football has become the world's most popular sport (Antonio A. Boccia, Baldi Finance S.p.A.2018).

Before the 1990s, the primary aim of professional football clubs was entertainment through on field success while remaining financially solvent, rather than maximizing profit. However, increased involvement of global media conglomerates, worldwide broadcasting of sports events, and the rapid acceptance and development of sport sponsorship became important new revenue sources for clubs; thus, the commercialization of football has changed significantly the business model of football clubs. Traditional reliance on match day revenue (including season tickets sales and club memberships) has been supplemented by revenues dependent primarily on commercial activities, such as selling broadcasting rights, sponsorships, and licensed merchandise, An additional and rather a recent element of commercialization within the global business of football is the increasing interest of foreign individuals and corporations in investing in top tier football clubs (Antonio A. Boccia, Baldi Finance S.p.A.2018).

In particular, the desire of individuals and corporations from the United States and China in particular to associate with elite football is higher than ever, as indicated in the following charts which refer to the 15 of Europe's major leagues where a club has controlling parties (owning more than 50% of shares)

Data indicate:

- The majority of the 256 clubs analyzed have a controlling party although a sizeable minority do not (37%); of the 63% that have a controlling party the majority have a domestic owner (mainly in Russia, Ukraine, Greece, Italy, France, and Belgium)
- The English Premier League (60%) and Championship (58%) top the list in terms of foreign club ownership;
- Over the last decade the most steady flow of new foreign owners has come from USA:
- The number of high-profile Russian and Middle Eastern investors has considerably fallen from 2008 to 2012;

More than 70% of all foreign takeovers in the top 15 leagues since 2016 have involved Chinese investors who have taken over clubs in Premier League, Serie A Championship, Ligue 1 and la Liga” (Antonio A. Boccia, Baldi Finance S.p.A.2018).

2.4.2. Capital markets

Capital markets include a broad category of markets facilitating the buying and selling of financial instruments. In particular, there are two categories of financial instruments of capital in which markets are involved. These are equity securities, such as stocks, and debt securities, such as bonds. Capital markets involve the issuing of stocks and bonds for medium-term and long-term durations. Other than the distinction between equity and debt, capital markets also are generally divided into two categories, primary and secondary markets. In primary markets, stocks and bonds are issued directly from companies (also called the issuer) to investors, businesses, and other institutions, often through underwriting. Primary markets allow companies to raise capital without or before holding an initial public offering so as to make as much direct profit as possible. After this point in a company's development, it may choose to hold an initial public offering in order to generate more liquid capital (Antonio A. Boccia, Baldi Finance S.p.A.2018).

At this point, the shares may move into the secondary market, which is where investment banks, other firms, private investors, and a variety of other parties resell their equity and debt securities to investors. This takes place on a stock market or a bond market, which exist on exchanges around the world (for example, London Stock Exchange, Euronext, etc.). Capital market participants include individual and institutional investors such as pension funds and mutual funds, municipalities and governments, companies and organizations, banks, and financial institutions. Suppliers of capital generally want the maximum possible return at the lowest possible risk, while users of capital want to raise capital at the lowest possible cost. Individual investors (also known as retail investors) want to buy and sell securities for their personal accounts, rather than for the accounts of a company or organization. Retail investors normally buy in much smaller quantities than institutional investors. As mentioned, capital markets make it possible for companies to raise significant levels of capital by issuing new shares and initiating an IPO or issuing a corporate bond.; Initiating an IPO allows a football club to raise a substantial amount of capital and, therefore, finance its investment programs without having to borrow from traditional sources. An IPO also will allow a club to avoid paying interest required to service the debt. This "free" capital, if spent effectively on well-defined growth initiatives, can result in increased revenue a club. New capital may be spent on marketing and advertising, hiring

additional experienced personnel who may require higher compensation packages, research and development of new products and/or services, renovation of venues, acquisitions of ancillary businesses, new construction, and dozens of other programs designed to expand a club's business and improve profitability. In addition, once a club has initiated a public offering, additional equities may be sold easily to raise additional capital. A publicly-traded company with a stock that has performed well in the market will usually find it easier to borrow additional capital and usually at a more favorable interest rate (Antonio A. Boccia, Baldi Finance S.p.A.2018).

On the other hand, with every share of stock sold to investors, the club's ownership stake is diluted or reduced. Because equity investors typically have the right to vote on important company decisions, a club could potentially lose some control over its business. Therefore, some clubs, to fulfill their financial needs, may opt for promoting a capital increase by issuing preferred shares. This class of shares gives the shareholder a higher claim on the company's assets and earnings than those held by common shareholders. Preferred shares generally have a dividend that must be paid out before dividends to common shareholders, and the shares usually do not carry voting rights. By issuing preferred shares majority shareholders and a club's management team may accomplish fundraising without diluting their ownership in the club; An alternative option for football clubs requiring long-term financing is to raise capital through the bond markets. There are a variety of reasons why this option may be preferred. It may be to fund the purchase of large assets such as new venues, technology, or equipment. Alternatively, it could be to secure a longer-term funding structure by providing access to long-term working capital or funding for increased investment in other dimensions of the club's business, such as marketing (Antonio A. Boccia, Baldi Finance S.p.A.2018).

If a club issues a bond, it does not sell ownership in the club. However, similar to shares, once bought, bonds can be traded by investors on the public market. Bonds can offer a football club a variety of advantages such as:

- Stabilizing the club's finances by having substantial debt on a fixed interest rate, which offers some protection against variable interest rates or economic changes;
- By not diluting the value of existing shareholdings - unlike issuing additional shares of stock; and

- Enabling more cash to be retained in the business - because of the redemption date for bonds can be several years after the issue date.

There are some disadvantages of issuing bonds, including:

- The accumulation of interest. In addition, payments must be made to lenders regardless of business performance. During a poor season or a difficult economic period, a highly leveraged club may have debt payments that exceed its revenue; and

The potential for a clubs share value to be reduced if its profits decline - this may occur because bond interest payments take precedence over dividends” (*Planet Football Money League Sports Business Group, 2017*).

2.4.3. The Financial Appeal of a Football Club

Prior to selecting a securities investment, investors (institutional and private) normally pay attention to several factors related to the issuer (the legal entity that develops, registers and sells securities to finance its operations) in order to understand if the potential investment may provide a reasonably high level of return (Antonio A. Boccia, Baldi Finance S.p.A.2018).

2.4.4. Trends of the Global Football Market

Investors normally consider investments in securities more favorably when the issuers are operating in growing and promising markets, showing positive financial results, and projecting favorable financial prospects. As for football clubs, a review of detailed financial reports suggests that the overall market trend is quite mixed, however, promising trends have been in place over the last few years, indicating significant improvement in revenues, margins, and financial indebtedness, which indicates that financing via capital markets may be achievable for some football clubs (Antonio A. Boccia, Baldi Finance S.p.A.2018).

2.4.5. Corporate Structure and Balanced Corporate Governance

“Corporate governance maybe defined as the processes, practices and structures through which a company manages its business and affairs and works to meet its financial, operational and strategic objectives and achieve long-term sustainability. It is generally believed that only public or large companies with many shareholders need to be concerned about or can benefit from,

implementing corporate governance practices because it is often perceived as costly and bureaucratic as it may slow the decision-making process. The reality is that all companies – big and small, private and public, early stage or established – compete in an environment where good governance may substantially impact on key corporate events like:

- Raising capital;
- Securing debt;
- attracting and maintaining talented, qualified directors;
- meeting the demands and expectations of sophisticated shareholders; and
- preparing for potential acquisition/exit or next phase of growth

We may argue that a positive correlation exists between good corporate governance practices and long-term shareholder value, which may result in several benefits such as:

- high performance Boards of Directors;
- accountable management and strong internal controls;
- increased shareholder engagement;
- better managed risk; and
- Effectively monitored and measured performance.

There is no common or a comprehensive set of corporate governance policies or practices; the “effective” ones depend on several factors, including:

- the nature of the business;
- the company’s size and stage of development;
- availability of resources;
- shareholder expectations; and
- Legal and regulatory requirements” (Antonio A. Boccia, Baldi Finance S.p.A.2018).

2.5. The Roles of Sponsor

2.5.1. Sponsorship in sport

“Sponsorship is the financial support for a sport (whether this is an event, organization or performer) by an outside body (be it a person or organization) for the mutual benefit of both parties, Sponsorship occurs at all levels of sport. School teams may have sponsored kit while elite athletes may be paid large sums of money to wear certain sportswear or use branded equipment. Sponsorship can be financial or in-kind payments. Sponsorship means both parties receive benefits from the agreement (<https://www.bbc.co.uk/bitesize/guides/zp2jxsg/revision/4>).

2.5.1.1. Types of sponsorship

- Individuals display a logo, wear a particular brand, endorse products, pay training, competition and travel costs.
- Teams and clubs – wear kit, display banners, and have a company name for the team or for the ground or for a stand/court in the ground, pay competition and travel costs.
- Sports – rename competitions, cups and leagues, brand their development programmes, and improve facilities.
- Events – allow use of their logo on sponsors' products, provide free products to participants, and fund the running of the event

<https://www.bbc.co.uk/bitesize/guides/zp2jxsg/revision/4>).

2.5.1.2. Benefits for sport

- Individuals covers costs such as kit, equipment, travel, accommodation, competition fees, time to train.
- Teams and clubs – subsidizes kit, equipment, grounds or clubhouse maintenance.
- Sports – pays for coaching and coach development, beginner programmes, talent development.
- Events – covers venue hire, catering, hospitality, publicity, programmes, officials' costs.

2.5.1.3. Disadvantages for sport

- Sponsorship can be limited or easily withdrawn – no security.
- A performer can become reliant on a particular sponsor, which could then pull out.
- Some sponsorship (for example, alcohol) gives a bad image to sport.
- Generous sponsorship is only available to the elite few.
- Performers, teams and events can be manipulated or exploited to suit the sponsor.
- Difficulty of minority sports or those with little media coverage to attract sponsorship.

2.5.1.4. Benefits for sponsors

- Raises awareness of their company or brand.
- Advertises products and services.
- Promotes a positive and healthy image of their company by linking it with a popular activity, even if the product is not particularly healthy.
- Improves company's reputation in the UK because the company is supporting British sport.
- Provides rewards or incentives for staff and customers.
- Increases sales or revenue through increased media exposure.
- Reduces tax through tax relief
(<https://www.bbc.co.uk/bitesize/guides/zp2jxsg/revision/4>).

2.5.1.5. Disadvantages for sponsors

- Uncertain investment sporting success is not guaranteed.
- If the event is disrupted, media exposure and advertising potential are lost.
- If the sport or performers cause bad publicity, this reflects badly on the sponsor.

2.5.2. Negative effects of sponsorship

Sponsorship of sport creates tensions when a sponsor's image or product appears to undermine the sporting message. For example, tobacco firms sponsored sporting events until 2005 when they were banned from doing so across the European Union (EU). Companies that sell alcohol are allowed to sponsor sport although many British sport parents want a ban as they believe it sends the message that sporting performance and drinking alcohol are linked”(<https://www.bbc.co.uk/bitesize/guides/zp2jxsg/revision/4>).

2.6. Africa experience

Africa, the South African and Egyptian football leagues are the strongest. Al Ahly, the most successful Egyptian club, was named club of the century by the continental football body, CAF. This club competes in the Egyptian Premier League. The League has been sponsored by two telecom companies since 2005. From 2005–2007 it was Vodafone Egyptian Premier League as it was sponsored by Vodafone and from 2007–present it is Etisalat Egyptian Premier League, as it is sponsored by Etisalat. Several TV channels transmit the league. This has generated huge revenue for the league and clubs. Ethiopia Bunna had last year received 65,000 dollars for its match with Al Ahly in the African Champions League fixture was transmitted live. The Ethiopian Football Federation also got 35,000 dollars.

2.6.1. Financial managements system of African football clubs

2.6.1.1. Nigeria Professional Football League

Nigeria Professional Football League (NPFL) generated a minimal of \$5.6 million US dollars’ worth of exposure for their shirt sponsors across all clubs in 2015, measured by television exposure, Cost per Thousand (CPM) views on Super Sports alone. The Print media have actually relegated NPFL news with miniature sized color images to the inside back page of their newspapers/ magazine publications.

The minimal exposures delivered maybe the major reason most NPFL clubs operate without shirt sponsorship in the on-going 2016 season. No sponsor would like to waste his promotional dollars just on emotional attachment with a club. Super Sports could only cover one live match a week and minimal playback on various free-to-air TV sports programs globally. Valuations are based

on industry standard benchmark rates, discounted according to a model developed by major global media Agencies and sports right holders.

Among leading clubs Enyimba and Kano Pillars delivered \$3.2 million worth of exposure in 2015, because of their involvement in the CAF Champions League. Legendary clubs 3 SC, Emugu Rangers and Warri Wolves delivered \$0.96 million for gaining more live broadcast from SuperSports. Apart from 3SC which still wears NairaBet sponsored shirt, the other leading four clubs play without shirt sponsors.

From Green Hunters tracking report, BUA brand gained a better exposure from Kano Pillars than any other brand involved in NPFL clubs shirt sponsorship in recent time.

Kano Pillars delivered more street exposure due to its large active fans following its success over the past five years, winning the league three consecutive times... and participating in the CAF Champions League severally... More fans wore their replica jersey on the streets across Nigeria.

The fact is, NPFL clubs can generate exposures worth up to \$100 million US dollars or more. I can tell you how?

First, LMC should review their TV right with Super Sports to include local free-to-air TV stations in Nigeria and gain more robust exposures across the several broadcast lines.

Since audiences are migrating to digital and social media platforms to follow and enjoy football, sponsors have also began to look along that line with keen interest.

NPFL clubs can on their own generate global exposure worth about \$80 million for their sponsors... in video and still images across Facebook, YouTube, Twitter, Instagram, Vimeo, Tumblr, Google+, Vine, Daily motion and Reddit. LMC should be fully involved in digital/ social media exposure... and must provide training as well as persuade NPFL clubs to establish a robust digital/ social media department (<https://cheeronnigeria.blogspot.com>).

2.6.2. Investment system and Al Ahly resources

In terms of the investment system and developing the resources of Al Ahly, Serag El-dein said it is the specialty of a committee formed during the administration of Mahmoud Al-Khatib, and it includes Farouk Al-Oqda, the former CBE governor, businessperson Yassin Mansour, and

Mohamed Fekry, the chairperson of a bank. They are individuals with distinct investment mentalities, with Saad Shalaby, a professor of marketing and sports economy, as marketing supervisor.

The main accomplishment of the committee is bringing investors to Al Ahly's planned sports city, which will cost EGP 8bn. It will include investors from the UAE, KSA, and Egypt.

Al Ahly SC has an integrated plan to become one of the largest clubs in the world. We are serious about the upcoming period to enable the club to achieve this leap, and we will be able to see its impact within two years," said Serag El-dein.

2.6.2.1. Al Ahly channel, academies, and stores

"I believe in the concept of specializing in terms of managing the clubs facilities. It is important to have large specialized companies that ensure the quality of the products sold in Al Ahly stores, Serag El-dein said.

The clubs channel has not achieved what was required from it up until this moment, he said. We are working to develop the channel over the upcoming period through suggestions Saad Shalaby is working on. The same thing is true for Al Ahly stores. We have proposed new idea for development, he added.

The clubs 11 academies spread the clubs brand name, Serag El-dein said. These academies aim to widen the fan base of the club, and hence, increase its financial revenues. "We are currently undertaking a study to understand our current situation and what we can plan to do in the near future," he said.

2.6.2.2. Facing the issue of spectators' absence

The absence of spectators, according to Serag El-dein, has a negative impact on the number of broadcasted matches. The presence of fans increases viewership rates.

"We try to overcome this issue through being present domestically and abroad through increasing the number of academies and organising sports events. For example, we have organised Africans Handball Championship and three sports channels broadcasted its matches," Serag El-dein noted.

2.6.2.3. Football bringing the largest income in Al Ahly

Serag El-dein explained that football is nearly the only activity that creates revenues, while other sports cost more than they bring. This is not the case in Europe, for example, as the sports in all large clubs bring income, he said. Football is the clubs main source of income alongside its membership fees.

We seek to establish Al Ahly Football Company, and this is currently under study. We aim to separate football from the rest of the sports as is the case in Europe,” he said.

Misr El-Makasa, Enppi are best in football investment, Degla best in performance

The marketing manager of Al Ahly believes that the clubs Misr El-Makasa and Enppi are distinguished in terms of football investment, while the Wadi Degla club outperforms the rest in terms of sports performance. Both Misr El-Makasa and Enppi have great experience in bringing players that shine over the course of a season or two and are then sold for high prices. “But performance-wise, we have Wadi Degla, which managed to establish many branches across the country and provide special packages for members,” he said.

The spread of football investment in Egypt and the presence of marketing committees in clubs is related to a professionals’ league, obliging clubs to ensure that income and expenses are both equal, Serag El-dein added.

2.6.2.4. Deal to Move a Player in the History of Egyptian Clubs

Serag El-dein spoke about the largest deal to move a player in the history of Egyptian clubs, resulting in Gabonese Malik Evouna moving to Chinas Tianjin for \$8m, and the role of this deal in changing football investment concepts in Egypt. According to Serag El-dein, the deal has changed a lot in terms of investing in players. Negotiations started at \$4m and ended at \$8m. Afterwards, Ramadan Sobhy’s contract was sold, followed by the contract of Hegazy. The moving of these two players is the equivalent of a sponsorship contract for an entire season, he said.

“The vision has changed. Now, clubs do not mind selling their players to increase their resources,” said Serag El-dein. However, in Al Ahly, this is difficult because of the clubs wide

fan base and the pressure and rejection of selling the clubs players. I am against this idea, as the club never really relies on a single player. If we have distinct players, we sell them and we bring other ones as an investment.”

Serag El-dein continued, “Investing in football has specific standards and controls. Not all players can be sold abroad. In Al Ahly club, we always teach players to be number one, so we look for players who would be able to travel without causing issues because we take the future into consideration and the conditions of reselling a player.”

The youth sector in all Egyptian clubs, Al Ahly included, requires development, Serag El-dein said. “It is important to pay attention to players, trainers, administrators, and doctors. This will enable us to find a treasure and create players we can benefit from. These players can also be invested in through selling their contracts, (*Daily News Egypt*)

2.7. The Background of Financial Management in Ethiopian Football Clubs

2.7.1. Professional Football Business in Ethiopia

Mengistu Worku, the late renowned Ethiopian Footballer, once said, we used to play for the passion of the sport, not for the money that we get from it and he reminisced about how the late Yidnekachew Tessema, referred by some as the father of Ethiopian football, used to give him ten or twenty five cents for transport after training. Such stories were common in the amateurish, the early stage of the ‘beautiful game’ in Ethiopia. In those days, formal organization and structure were absent, but recently, following the trend in other sectors of the economy, some changes are occurring in the Ethiopian football, though it still has a long way to go before becoming fully professional (*Sports biz Ethiopian business review 2019*).

Among the many sports that were introduced by foreigners who dwell in Addis Ababa at the beginning of the last century, football became the most favored. Following this, youngsters who lived around Arada Giorgis established St. George Football Club in 1928. Youths in other sections of the city were also able to form their own teams. This was how organized football competition started in the country. From these humble beginnings, the sport was able to achieve international success in a relatively short period of time, In a quarter of a century, the national team was also able to win the African cup of nations. This is just 31 years before. In the last three

decades though, Ethiopia was out of the continental tournament (*Sports biz Ethiopian business review 2019*).

In these 31 years, there hadn't been any major organizational change regarding the structure and administration of the football governing bodies. Ethiopian football was asleep says Markos Elias, a sports journalist who hosts weekly radio sport program focusing on Ethiopian Football. Even though he recognizes some of the changes taking place, he still believes that the sport has a long way to go when it comes to being professional. But the recent results of the national team have given the process the needed impetus, Following the national teams qualification to the African Cup of Nations, the national team is enjoying unprecedented attention from the business community. The situation seems to pave the way for professional football to commence in the country. Adane Girma, the striker of St. George and the national team, agrees with this. Sponsorship and business activities of this scale may not have come if it was not for the huge attention the national team was able to garner following its qualification for the African Cup of Nations. The national team was able to secure from Heineken and MTN, the two multinational companies that sponsored the national team with 24 and six million Birr respectively (*Sports biz Ethiopian business review 2019*).

2.7.2. The growing money surrounding the Ethiopian football

Surely the business activities and the amount of money circulating in the sport have grown exponentially, even before the national team secured its place in the African cup of nations. The players contract signing fees have skyrocketed from tens of thousands to hundreds of thousands just in a few years. It was common for clubs to pay over half a million birr to get a player sign a contract for a two-year, Addis Hintsa, is an attacking midfielder for the national team and Dedebit Football Club; he was paid 700,000 Birr to extend his contract with the Club for two years. Even though this is officially the biggest contractual payment for a local player, industry observers indicate that St. George Football club has paid close to one million birrs to one of its well-known players. The Management of the club, however, refrains from commenting on this issue for much of such decisions is decided by the Board of the Club (*Sports biz Ethiopian business review 2019*).

As it was indicated on table 2.1 most of the players are transferred to Dedebit, the emerging powerhouse of the league. Only in its fourth season, the club has managed to make a big splash in the sport. Addis Hinsta agrees with this, before Colonel Awel Abdurahim (president of the Dedebit FC) came into the scene, the situation was totally different, payments and benefits of players were not this much, but now with the emergence of Dedebit, it has dramatically grown he said, Even though the transfer fees are a big surprise to outsiders, some players believe there is a lot to improve; they mention the amount of their monthly salary to make their points. Adane Girma, married and a father, is paid a monthly salary of 2500 Birr. This is not enough to support my family had it not been for other incentives and transfer fees I get. Addis Hinsta agrees with this, even though their club has increased its salary to 30000 Birr, last November 2012. In fact, their salaries are insignificant when compared to their international colleagues in the same club. According to data from EFF, Robert Odon Kara, the indomitable Ugandan St. George goalkeeper, is paid 6,000 dollar per month. The general manager of the team, Terefe Anberber, said international staffs are paid in hard currency from international accounts of the big supporters of the club. Other African players in Dedebit are paid 1,000 – 1,200 dollar. Coaches also get big salaries. Dedebit pays 20,000, 8,000 and 5,000 for its head coach, assistant coach, and goalkeepers’ coach respectively (*Sports biz Ethiopian business review 2019*).

Table 2.1: Top five players with the highest amount of money paid during transfer

Player	Payment	Transfer	Season
Aynalem Hailu	600,000	Defence - Dedebit F.C.	2012/13
Sisay Banacha	550,000	Sidama Buna - Dedebit F.C.	2012/13
Bereket Yishak	450,000	Hawassa Kenema - Mebrat Hail F.C.	2012/13
Zenebe Kebede	350,000	Hawassa Kenema - Dedebit F.C.	2012/13
Getaneh Kebede	300,000	Debut Police - Dedebit F.C.	2010/11

Source Ethiopian Football Federation (EFF)

Although it is uncommon for coaches to be paid for signing a contract, they are now getting big plays, which in some cases are higher than the salary of some of the bank presidents in the country. For instance, Sewnet Bishaw, the male national team head coach, is paid 30,000 Birr

monthly, while his deputy, Seyoum Kebede, gets 20,000 Birr. Abraham Teklehaimanot, the former female national team head-coach, used to earn 25,000 Birr monthly. This is in addition to the various other benefits that they get. Although this is by far a big salary in the country, it is still too small to compare it with international experiences ((*Sports biz Ethiopian business review 2019*)).

Sport in Ethiopia is also becoming costly for those who own clubs. As a result, diversifying and increasing revenue sources are timely. However, commercialization is still a very far concept for people running the industry. “I know a government club, which sets a 50 million birr budget for 2012/13 season, more than half of which goes for their two football teams,” an expert at the Federal Sport Commission told Ethiopian Business Review on conditions of anonymity for he isn’t authorized to speak to the media. St, George and Dedebit have allocated 18 million and 16 million birrs respectively, The government of Ethiopia or the governing body of football in Ethiopia, Ethiopian Football federation put the bench mark for football players, salaries of soccer player 50000 (fifty thousand per month) this were come from the effects sport finance on clubs (*Sports biz Ethiopian business review 2019*).

Organizations of clubs as a challenge to professionalism

According to Mulugeta Gebremedhin, Marketing Lecturer at Addis Ababa University, College of Commerce, professional sports teams drive their income from four sources: spectators fee, sponsorship, television transmission fee and merchandise sales. In our country most of the incomes of the public clubs come from cause-related marketing or sponsorship. This is especially true for the public and governmental clubs that are under the patronage of one or more companies. When it comes to infrastructure “most clubs don’t even have training facilities, most of them use rented facilities’’. But some changes are on the way; St. George will have its own stadium in a year, with a seating capacity of 22,500. Mebrat Hail is also in the process of building its own stadium. In addition to this” some clubs have established training camps for youngsters in different areas (*Sports biz Ethiopian business review 2019*).

Contrary to the sports policy which envisages independent sports clubs with their income source, 75% of the surveyed clubs are dependent on government handouts. As a result, they fall through the crack when the organization changes take. What happened to Harar Brewery Football Club is

a good case in point. Following the purchase of the Brewery by Heineken, there was some kind of confusion surrounding the future of the Club., In fact zonal administrations from the north (Amhara and Tigray the National Regional States) were eager to take the club to their cities, promising attractive budgets to the club managers, because both regions have no club that represents them in the Ethiopian Premier League. But, according to a written response from Heineken, the parent company of Harar and Bedelle Breweries, to Ethiopian Business Review, “Termination of the Harar Football Club has never been an option pursued by Harar Brewery. Rather, in line with the FIFA and Ethiopian Football Federation policy of encouraging the professionalization, independence, and profitability of football clubs, Harar Brewery has been working on finding a modality to ensure the independent and sustainable ownership and management of its football club. Heinekens management said in an email response (*Sports biz Ethiopian business review 2019*).

At the moment 60% of sports clubs in the country are owned and funded by governmental institutions, according to a survey conducted by Federal Sports Commission in mid-2012. One of these clubs is Arbaminch Ketema FC. According to its general manager Tarekegn Getachew, the club is striving to be a public team and is working to change its huge fan base to cash. Yet it is still dependent on its supervisor, the Gamo Gofa Zone Administration. In preparation for the current season, the club has spent 3.2 million birrs for transfers and extending contracts, with a 400,000 birr highest payment for a single player. The Club has also allocated 11 million birr budget for the year. What will be the fate of the Club, if the administration shifts the budget to other priorities of the zone? No one seems prepared for such eventualities, Although the money flowing in the sport is growing, the situation doesn’t show a full business trend. “This is because there are no sports clubs in the country that work for profit; most clubs do not even have a marketing plan.” Belayneh Teshome, 42, former Mebrat Hail Sports Club manager reflects. Unless the clubs start to generate their own resources, the consistent increase in the cost of running a sports club will pose a critical impediment to their sustainability (*Sports biz Ethiopian business review 2019*).

2.7.3. Legal status of clubs as a challenge for professionalism

The ways clubs are formed and organized in Ethiopia do not follow a business model. Profit-making is not considered. As a result, their leaders' do not develop viable marketing strategies to generate resources to operate on their own. This is because; their legal status is usually as a charitable association which doesn't allow them to do business. This is in addition to the lack of qualified human resources with all the incentives to work for the transform of the sector (*Sports biz Ethiopian business review 2019*).

In fact, several of the football clubs, be it in the premier or the national league, are run by people who neither have the business mindset nor the know-how and exposure that is necessary to command a gear shift in the industry. The industry is currently run by a rule of thumb, However, with the issuance of proclamation no.729/2012, which sets the legal framework for the sport to be an area of investment, there is growing optimism that things could slowly change. This however will require several of the existing clubs to redefine their identity (*Sports biz Ethiopian business review 2019*).

The Federal Sport Commission has already prepared a directive that states the necessary criteria to get a trade license in the sector. However, at this time, even the bigger football clubs are not aware of the need to make sport a business says a survey conducted by the Commission., “The commission should put a concerted effort in awareness creation to club officials about the case,” experts advise. Some of the potential challenges for clubs might be related to their legal status. For instance, those who get licensed as a charitable association will have challenges to face unless they registered again as a private entity. The Great Ethiopian Run (GER) has been in controversy with Charities and Civil Societies Agency for a claim that the former is involved in activities defined as “profitable”. The agency had implicated that it has a legal ground to confiscate all the funds and properties of Great Ethiopian run though the two parties are still in negotiation (*Sports biz Ethiopian business review 2019*).

The other issue is the way the league is managed; without reforming the present amateur league so that clubs run it on their own, embarking the long journey to professional football in the country would be unlikely says Colonel Awel, referring to the league that is run by members from clubs and the federation. Sahlu Gebrewold, President of the Federation agrees with the idea

that the league has to be professional with its own identity (*Sports biz Ethiopian business review 2019*).

2.7.4. The need to reinvent the Ethiopian Football Federation

For a country whose football team has qualified for the African Cup of Nations, its football federation does not even have a website. The federation also lacks the system of maintaining an effective information flow. It seems nobody in the Federation knows who is responsible to get this done. Shifting blames on one another is what the people working there prefer every time they are challenged by a third party such as the media. The Ethiopian Business Review has observed this while collecting information for this article. It is no ones organization an insider said on conditions of anonymity. It will be very difficult for clubs in the country to achieve professionalism while the federation is weak , the source added (*Sports biz Ethiopian business review 2019*).

One of the problems of the federation is the lack of professional staff. The need to have a paid professional staff at the EFF is a timely issue. Very surprisingly, most of the executives including the president are unpaid and part-time workers. So the executive doesn't have the incentive to take any initiatives, it is just volunteer work. That is why the federation was not even ready to take advantage of the favorable situation that was created after the national team qualified for the African Cup of Nations. The Ethiopian Business Review has established that it was Heineken, through Bedele Breweries, which initiated the 24 million birrs worth sponsorship deal. In fact, insiders at the federation said that the EFF had been struggling to live up to its commitment of facilitating basic promotional tools for the sponsor such as arranging Photo shots of the national team for commercials of the sponsors (*Sports biz Ethiopian business review 2019*).

While it has become common for footballers in the country to move from one club to another with a contract signing fee of up to one million birrs, the EFF has so far arranged no means of monitoring the transfer. The issue of tax in the industry is apparently missing. At present, it is very difficult to get readily available data of any sort in the Federation even at the best of luck where you happen to get a very cooperative staff, In a nutshell, EFF needs to fundamentally reinvent itself. So many institutions in the country, even Kebeles, the lowest hierarchy of

government administrations, have these days improved the quality of their services tremendously. The federation doesn't seem ready to overhaul and equip itself with the attributes it needs to fundamentally transform the nations football industry" (*Sports biz Ethiopian business review 2019*).

2.7.5. New League Company set to be incorporated

"The Ethiopian Football Federation has announced today that a new league company is set to be incorporated on September 24 to take charge of Ethiopia's top-flight football as of the new season. In a press briefing held today September 24,2019 at the new EFF Headquarters, the EFF vice president Colonel Awol Abdurahim was accompanied by Legal Advisor Birhanu Molla and other Federation officials.

The Vice president said that they have previously agreed with top-flight sides before the 2018/19 season onset and had several meeting with the clubs officials that the 2019/20 season would saw a new company is incorporated to take the commitment of the Ethiopian premier league.

If approved by the clubs on September 24,2019 the new Share Company "Ethio league Share Company" will jointly be owned and managed by the 24 Premier League clubs and the EFF for now and those clubs who make up the League at any time soon each of the 24 clubs and the EFF as an entity are a shareholders to the company, each share have an Estimated value of 5 million Ethiopian birr (USD 169,492) to be paid in the coming 5 years with the initial one million two hundred and fifty thousand birr (USD 33,898) to be paid at inception.

The league company would be managed by a director appointed from the 7 members of the board of directors to be chosen from the 25 shareholders controlling the 4 departments beneath them. Other issues are expected to be on the table on September 24 as the EFF is expected to have an assembly with the 24 top flight sides. Regarding the inception of the league company, the EFF also disclosed that they have wrapped up the preparation of draft documents to be ratified on the assembly.

The incorporation of a league company has been a frequently raised issue in Ethiopian football for the past decade as it is expected to bring a lot to the Ethiopian football with Improved marketability of the league which in turn would facilitate an Increased investment into Ethiopian football. This bold move is expected to play a huge role in professionalizing Ethiopian clubs.

And also in the press conference, it was stated that starting from the new season (2019/2020) with the new league format of 24 clubs winners of the groups will battle it out In neutral venue on a double encounter to be crowned Ethiopian Champion and as always they will represent Ethiopia in the CAF Champions League. (Dawit , 2019).

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Research Design

In the study, a descriptive research design was adopted. Descriptive research involves measuring a set of variables as they exist naturally (Gravetter and Forzano, 2011). It is designed to provide in-depth information about the characteristics of subjects within a particular field of study, thus it can help identify relationships between variables (Houser, 2011). This research design enabled the researcher to investigate the given phenomena and describe in a simple way. In the study, the dependent variable was the financial viability of football clubs, whereas the independent variables were sources of income, avenues of expenditure, financial planning, and financial control practices.

3.2. Research Method

Mixed-method research design (both quantitative and qualitative methods) was used. The qualitative approach was applied in the study in an inquire process aimed at understanding the phenomenon under the study and reporting of the detailed views of the respondents while the quantitative approach was applied in a survey method aimed at measuring variables in number to determine their strength with other variables being tested. (Creswell, 2003; Olusegun, 2001) abound that the use of a combination of both qualitative and quantitative research methods results in strong validity to outcomes.

3.3. Sample and sampling technique

Sampling ‘is the process of selecting a few from a bigger group to become the basis for estimating or predicting the prevalence of unknown piece of information, situation, or outcome regarding the bigger group.’ Sampling is significant because collecting data from the whole population is far too costly (Pagano, 2006).

It is a nonrandom technique that does not need underlying theories or a set number of participants. Simply put, the researcher decides what needs to be known and sets out to find

people who can and are willing to provide the information by virtue of knowledge or experience (Bernard, H. R. 2002). Purposive sampling technique was used.

The study included all the five football clubs based in Addis Ababa and all around the country that participated in the Ethiopia Premier League in 2019/2020 named Adama city FC, Ethiopia Coffee SC, Hawassa Kenema SC Saint George SC and Sebeta City FC. Data was collected from head and vice officials/administrators from each respective club, namely: the Treasurer or Financial Controller, the Chairman or Club Manager and the Marketing Representative. The total number of respondents was thirty (30) people. Research Methods scholars argue that a minimum of 30 cases is sufficient (Mugenda 2003 and Denscombe, 2003).

Table 3.1: Sample and Sampling Technique

No	Population category	Sample category	Total population	Sample size	Sampling technique
1	Officials/administrators	Treasurer or financial controller	10	10	Purposive
		Chairman or Club Manager	10	10	Purposive
		Marketing Representative	10	10	Purposive
	Total		30	30	

3.4. Source of Data Collection

In order to get the essential data and information, the researcher used both primary and secondary data.

3.4.1. Primary source of data

The primary data was collected from different respondents such as; head and vice officials/administrators from each respective club, namely: the Treasurer or Financial Controller, the Chairman or Club Manager and the Marketing Representative.

3.4.2. Secondary source of data

Secondary data were collected from books, references, website and documents.

3.5. The Instrument of Data Collection

To get reliable and unbiased information from the research participants that can enable the researcher answer the research questions, a uniform electronic questionnaire was distributed to the respondents, and a semi-structured interview was also applied to gather some of the relevant information that may not be addressed by the questionnaire and when further explanation on some issues was required.

3.5.1. Questionnaire

The researcher was selecting the questionnaire as one of the data gathering instrument because of its appropriateness to collect information from a larger population. And on the other side, it was help to secure relevant information free from bias. In addition to that, it is also important to obtain descriptive information that answers the basic questions of the study with no hardy. The questionnaire is preparing by closed-ended and open-ended.

3.5.2. Interview

The researcher used the semi-structured interviewing method. In semi-structured interviewing, the interviewee responded with precise answers and it was described when an additional explanation was needed. It didn't expect a more detail life history of the participant. The researcher use the Pseudonyms of the respondent on data analyze.

3.5.3. The Validity of the Instrument

All the necessary research questions were answered by the valuable research instruments of a questionnaire and interview. Because the instruments help to gather the necessary data from selected EPL clubs.

3.5.4. Reliability of the Instrument

The instruments (questionnaire and interview) that the researcher selected were reliable. The researcher implemented a pilot study before the actual study carried out. The purpose of the pilot

study was to check the consistency of the questionnaire to collect data for the study. Generally, the objective is to check the clarity of the questionnaire items.

3.5.5. Pilot Test

Before using the questionnaire method, it is always advisable to conduct “pilot study” (Pilot Survey) for testing the questionnaires. In a big enquiry, the significance of pilot survey felt very much. Pilot survey is in fact the replica and rehearsal of the main survey. Such a survey, conducted by experts, brings to the light the weaknesses (if any) of the questionnaires and of the survey techniques. From the experience gained in this way, improvement effected (Kothari, 2004:100). The researcher prepared 21 items for pilot test the questionnaire instrument.

This questionnaire administered to 10 purposely selected club managers financial officers and marketing representatives from non-sampling clubs for pilot test of the questionnaire in order to test the reliability of the questionnaires. This pilot test helped the researcher to get feedback about the clarity of the questionnaire and to refine the questionnaire according to the purpose of the study. The researcher prepared 21 items for pilot test but during pilot test some words had problem of clarity were changed. The refined 21 items, which had high reliability and validity, were proceeded to use as instrument for the final data collection process. After pilot test had been conducted with some of the clubs who were not included in the study the actual data was collected. The purpose was for the clarity of questionnaire and to correct some items which were vague and incorrect.

Table 3.2: The Reliability Coefficient (alpha) of the pilot test.

Sources of revenue	.806
Use of technology as challenges of financial management	.803
Financial controlling	.908
Factors influence clubs revenue	.843
Average total	.842

The reliability Coefficient (alpha) of the pilot test was(.842)for factors such as, Sources of revenue, challenges of Financial management system or Use of technology, Financial planning, evaluation, and reporting and Factors influence clubs revenue

3.6. The Procedure of Data Collection

As indicated above necessary data for the study was collected using electronic questionnaire and interview. To determine the internal consistency reliability measures, it was necessary to pre-test the questionnaire before conducting the actual research (Yalow, 2011). Thus, a pilot study was conducted to ensure the clarity of the questions or asses the respondents' level of understanding to the content of the questionnaire, and to test the reliability of the questionnaire.

3.7. Method of Data Analysis

Data analysis is the process of sifting through data and piecing together numerical evidence about the social world (Marsh and Elliott, 2009). Descriptive statistics was used to analyze and interpret the data. According to Cooper and Schindler (2003), this approach mainly applies measures of central tendency to analyze data. The data that was collected from head and vice officials/administrators from each respective club, namely: the Treasurer or Financial Controller, the Chairman or Club Manager and the Marketing Representative are organized. To analyze the quantitative data, which was gathered through questionnaire, SPSS (version 22.0) software was used and a quantitative analysis was presented with the measure of percentage and frequencies. However, the data, which gathered through interview, was analyzed through verbal explanation.

3.8. Ethical Considerations

The respondents of the semi-structured questionnaires and interviews were informed about the purpose of the study and asked to find their agreement to participate in the study. All the research respondents were also notified that the data, which were gathered from them, would be held confidentially and their identity would not be revealed.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1. Introduction

This chapter presents the analysis of major findings of data collected through the instruments designed for this study. According to the plan data was gathered through questionnaires and interview, and the procedure of the presentation begins from the description of respondent's demographic information. Followed by, the quantitative data analyzed through different statistical tools is presented, and then the description of additional elaboration based on the information gathered through interview was discussed.

4.2. Demographic Characteristics of the Respondents

Table 4.1. Sex and Age of Respondents

No	Item	Respondents	
		Frequency	Percent
1	Sex		
	Male	30	100
	Female	0	0
	Total	30	100
2	Age		
	Below 20years	0	0
	Between 20-30years	6	20.0
	Between 31-40years	12	40.0
	Between 41-50years	8	26.7
	Above 50years	4	13.3
	Total	30	100.0

As it is displayed in table 4.1, the total number of participants is 30 and they are all males. This shows that the administration is dominated by only the male group which can reflect the gender biased view of football as a whole. Regarding the age of the respondents, 20% of them were between age 20&30, and 40% of the respondents were between 31&40 years of age; while 26.7% of the respondents were between 41-50 years of age, the rest 13.3% were above 50years of age. The age information indicates that most of the respondents were young; so that they can

passionately play a great role in the development of Ethiopian football if they are supported with a piece of training expertise counseling.

Table 4.2 Educational backgrounds, Job position and Work Experiences of Respondents

No	Item	Respondents	
		Frequency	Percent
1	Educational Qualification:		
	High School graduate	-	-
	Diploma	-	-
	First Degree & above	30	100
	Total	30	100
2	Job Position:		
	Lower management / administration	10	33.3
	Middle management	15	50.0
	Senior management	5	16.7
	Total	30	100.0
3	Work experience		
	Less than 1 year	-	-
	1-3 years	2	6.7
	4-5 years	10	33.3
	Over 5 years.	18	60.0
	Total	30	100.0

Concerning their qualification, 100% of the respondents were first degree and second degree holders; the educational qualification shows that all the respondents were educated that is helpful for the study in gathering data from knowledgeable personnel, the clubs were managed by educated personnel. In the case of job position, 33.3% of the respondents were lower -level administration workers; while 50% of them were middle- level management workers, the rest 16.7% responders were senior managers. Regarding the work experience of the respondents, the majority or 60% of them had over 5 years' work experience, 6.7% of the respondents had 1-3

years of experience, and 33.3% of the respondents had 4-5 years of experience. In general, the information indicates that there was experience sharing opportunity in the management staff.

4.3. Sources of Revenue

Revenue is the money that football clubs make from different sources. Their revenue primarily comes from different sources-from sales of different types of goods like club flags, t-shirts, scarp, wearing and ornaments, or from service like cafeteria- few them from the league include, Saint George SC, Ethiopia Coffee SC, Sebeta City FC, Hawassa Kenema SC and Adama Kenema SC. Who generate revenue in such a way, and even if it little in Ethiopia, sponsors are also sources for their revenue, but the commonest way of generating income for football clubs is by gathering from supporters.

What are your levels of agreement regarding the clubs source of revenue?

Table 4.3. Gate fee or Revenue from Matches

Item	Frequency	Percent
Strongly disagree	-	-
Disagree	-	-
Neutral	-	-
Agree	3	10.0
Strongly Agree	27	90.0
Total	30	100.0

As indicted in table 4.3, 27(90%) of respondents strongly agree as well as 3(10%) Of the respondent agree on the source of finance for the club was gate fee or revenue from matches.

As the researcher finding by interviewing the clubs representative there is a share with Ethiopian football federation on gate fee, as Mr. kebede of Saint George SC said that ‘when we play on Addis Ababa Stadium the club get 68% of the get fee, the rest 32% were taken by the federation, the federation does not offer the cash to the clubs immediately after the game, there were also a problem with the federation to give the award money of championship as the respondent said the 2010 EC award is not still paid’.

Table 4.4. Member subscription

Item	Frequency	Percent
Strongly Disagree	7	23.3
Disagree	6	20.0
Neutral	-	-
Agree	5	16.7
Strongly Agree	12	40.0
Total	30	100.0

According to table 4.4., 12(40%) of respondents respond strongly agreed member subscription as sources of revenue, 5(16.7%) of the total respondents agreed that member subscription as sources of revenue, 6(20%) of the respondents respond disagreed as member subscriptions as sources of revenue. 7(23.3%) of the total respondents strongly disagreed on membership subscription as the source of revenue for the clubs. It indicates that there are clubs which do not have registered club members.

According to the researchers finding through the interview from Saint George SC and Ethiopia Coffee SC have registered club supporters as well as Hawassa kenema SC, Adama City FC and Sebeta City FC has no registered club supporters, there is a gap between the supporters and the club administrative, they are not positioned on the community base.

The following table shows that the registered supporter in each clubs and monthly contribution which was funding through interviews from club managers and representatives is summarized as follows.

Table 4.4.1 Registered Supporters in the Clubs

Clubs	No of registered supporters	Contribution per month
Saint George Sports Club	10,000	30 birr
Ethiopia Coffee Sport Club	25,000	20 birr - 5000birr
Hawassa kenema Sport Club	No registered supporters	No contribution
Sebeta City Football Club	No registered supporters	No contribution
Adama City Football club	No registered supporters	No contribution

Table 4.5. Sponsorship from the parent organization

Item	Frequency	Percent
Strongly Disagree	-	-
Disagree	-	-
Neutral	-	-
Agree	12	40.0
Strongly Agree	18	60.0
Total	30	100.0

According to table 4.5, 60% of the respondents chose strongly agree about getting sponsorship from the parent organization to the total revenue of the clubs, 40% of the respondents replied strongly agree about the sponsorship from the parent organization to the total revenue of the clubs.

Accordingly, the five selected football teams from the Ethiopian premier league football clubs Saint George, Ethiopia coffee and Sebeta Kenema sponsored by brewery factory Saint George beer (Medroc group), Habesha beer, and Meta beer factories respectively, because of the new declaration which is adopted by the Ethiopian government about prohibiting alcoholic drinks commercially, faced an obstacle for clubs' revenue, in another way Adama city FC and Hawassa Kenema SC do not have a sponsor but the clubs get revenue from parent organizations. Remember, Sponsorship is the life blood of every sports business.

Table 4.6. Television Broadcasting Rights

Item	Frequency	Percent
Strongly Disagree	30	100.0
Disagree	-	-
Neutral	-	-
Agree	-	-
Strongly Agree	-	-
Total	30	100.0

The table 4.6 indicates the view of the respondents about the revenue resource, television broadcasting rights. According to the response, the table shows that 100% of the respondents strongly disagree about television broadcasting rights to the total revenue of the clubs.

“An enormous amount of money was poured into the professional sports market in 2018. One-hundred and six sports franchises worldwide are valued at more than \$1 billion each and profit millions of dollars every year” (*Global sport matters, 2019*).

It indicates that broadcasting rights play a great roll in the development of sport all over the world. As the best example, Addis Ababa football federation was broadcasting all city cup games through Addis network TV and Addis Ababa football federation get 50% from the broadcast corporation, from that 50% Saint George SC and Ethiopia SC football clubs were getting more than 700,000 Ethiopian birr according to the information gathered through interview from both club administrative staffs.

Table 4.7. Sale of club merchandise, such as team jerseys

Item	Frequency	Percent
Strongly Disagree	-	-
Disagree	-	-
Neutral	-	-
Agree	16	53.3
Strongly Agree	14	46.7
Total	30	100.0

Table 4.7 indicates the view of the respondents about the revenue resource from Sale of club merchandise, such as team jerseys. According to the response of the respondents, 53.3% of the respondents agreed. The rest 46.7% respondent response strongly agree about the Sale of club merchandise, such as team jerseys to the total revenue of the clubs.

According to the information obtained through interview, there were a number of club merchandises sold especially in Saint George SC and Ethiopia Coffee SC like team jerseys, wristbands, scarves, flags, and other items bearing their colors and logos, currently associated with coved 19, face masks are in the market of each club.

‘The Ethiopian football premier leagues are stumbling over a lucrative source of income in sports equipment. Sports merchandising, an old source of revenue for established leagues in Europe and the United States, has eluded St. George and Buna (Coffee) popular local football clubs. The clubs overcome by the poor internal organization and lack of planning were unable to take advantage of the opportunity and fail to meet the high demands for jerseys, wristbands, scarves, flags, and other items bearing their colors and logos’ (*Fortune magazine, 201*).

4.4. Use of technology as a management tool

In this variety of sport organizations, such as sports information services, retail sports merchandisers, as well as various international leagues and teams, and national, state and local sport associations that are using the internet and associated technologies to help develop a presence for consumers and members alike in order to grow the business of sport.

What is your level of agreement regarding the use of technology as a management tool?

Table 4.8. The Club Financial Management Was Supported by Modern Technology

Item	Frequency	Percent
Strongly Disagree	-	-
Disagree	-	-
Neutral	6	20.0
Agree	6	20.0
Strongly Agree	18	60.0
Total	30	100.0

Table 4.8 indicates that, 18 (60%) of respondents replied strongly agreed the club financial management is supported by modern technology. 6(20%) of the respondents agreed that the club financial management is supported by modern technology 6 (20%) of the respondents respond as they were neutral with the question, club financial management is supported by modern technology.

The researchers interview finding shows, on the support of financial management as Mr. Abreha the senior management staff said that ‘our club Saint George SC is on the way to fully access the digital ticketing system this system can help to know the revenue from matches.’

Table 4.9. The Technology is Capable of Solving Financial Management Tasks

Item	Frequency	Percent
Strongly Disagree	-	-
Disagree	-	-
Neutral	3	10.0
Agree	8	26.7
Strongly Agree	19	63.3
Total	30	100.0

According to table 4.9, 19(63.3%) of respondents replied strongly agreed as the technology is capable of solving financial management tasks, 8(26.7%) of the total respondents agreed the technology is capable of solving financial management tasks, 3(10%) of the respondents respond as they were neutral with the question, the technology is capable of solving financial management tasks. Digital ID was given to all newly Saint George SC supporters, the ID card which was technologically advanced could help the financial personnel in controlling the monthly clubs registered supporters' contribution, simply supporting of technological equipment that is available in the club.

Table 4.10. The Financial Management Personnel are Familiar with the Technology

Item	Frequency	Percent
Strongly Disagree	1	3.3
Disagree	7	23.3
Neutral	3	10.0
Agree	6	20.0
Strongly Agree	13	43.3
Total	30	100.0

According to table 4.10, 13(43.3%) of respondents replied strongly agreed, the financial management personnel are familiar with the technology, 6(20%) of the total respondents agreed the financial management personnel are familiar with the technology, 3(10%) of the total respondents neutral, 7(23.3%) of respondents respond disagreed the financial management personnel are familiar with the technology. And 1(3.3%) of the total respondents strongly disagreed with financial management personnel was familiar with the technology.

Table 4.11. The Financial Management Staff is not using any Sort of Technology

Item	Frequency	Percent
Strongly Disagree	24	80.0
Disagree	5	16.7
Neutral	1	3.3
Agree	-	-
Strongly Agree	-	-
Total	30	100.0

According to table 4.11, 24(80%) of respondents chose strongly disagreed as to the proposition, “The financial management is not using any sort of technology”. 5(16.7%) of the total respondents disagreed. and 1(3.3%) of the total respondent replied neutral. By the time of this study, the club activities were performed by the help of technological apparatuses’ so that all club officials do not say anything about the unavailability of technology.

Table 4.12. There is not a need for Technological Product to Support the Financial Management

Item	Frequency	Percent
Strongly Disagree	28	93.3
Disagree	2	6.7
Neutral	-	-
Agree	-	-
Strongly Agree	-	-
Total	30	100.0

According to table 4.12, 28(93.3%) of respondents respond strongly disagreed as there is not a need for a technological product to support financial management, 2(6.7%) of the total respondents disagreed about there is not a need of technological products to support financial management.

“Advances in the use of information communications technology (ICT) and, in particular, the use of the internet have changed the way that sport services can be delivered to consumers and clients. Today’s sport business has access to a wide range of technologies that can assist in developing and delivering business efficiency. These include highly-efficient networked computers, digital television services, mobile telephony, personal digital assistants, and intelligent appliances in the home and office. Although it discusses traditional uses of information technology, for example, the use of computers and associated networks to provide desktop applications such as word processing, spreadsheet analysis and database management. ”

4.5. Financial control

Financial control systems are meant to provide sufficient security for the finances and assets of the organization. The system provides checks and balances which help an organization to prevent fraud or misappropriation or deviations from accepted policies and procedures. Examples of these systems are inventory control, which means a system that records assets that are generally

consumable or saleable, and internal and external audits monthly and annually reports. In short, if there is a situation of financial control it means that the financial resources are correctly and effectively used.

What is your level of agreement on the following financial control system?

Table 4.13. The Financial Management the staff has a Control System

Item	Frequency	Percent
Disagree	1	3.3
Neutral	2	6.7
Agree	6	20.0
Strongly Agree	21	70.0
Total	30	100.0
Disagree	1	3.3

According to the above table, 21(70%) of respondents respond strongly agreed as financial management has controlled the system, 6(20%) of the total respondents agreed with the financial management has a control system, 2(6.7%) of the total respondents also become neutral, 1(3.3%) of respondent respond disagreed financial management has a control system.

Table 4.14. The financial personnel are aware of the control system

Item	Frequency	Percent
Strongly Disagree	-	-
Disagree	-	-
Neutral	7	23.3
Agree	5	16.7
Strongly Agree	18	60.0
Total	30	100.0

According to table 4.14, 18(60%) of respondents respond strongly agreed about the financial personnel are aware of the control the system, 5(16.7%) of the total respondents agreed that was financial personnel are aware of the control system, 7(23.3%) of the total respondents neutral about the financial personnel awareness of the control system.

Table 4.15. The Club’s Treasurer Equipped with the Necessary Accounting Stationery

Item	Frequency	Percent
Strongly Disagree	-	-
Disagree	5	16.7
Neutral	3	10.0
Agree	6	20.0
Strongly Agree	16	53.3
Total	30	100.0

According to table 4.15, 16(53.3%) of respondents respond strongly agreed as the club’s treasurer equipped with the necessary accounting stationery, 6(20%) of the total respondents agreed with the club’s treasurer equipped with the necessary accounting stationery, 3(10%) of the total respondents also become neutral about the club’s treasurer equipped with the necessary accounting stationery, 5(16.7%) of respondent respond disagreed about the club’s treasurer equipped with the necessary accounting stationery.

Table 4.16. The club has a Cashbook to Record all Receipts and Payments

Item	Frequency	Percent
Strongly Disagree	-	-
Disagree	-	-
Neutral	2	6.7
Agree	7	23.3
Strongly Agree	21	70.0
Total	30	100.0

According to table 4.16, 21(70%) of respondents respond strongly agreed about the club have a cashbook to record all receipts and payments, 7(23.3%) of the total respondents agreed that was club have a cashbook to record all receipts and payments, 2(6.7%) of the total respondents become neutral about the club have a cashbook to record all receipts and payments.

The interviewing response from Ethiopia coffee SC financial personnel ‘the cash book is recorded in chronological order and the balance is updated and verified on a continuous basis helps to get the needed document simply because it is settled in chronological order’.

4.5.1. The club has the following financial reporting methods in place:

Financial reporting helps clubs and their external stakeholders get a better understanding of the club's current and future financial status, Findings from financial reports can improve internal financial performance by helping them stay updated on any significant progress or changes in their financial status and cash flow.

Table 4.17. Monthly Reporting

Item	Frequency	Percent
Strongly Disagree	-	-
Disagree	-	-
Neutral	-	-
Agree	6	20.0
Strongly Agree	24	80.0
Total	30	100.0

According to table 4.17, 24(80%) of respondents respond strongly agreed about monthly reporting 6(20%) of the total respondents agreed that was a monthly report in the clubs. It simply prepared in each month, the unaudited balance sheets of the club for each fiscal month completed prior to the closing date, as it was indicated all the selected club's respondents response for the monthly report was available in their clubs.

Table 4.18. Annual financial reporting

Item	Frequency	Percent
Strongly Disagree	-	-
Disagree	-	-
Neutral	-	-
Agree	3	10.0
Strongly Agree	27	90.0
Total	30	100.0

According to the above table, 27(90%) of respondents respond strongly agreed about annual reporting 3(10%) of the total respondents agreed that was reported annually. The Annual Financial Report is a thorough and detailed presentation of the state's financial condition. It reports on the state's activities and balances for each fiscal year.

4.6. Factors that influence club revenue

one of several things that influence or cause a situation of revenue of the clubs in one way or in another we can say to be factors influence club revenue are challenges for financial management.

What are your levels of agreement about factors that influence club revenue?

Table 4.19. Team Performance in Matches.

Item	Frequency	Percent
Strongly Disagree	3	10.0
Disagree	5	16.7
Neutral	5	16.7
Agree	5	16.7
Strongly Agree	12	40.0
Total	30	100.0

According to table 4.19, 12(40%) of respondents respond strongly agreed team performance in matches as the factors influence club revenue, 5(16.7%) of the total respondents agreed to team performance in matches as the factors influence club revenue, 5(16.7%) of the total respondents also become neutral about performance in matches as the factors influence club revenue, 5(16.7%) of respondent respond disagreed, the rest 3(10%) of the Respondents strongly disagree depend on performance in matches as the factors influence club revenue. Regarding of team performance there were parallel movement was indicated on the game of football, in our country, the performance increase the revenue from the supporters increases as well as when the performance decrease the spectator which attend the game also decreases.

Table 4.20. Ticket Pricing.

Item	Frequency	Percent
Strongly Disagree	-	-
Disagree	11	36.7
Neutral	7	23.3
Agree	12	40.0
Strongly Agree	-	-
Total	30	100.0

According to table 4.20, 12(40%) of respondents respond agreed about ticket pricing as the factors influence club revenue 7(23.3%) of the total respondents neutral 11(36.7%) of the total respondents, response disagree ticket pricing as the factors influence club revenue.

Table 4.21. Gender of audience or spectators.

Item	Frequency	Percent
Strongly Disagree	19	63.3
Disagree	7	23.3
Neutral	4	13.3
Agree	-	-
Strongly Agree	-	-
Total	30	100.0

According to table 4.21, 19(63.3%) of respondents respond strongly disagreed as to the Gender of audience or spectators, 7(23.3%) of the total respondents disagreed gender of audience or spectators, 4(13.3%) of the total athletes also become neutral, 4(13.3%) of respondents remain neutral gender of audience or spectators as the factors influence club revenue. As the respondent's response indicated that if anyone male or female attend the game it does not affect the revenue the mean aim of each club was to collect money.

Table 4.22. Location of the Match.

Item	Frequency	Percent
Strongly Disagree	-	-
Disagree	1	3.3
Neutral	3	10.0
Agree	3	10.0
Strongly Agree	23	76.7
Total	30	100.0

According to table 4.22, 23(76.7%) of respondents respond strongly agreed Suitability and location of the match as the factors influence club revenue, 3(10%) of the total respondents agreed to Suitability and location of the match as the factors influence club revenue, 3(10%) of the total respondents neutral about suitability and location of the match as the factors influence club revenue, 1(3.3%) of respondent respond disagreed suitability and location of match as the factors influence club revenue.

As the researcher finding through interviewing the clubs official one of the huge factors that influence clubs revenue was the locations of the game as Mr.Abebe said that when the clubs play away games the clubs in the leagues are far each other so there are expenditures of a plane ticket and all accommodations in each away game, So that the clubs suffer regarding the locations of the match.

Table 4.23. Match scheduling (day of the week and time).

Item	Frequency	Percent
Strongly Disagree	1	3.3
Disagree	2	6.7
Neutral	3	10.0
Agree	11	36.7
Strongly Agree	13	43.3
Total	30	100.0

According to table 4.23, 13(43.3%) of respondents respond strongly agreed match scheduling (day of the week, and time) as the factors influence club revenue, 11(36.7%) of the total respondents agreed to match scheduling (day of the week, and time) as the factors influence club revenue, 3(10%) of the total respondents neutral about the match scheduling (day of the week, and time) as the factors influence club revenue, 2(6.7%) of respondent respond disagreed match scheduling (day of the week, and time) as the factors influence club revenue,1(3.3%) of respondents strongly disagree about match scheduling (day of the week, and time) as the factors influence club revenue.

4.7. Challenges of Financial Management

The researcher finding through interviewing the club's managers and representatives of selected clubs from the Ethiopian premier league Adama city FC, Ethiopia Coffee SC, Hawassa Kenema SC Saint George SC and Sebeta City FC respondent response on the challenges of the financial management system was analyzed word by word from the respondent's view: the major challenges of financial management were lack of enough sponsorship, imbalance of revenue and avenue, insufficient stadiums, Adama city FC, Hawassa Kenema SC and Sebeta City FC are not base on the community, those clubs allocated budget from the government (the government give the allocated budget for Adama city FC, Hawassa Kenema SC and Sebeta City FC partially), the inconsistency of cash flow, the difficulty of found own money and Market of players the rules of 50,000 (Fifty thousand birr) as the federation's decision on the salaries of the player settle 50,000 as a maximum per month but this rule was not implement in all selected league clubs, mentioned challenges by the respondents of all selected clubs respective managers and representatives.

4.8. Research Questions analyze

4.8.1. How was the historical background of the financial management system of the football clubs?

The respondents are not interested to give the historical back ground of clubs data and there is no interested respondents to respond this interview questions, there is no transparency among clubs admin.

4.8.2. What are the challenges of financial management system in the Ethiopian football clubs?

The result of the study indicates that there were some challenges that hindered the effectiveness of financial management system in the selected Ethiopian premier league Football clubs; the major challenges of financial management system were lack of enough sponsorship, imbalance of revenue and avenue, insufficient stadiums for spectators, deficiency of working capital, the inconsistency of cash flow, the difficulty of possessing own money and poor market system of players' transfer

4.8.3. What are the sources of financial income of the Football clubs?

Regarding the result; the major Sources of revenue for clubs depends on allocation of budget from the government, gate fee, sponsorship from parent organization (Medroc Ethiopia group, Ethiopian Coffee importers association and brewery Factory play great role in the development of football in Ethiopia), sale of club merchandise, different types of fund raising program like running music concert and somehow member subscription.

4.8.4. What seems the financial control system of the case football clubs?

The results of the study indicates that there was a financial management control system in all selected football clubs; Adama city FC, Ethiopia Coffee SC, Hawassa Kenema SC Saint George SC and Sebeta City FC which are supported through cashbook to record all numbered receipts as well as all payments, monthly and annually reporting system and complete and accurate audits also implemented.

CHAPTER FIVE

CONCLUSION, SUMMARY AND RECOMMENDATION

Introduction

This chapter deals with the summary, conclusion and recommendation of the study based on the data analyzed in chapter four and the findings of the major Challenges of financial management system in some selected Ethiopian primer league Football clubs.

5.1. Summary Of The Finding

The objective of this study was to identify and analysis the Challenges of Financial Management System in Some selected Ethiopian Primer League Football Clubs. The specific objectives were: to examine the historical backgrounds of Ethiopian primer league football clubs; to investigate the challenges of financial management system of some selected football clubs in the Ethiopian premier league; to assess the sources of financial income in the selected football clubs in Ethiopian premier league.

The research design was descriptive, it focused on the five football clubs that participated in the Ethiopian primer league 2019/20. Respondents included from the five clubs management staffs 30 in number; data was collected through electronic questioner and interview from the respected respondents, the data was analyzed by SPSS software, the data was presented in table and description

Regarding the result; the major Sources of revenue for clubs depends on gate fee, sponsorship from parent organization, sale of club merchandise and somehow member subscription and there is no TV broadcasting rights at all selected Ethiopian premier league clubs.

The selected football clubs which participate in the league; the financial management was supported by modern technology, the clubs official believe technology is capable of solving, Financial management tasks, financial management personnel of soccer clubs are familiar with the technology.

The financial management has a control system which are supported through cashbook to record all receipts as well as payments, monthly and annually reporting system. The clubs treasurer equipped with the necessary accounting stationery.

Factors that influence clubs revenue were team performance in matches suitability and location of matches, match scheduling or day of the week and time, in somehow ticket pricing is mentioned as the factor influence clubs revenue but gender of audience or spectators is not the factor as it was analyzed from the respondent's response.

The result of the study indicates that there were some challenges that hindered the effectiveness of financial management system in the selected Ethiopian primer league Football clubs; the major challenges of financial management system were lack of enough sponsorship, Government dependent, Lack of TV broadcasting rights, imbalance of revenue and avenue, insufficient stadiums for spectators, deficiency of working capital, the inconsistency of cash flow, the difficulty of possessing own money and poor market system of players' transfer.

5.2. Conclusion

As stated in the topic, the main aim of this study was to find out Challenges of financial management system in Adama city FC, Ethiopia Coffee SC, Hawassa Kenema SC, Saint George SC and Sebeta City FC.

Regarding the result; the major Sources of revenue for clubs depends on allocation of budget from the government, gate fee, sponsorship from parent organization (Medroc Ethiopia group, Ethiopian Coffee importers association and brewery Factory play great role in the development of football in Ethiopia), sale of club merchandise and somehow member subscription. Different types of fund raising program like running, music concert are the new finding of the study which was not mentioned on the related literature.

The selected football clubs which are participate on the league; their financial management was supported by modern technology, the clubs official believe technology is capable of solving, Financial management tasks, financial management personnel of soccer clubs are familiar with the technology.

The financial management has a control system which are supported through cashbook to record all receipts as well as payments, monthly and annually reporting system. The clubs treasurer equipped with the necessary accounting stationery and, complete and accurate audits also implemented.

Factors influence clubs revenue were team performance in matches suitability and location of matches, match scheduling or day of the week and time, in somehow ticket pricing is mentioned as the factor influence clubs revenue but gender of audience or spectators is not the factor as it was analyzed from the respondents response.

The result of the study indicates that there were some challenges that hindered the effectiveness of financial management system in the selected Ethiopian primer league Football clubs; the major challenges of financial management system were lack of enough sponsorship, imbalance of revenue and avenue, insufficient stadiums for spectators, deficiency of working capital, the inconsistency of cash flow, the difficulty of possessing own money and poor market system of players' transfer.

5.3. Recommendation

Based on the findings of this thesis work the following recommendations are forwarded. The researcher appreciates if the concerned bodies look in to them.

- ❖ To build the capacity of clubs, the government should involve itself strategically. It should help them to be independent and profit-making entities. That will ensure the growth and sustainability of the industry.
- ❖ Business people should take notice of the changing trend in the sport and should take advantage of the situation and invest to make it a business. It is already a profitable venture.
- ❖ According to FIFA, the global governing body of the sport, the establishment of an appropriate administration with qualified staff with, clear, democratic, and transparent way of doing things that can gain the trust of all the stakeholders involved was a prerequisite for the health of a nation's football.
- ❖ Sport is an important part of human experience and television is a powerful medium, Sport and mass media play a very symbolic role, as both reach a wide

circle of people, and the media is actively involved, sponsors take part in the development of football.

- ❖ The clubs should build stadiums, so that the larger the stadium, the higher the revenue.
- ❖ Financial inconsistency should be avoided through providing trainings.
- ❖ The clubs should be more of strategic and aggressive at exploiting their potential in order to increase their revenue streams.
- ❖ Football clubs should also aggressively promote their merchandise and expand membership subscriptions.
- ❖ Football clubs should adopt a segment view of their fan-base would also go a long way in enhancing the clubs revenues.
- ❖ Finance Administrator should get reliable Responsibilities training on how to: monitor all revenue and avenue of the club.

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Appendixes

Habtamu Belay
Addis Ababa University,
Addis Ababa. February 2020

To: Saint George Football club

Dear Sir / Madam,

REQUEST TO CONDUCT A RESEARCH STUDY

I am enrolled in the Masters of Sport Management at Addis Ababa University. I am currently undertaking a research project focusing on the system of financial management.

I kindly request your permission to conduct a study on how revenue, expenditure and investment decisions contribute to the financial viability of your football club. This will enable me to draw conclusions that shall form the basis of my recommendations. It is my hope that this study shall be of benefit to the wider sporting world that may use its findings to improve their revenue bases, minimize costs and optimize returns on their investments.

A key part of the study requires a questionnaire to be filled in by someone familiar with the financial as well as strategic background of the club's operations. I shall treat any feedback you provide with highest confidentiality. This study is for academic purposes only and upon its completion, you will receive a copy of the final report. In case you require further clarification, do not hesitate to contact me on the contacts indicated below. I look forward to your favorable response.

Yours sincerely,

Habtamu Belay

E-mail: habtiniiau@gmail.com

Mobile: +251-911999736

Addis Ababa University
School of Natural science
Department Of Sport Science

Questionnaire

Dear respondent: **My name is Habtamu Belay**, pursuing a Master’s Degree in sport management at Addis Ababa University. The research is entitled “**Challenges of financial management system in some selected Ethiopian primer league Football clubs**” for the partial fulfillment of academic requirement. This questionnaire is designed to collect primary data for the study.

The questionnaire is only for study purpose and your genuine responses to the questions are highly demanded on which the success is depending on. I kindly request you to spend a few minutes of your valuable time to answer the questions as per the instruction below:

- You do not need to write your name
 - All of the questions need to be responded by yourself
 - In some of the questions, there are available place to put mark “X” in the given space
- If you need anything concerning the study or any further explanation about the questions, you can contact me on the phone number: **+251911999736** or via email: **hbelay18@gmail.com** Please note that the information you are providing will be kept confidential.

I thank you in advance for your participation in the study!

Part I: General information of respondents

1. Age: Below 20years Between 31–40years
 Between 20-30years Between 41–50years Above 50years
2. Sex: Male Female
3. Educational Qualification:
High School graduate Diploma First Degree & above
4. Job Position:
Lower management / administration Middle management Senior management
5. What is your level of professional work experience in the football industry?

Less than 1 year 1-3 years 4-5 years over 5 years.

Part II: Challenges of financial management activities

The purpose of this part is to gather information about the challenges of financial management related activities. Please indicate your level of agreement to the following statements using the five levels of scales given below: **Strongly Disagree=1, Disagree=2, Neutral=3, Agree=4, &Strongly Agree=5**

	Sources of revenue	1	2	3	4	5
1	Gate fees (revenue from matches)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Member subscriptions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Sponsorship from parent organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Television broadcasting rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Sale of club merchandise, such as team jerseys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Use of technology as challenges of financial management	1	2	3	4	5
1	The club Financial management is supported by modern technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The technology is capable of solving Financial management tasks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	The financial management personnel are familiar with the technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	The financial management is not using any sort of technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	There is not a need of technological product to support the Financial management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Financial control system	1	2	3	4	5
1	The financial management has a control system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The financial personnel are aware of the control system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	The club’s treasurer equipped with the necessary accounting stationery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	The club have a cashbook to record all receipts and payments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	The club have the following reporting methods in place:					
5.1	Monthly reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2	Annual financial reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Factors influence club’s revenue	1	2	3	4	5
1	Team performance in matches.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Ticket pricing depend on the types of the game.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Gender of audience or spectators.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Suitability and location of match.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Match scheduling (day of the week, and time).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. If you have additional comments or ideas about challenges of financial management system of clubs please express your feeling: [Click here to enter text.](#)

Interview Question

1. How was the historical background of the financial management system of your football clubs?
2. Are there any challenges of Financial Management in your club?
3. If yes, what are the challenges of financial management in your Clubs?
4. Are there registered supporters in your club if yes how much club supporters you have?
5. How much the registered club supporters contribute per month?



SEEK WISDOM, ELEVATE YOUR INTELLECT AND SERVE HUMANITY!



Assess the sources of financial income in the selected football clubs in Ethiopian premier league

By

Habtamu Belay

Today football is more than a Game. It enables a country to develop economic social relationship, politically and an instrument to build national images. The purpose of this article was to assess the sources of financial income in the selected football clubs of Ethiopian premier league

The sample of this study consists of head and vice officials/ administrators from each respective club, namely: the 6 Treasurer or Financial Controller, 6 Chairman or Club Manager and 6 Marketing Representative from each clubs of all five selected Ethiopian primer league Football clubs. The researcher used censes sampling techniques. To conduct this research both quantitative and qualitative approaches were employed.

Regarding the result; the major Sources of revenue for clubs depends on allocation of budget from the government, gate fee, sponsorship from parent organization (Medroc Ethiopia group, Ethiopian Coffee importers association and brewery Factory play great role in the development of football in Ethiopia), sale of club merchandise, different types of fund raising program like running music concert and somehow member subscriptions.

Key words: Primer league, Revenue, Club, Football

Introduction

According to soccer fix (2019), big five power indicate Europe, predictably given the maturity of the major leagues and international club competitions continue to dominate the Football Finance 100 (FF100). The English Premier League has a commanding presence among the upper echelons, with 10 clubs in the top 30 boosted by lucrative broadcasting deals and high levels of foreign investment. Europe's major clubs are not just compelling investment cases, they also have the most 'pulling power' with spectators and customers. In the FF100, only 16 clubs could attract average crowds of over 50,000 and they're all from Europe, although Major league soccer (MLS) Champions Atlanta United looks set to pass this mark (soccer fix 2019).

Among the many sports that were introduced by foreigners who dwell in Addis Ababa at the beginning of the last century, football became the most favored. Following this, youngsters who lived around Arada Giorgis established St. George Football Club in 1928. Youths in other sections of the city were

also able to form their teams. This was how organized football competition started in the country. From these humble beginnings, the sport was able to achieve international success in a relatively short period of time (*Birhanu T and Shiferaw B, 2009*).

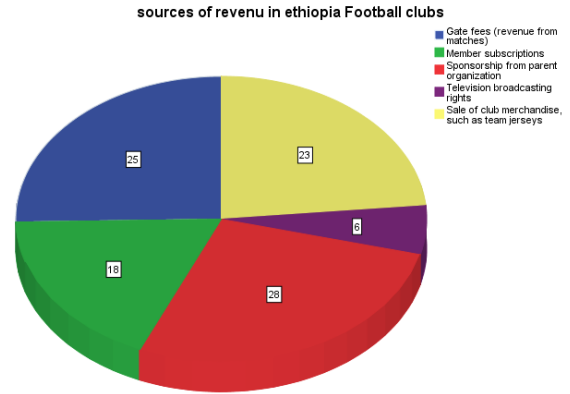
Ethiopia established the Ethiopian Football Federation in 1943. The budget for the Federation was a mere \$127.00. Since then, the Federation hosted the "Ethiopian Cup," which was contested between football clubs of the Ethiopian armed forces, known as Army, the British Military Mission (BMM), football clubs of Italian stragglers who stayed in Ethiopia after the war, Polisportiva, St. George and the Imperial Body Guard football club, Body Guard, the BMME and Polisportiva won the 1945 and 1947 Ethiopian Cup finals respectively, while the Army dominated the remainder of the 1940s and 1950s (*Birhanu T and Shiferaw B, 2009*).

Since it was founded, the number of clubs under it has grown. But with the incredible growth and influence of the Western football leagues, **Ethiopian football players** have been demanding

higher salaries, some reaching a whopping 50,000 Br a month, way above the national per capita income of the country (*Fortune Magazin 2018*).

Method

Mixed-method research design (both quantitative and qualitative methods) was used. The qualitative approach was applied in the study in an inquire process aimed at understanding the phenomenon under the study and reporting of the detailed views of the respondents while the quantitative approach was applied in a survey method aimed at measuring variables in number to determine their strength with other variables being tested. (Creswell, 2003; Olusegun, 2001) abound that the use of a combination of both qualitative and quantitative research methods results in strong validity to outcomes.



Source of revenue in Ethiopian Primer League Football Clubs.

Chart 1 sources of revenue in football clubs of Ethiopian primer league

As the chart shows that 29% of the revenue sources of clubs are sponsorship from parent organization where as 26% sale of club merchandise 19% member subscription.

Result

Regarding the result; the major Sources of revenue for clubs depends on allocation of budget from the government, stadiums gate fee, sponsorship from parent organization (Medroc Ethiopia group, Ethiopian Coffee importers association and brewery Factory play great role in the development of Ethiopia football), sale of club merchandise, different types of fund raising program like running, music

concert and somehow member subscription.

Discussion

The study established that television broadcasting rights are smaller percentage of the total revenues of all the community and government based clubs. Although this percentage contribution is lower compared to that reported on the revenue sources of football clubs in other countries, the result compares fairly well with the statistics reported by Deloitte (2019) which established that broadcasting rights contributed a marginally higher percentage of the total revenues of European football clubs such as Real Madrid, Barcelona, Manchester united... While the difference may be explained by the fact that European football clubs such as Real Madrid of Spain are brands that have acquired international appeal, it also implies that football clubs in Ethiopia are not fully participate the potential of television broadcasting rights as a source of revenue for their clubs. This is further reinforced by the fact that in the case example of Real Madrid, broadcasting rights are a major source, accounting for the highest

proportion of revenue ahead of gate-fees and merchandise sales Deloitte (2019)

Similarly, the findings indicated that gate or entrance fees during matches at stadiums contributed a large percentage of the revenues of all the government based clubs and all of the community based clubs. However, comparatively, the results are consistent with the report by Deloitte (2019) about the contribution of gate fees and season tickets, indicating that the contribution of gate fees was less than a second of the total revenues. Compared to the performance of other football clubs such as Manchester United of England where gate fees contributed more than a second of the total revenues, football clubs in Ethiopia have not maximized the potential of match-day revenues because all community based clubs did not have their own stadiums they use the governments stadium by share the entrance fee 68% by 32%, for clubs and Ethiopian football federation respectively.

Interestingly, the results discovered that membership subscription fees accounted for a small percentage of the total revenues for community-based clubs.

This suggests that membership subscription fees are not the key source of revenue for government based

The results however showed that sponsorship from parent organization accounted for more than half of the revenues of majority of the government based clubs as well as the revenues of majority of the community-based clubs, the fact that they are sustained mainly by sponsorships suggests that they are not commercially viable.

The study also established that the sale of club merchandise contributed a small percentage of the total revenues of majority of community based clubs. This finding compares favorably with the contribution that merchandise and

endorsements make to the revenues of known football clubs in the world like Manchester United, which, according to Deloitte (2019) report, realized an even smaller percentage of revenue from merchandise sales. However, the contribution is lower than that of Real Madrid which recorded more than a third of revenue contribution from merchandise sales. Given that both examples given originate from developed countries whose performance may be influenced by the income per capita, the findings of this study are therefore not surprising as revenues from merchandise sales may be subject to the state of the local economy especially for government based clubs.

Conclusion

As stated in the topic, the main aim of this study was to find out the sources of financial income in the selected football clubs in Ethiopian premier league, Adama city FC, Ethiopia Coffee SC, Hawassa Kenema SC, Saint George SC and Sebeta City FC.

Regarding the result; the major Sources of revenue for clubs depends on allocation of budget from the government, gate fee, sponsorship from parent organization (Medroc Ethiopia group, Ethiopian Coffee importers association and brewery Factory play great role in the development of football in Ethiopia), different types of fund raising program like running, music concert, sale of club merchandise and somehow member subscription.

Reference

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