AN EMPIRICAL ANALYSIS OF GOVERNANCE IN CHINA'S NATIONAL SPORTS ASSOCIATIONS

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1. Introduction

1.1. RESEARCH AIM

In recent years, the governance of sport has become a key point of focus for governments around the world and International Sports Federations. In turn, this has triggered scholarly debate on the topic. Sports associations play an important role in sports governance and development. As a decision-making body, the board of directors has great influence on the operational efficiency of sports associations. Many studies in Western countries have asserted that diversity and small board size will improve the operational efficiency of national sport associations.⁴ However, in China, the topic has not been thoroughly discussed.

The purpose of this study, therefore, is to analyze the composition of the boards of China's National Sports Associations (CNSAs). Specifically, it will conduct an empirical analysis on three elements of board composition: board size, gender diversity and career diversity, so as to help readers understand the current situation of CNSAs and provide an insight into the development of governance in CNSAs.

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⁴ Arnout Geeraert, Jens Alm & Michael Groll, *Good governance in international sport organizations: an analysis of the 35 Olympic sport governing bodies*, 6 INTERNATIONAL JOURNAL OF SPORT POLICY AND POLITICS 281 (2013).

1.2. LITERATURE REVIEW

With the continuous attention paid to sports governance internationally, Chinese scholars have carried out a series of theoretical studies and practical explorations on the topic, and have made good progress in developing knowledge. In 2013, for the first time, the Chinese Government set "Promoting the Modernization of the National Governance System and Governance Capabilities" as its reform goal. Therefore, since 2014, Chinese scholars have begun to focus on the study of sports governance related issues from the perspective of modernization of national governance system and governance capacity. The number of related academic papers is approximately 30 per year in 2015-2017 and 50 per year in 2018-2020, but monographs, master's and doctor's dissertations are rare.

Research on sports governance in China is mainly carried out from the perspectives of concept, constitution, realization and comparison. For example, the relationship between sports governance and sports management,⁵ the relationship between sports governance and public governance⁶, the merits and demerits of the "the whole nation system",⁷ and the comparison of sports governance in the UK, the USA, Canada and Japan. Some studies have specifically pointed out that the effectiveness of sports governance is influenced by the extent to which it overlaps with government and public affairs governance, social welfare and non-profit non-government governance, and for-profit private affairs governance.⁸

Good governance is an important pursuit for sports organizations. Some Chinese scholars point out that to achieve good governance clear and measurable goals and indicators need be set for the organization, board of directors, management, and members, including appropriate assessment tools. Consequently, the composition of the boards of CNSAs is the target for this research which analyzes whether the boards of CNSAs have reached a certain international

⁵ Ma Dehao, From Management to Governance: Four Major Changes in the Modernization of Sports Governance System and Governance Capabilities in the New Era, 52 JOURNAL OF WUHAN INSTITUTE OF PHYSICAL EDUCATION 5,55 (2018).

⁶ Bout et al, Research on Public Sports Governance, 231 PEOPLE'S SPORTS PUBLISHING HOUSE (2016).

⁷ Huang Lu, *The Era Background and Broad Implications of the Modernization of National Sports Governance*, 31 Sports Adult Education Journal 14 (2015).

⁸ Gong Yemin, *On Sports Governance from the Perspective of National Governance Modernization*, 26 JOURNAL OF CAPITAL INSTITUTE OF PHYSICAL EDUCATION 292 (2014).

⁹ Jiang Shibo, Western Sports Governance and Modern Sports Governance in My Country Target Selection, 50 JOURNAL OF WUHAN INSTITUTE OF PHYSICAL EDUCATION 13 (2016).

standard of good governance through empirical analysis. However, there are currently few studies on the boards of CNSAs, and most of them are related to the reform of Chinese soccer professionalization. Moreover, scholars have insufficient understanding of the connotation and essence of board governance of CNSAs, and the definition of the governance role of the board is rather confusing. Since there are few studies on the composition of the boards of directors of CNSAs, this study will also refer to some corporate governance research experience, hoping to provide some new ideas.

1.2.1. RESEARCH ON BOARD SIZE

The factors that affect the scale of the board of directors include strategy and organizational size. When a corporate entity adopts an internal centralized management strategy, the board structure will be reduced in size and consist of internal directors. When a corporate entity adopts an external growth strategy, to face market competition, the company has to recruit external directors to improve its business strategy, which will lead to the expansion of the board. 10 Some Chinese scholars point out that if the scale of the board is expanded, the professional knowledge of the board will be more comprehensive, and complementary advantages will be realized. Smaller board sizes, conversely, streamline board member communications and decision-making. However, at the same time, this can lead to a lack of professional knowledge and professional skills, the inability to predict the complex market, and the inability to provide the organization with scientific strategic decision-making and management supervision. Thus, the board size should be kept within the scope of scientific decision-making that can be fully discussed and accurately and quickly made. For example, China Company Law stipulates that the board structure of listed companies shall be composed of between five and 19 people. It is notable that this guidance on board size diverges from what is given in Western contexts, where the advised range is typically between five and 12 board members.11

¹⁰ Zheng Zhiqiang, A Review of Western Sports Organization Governance Theory Research-Based on the perspective of the strategic decision-making function of the board, 36 Sports Science 77 (2016).

¹¹ Marc Taylor & Noel O' Sullivan, *How Should National Governing Bodies of Sport Be Governed in the UK? An Exploratory Study of Board Structure*, 17 CORPORATE GOVERNANCE: AN INTERNATIONAL REVIEW 681 (2009).

1.2.2 RESEARCH ON GENDER DIVERSITY ON BOARDS

Gender diversity on the board is a dynamic reaction process of corporate governance institutional arrangements to individual cognitive limitations, corporate governance ethics, and the external institutional environment. Studies show that female directors provide the board with many special advantages, such as sensitivity to corporate social responsibility and active decision-making methods. Accordingly, there is a significant positive correlation with corporate reputation. Some Chinese scholars believe that a corporate with a higher proportion of female board members has a greater return on investment, indicating that the inclusion of female members on the board can help increase corporate performance.

Social Cognition Theory shows that diverse groups tend to get a more comprehensive understanding and profound interpretation of the environment they face. As the decision-making center of a corporate entity, a diversified board of directors can provide a more comprehensive view and perspective, which is conducive to enterprise innovation. ¹⁵ Some Chinese scholars find that the higher the degree of diversification of the board, the more it can promote enterprise innovation and improve enterprise value. ¹⁶ However, it must be pointed out that corporates are for-profit organizations while CNSAs are non-profit organizations. The establishment and operation of the board of corporate and that of CNSAs are completely based on different laws.

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¹² Liu Xuguang & Li Weian, A Review of Research on Female Directors and Corporate Governance Based on the Diversity of the Board, 32 FOREIGN ECONOMICS AND MANAGEMENT 47 (2010).

¹³ Yang Hailan, Lin Xinrong & Wang Shuo, *Diversified Board Research on the Impact of Globalization on CSR and Corporate Reputation*, 23 FINANCE AND ACCOUNTING NEWSLETTER 20 (2015).

¹⁴ Zhang Kun & Yang Dan, *Gender Structure of the Board, Market Environment and Corporate Performance*, 50 Journal of Nanjing University (Philosophy. Humanities. Social Science Edition) 42 (2013).

¹⁵ Zhu Yumei, Li Rihua & Liu Wei, *The Influence of Diversified Backgrounds of Board Members on Enterprise Innovation Output: An Analysis Based on the Adjustment Effect of the Effectiveness of Internal Control*, 52 JOURNAL OF SOUTH CHINA NORMAL UNIVERSITY (NATURAL SCIENCE EDITION) 120 (2020).

¹⁶ Ye Bei, *Board Heterogeneity, Diversity Strategy and Firm Value*, 3 EAST CHINA ECONOMIC MANAGEMENT 146 (2017).

1.2.3 THE DE-ADMINISTRATION OF CNSAS IN REFORM

Until now, CNSAs are still in the process of reform and development. To facilitate participation in international sports events, CNSAs were initially established by Chinese sports administration in the 1950s. The development of CNSA mainly depends on administrative support from the government and CNSAs' boards embody strong bureaucratic characteristics. In the mid to late 1980s, the reform of China's competitive sports management system was launched, and a new mode of "Sports Project Management Centers + CNSAs" was established to manage competitive sports. This model plays a positive and important role in breaking the original institutional shackles, enhancing the international exchange of competitive sports, and bringing into play the communication between the government and social organizations. ¹⁷ In 2015, in response to the General Plan for Decoupling Industry Associations and Chambers of Commerce, Chinese administrations began to guide the reform and development of CNSAs which had gradually realized "de-administration" to a certain extent and embarked on the road of autonomy. ¹⁸ The dependence of CNSAs from administration is the main object of the reform of CNSAs. This administrative characteristic can be clearly reflected in the empirical analysis of CNSAs boards.

Some Chinese scholars argue that CNSAs need a corporate-like governance structure, which usually refers to the clear rights and obligations, as well as different duties between the owners, decision-makers, directors and supervisors. This model is theorized to make governance more effective and standardized. ¹⁹ By analyzing the composition of the boards, we can learn about the current situation of CNSAs.

¹⁷ Yuan Gang, *The Legalization Path of the Reform of China's National Sports Associations*, 39 Sports Science 20, 46 (2019).

¹⁸ Ma Hongiun, *Blue Book of Chinese Sports Law*, BEIJING: PEKING UNIVERSITY PRESS (1949-2019).

¹⁹ Wang Kaizhen, Wang Liu, Dai Jianhui, Construction and Management of Sports Social Organizations[M]. Beijing: Higher Education Press, 2016: 117.

2. METHODOLOGY

This study adopts an empirical analysis approach,²⁰ collects secondary data on the board of directors of CNSAs in China from their websites, computes the statistics and analysis, and puts forward some suggestions which are helpful to the governance of CNSAs on this basis. Due to the need to obtain a large amount of information about board members, secondary data acquisition is more convenient and efficient, so empirical analysis is more suitable for the study.

This study collects, organizes and analyzes data of CNSAs, and adopts a convenient sampling method. After browsing the official websites of all CNSAs, 13 CNSAs were finally determined as the objects of this study. The advantage of empirical analysis is that it is efficient to carry out and the cost of investigation is low. The disadvantage is that the sample unit is determined randomly, and the sample cannot represent a clearly defined population.²¹ The purpose of the research is to get an understanding of the composition of the boards of CNSAs. Consequently, the convenience sampling method is suitable.

The study includes three variables: board size, gender diversity, and occupational background. As stated in the Literature Review, these three variables are of great reference significance to the operation of the board. Since information on other variables is not easy to obtain from public sources, only three variables are studied. At the stage of data collection, the composition information of the board of directors can first be found from the official website of the CNSAs or other public channels. Then the research team used this information to find the target person using online search engines to find other information with respect to occupational background. Using this method, we were able to confirm the occupational background of 202 directors (97.12%) of the total sample. Finally, the data were analyzed. All the collected data was placed in Microsoft Excel and the results were filtered and analyzed as required.

²⁰ Joshua McLeod, Shaun Star & David Shilbury, *Board composition in national sport federations: a cross-country comparative analysis of diversity and board size*, MANAGING SPORT AND LEISURE (2021). DOI: 10.1080/23750472.2021.197061411-12-2023 17:23:00

²¹ Jia Junping, He Xiaoqun & Quan Yongjin, STATISTICS, BEIJING: CHINA RENMIN UNIVERSITY PRESS, (2007).

3. RESULTS AND DISCUSSION

3.1. EMPIRICAL ANALYSIS RESULTS

3.1.1 BOARD SIZE

Table 1 shows the number of board members for each of the CNSAs, with an average of 16. Most of CNSAs have between 10-13 directors. It should be noted that three CNSAs have far more board members than any other CNSAs, namely the Chinese Football Association (CFA), China Boxing Federation (CBF) and China Tennis Association (CTA). CFA and CBF have more than twice the average number of board members, due to the sound commercial development of these three sports in China. The Chinese Volleyball Association (CVA) shows only two board members, mainly because more information is not available on the public sources. The deviation of the data of CVA indicates to a certain extent that CNSAs have some deficiencies in information disclosure

Association	Board Members
Chinese Basketball Association	12
Chinese Weightlifting Association	12
Chinese Table Tennis Association	12
Chinese Fencing Association	13
Chinese Football Association	35
Chinese Volleyball Association	2
Chinese Cycling Association	10
Chinese Boxing Federation	36
Chinese Billiards Association	16
Chinese Aerobic Association	8
Chinese Badminton Association	11
Chinese Tennis Association	28
Chinese Athletics Association	13
Average	16
Grand Total	208

Table 1: Number of Board Members from Specific NSF Board

3.1.2 GENDER DIVERSITY

Table 2 shows gender representation of the board members of CNSAs, through which it is illustrated that gender diversity of these CNSAs is insufficient. Although the data of the board of CVA shows that there are equal numbers of male and female directors, there may be some deviations due to the small base of the sample data. The Chinese Basketball Association and Chinese Aerobic Association have a rare absence of women on their boards, apparently due to a lack of awareness of gender diversity in board elections. The Chinese Fencing Association and the Chinese Billiards Association have a higher proportion of female members on their boards. Overall, female directors are in the minority on the boards of CNSAs, accounting for an average of 15.5%. This may have something to do with the imperfection of the reform of CNSAs and Chinese culture. Gender diversity is a factor that should be paid attention to in the development of CNSAs.

Association	% Female	Female	Male	Total
China Volleyball Association	50.0%	1	1	2
Chinese Fencing Association	30.8%	4	9	13
Chinese Billiards Association	25.0%	4	12	16
Chinese Badminton Association	18.2%	2	9	11
Chinese Table Tennis Association	16.7%	2	10	12
Chinese Athletics Association	15.4%	2	11	13
Chinese Boxing Federation	11.1%	4	32	36
Chinese Cycling Association	10.0%	1	9	10
Chinese Football Association	8.6%	3	32	35
Chinese Weightlifting Association	8.3%	1	11	12
Chinese Tennis Association	7.1%	2	26	28
Chinese Basketball Association	0.0%	0	12	12
Chinese Aerobic Association	0.0%	0	8	8
Average	15.5%	2.36	14	16

Table 2: Gender Representation on NSF Board

3.1.3 OCCUPATIONAL BACKGROUND

Table 3 shows the occupational backgrounds of the board members of the CNSAs. It can be found that members of the board of CNSAs have a considerable degree of political participation, with 60.89% of bureaucrats/public administration participating, Conversely, only 8.91% of directors have a business background, which is relatively low. This has something to do with the history of institutional reform of CNSAs. However, there are also some board members with sports education background, and the proportion of board members who were previously athletes or coaches is 24.75%. It shows that CNSAs has a certain degree of attention to the sports educational background. In general, the boards of directors of CNSAs still rely too heavily on political connections and are over-represented by government officials. Moreover, there is a lack of diversity with respect to occupational background, only six occupations appear in the table.

Occupational background	Percentage of board members
Academic	3.47%
Bureaucrat/Public Administration	60.89
Business Operations and Administration	8.91%
Journalist	1.49%
Military	0.5%
Sports/Athlete/Coach	24.75%
Grand Total	100%

Table 3: Percentage representation of each occupation on NSF Board

3.2. THE EMPIRICAL ANALYSIS

3.2.1 BOARD SIZE

There is no strict standard for the size of the boards (number of board members) of CNSAs, which has led to different associations having considerably different sizes. Some research

shows that small boards can sometimes improve decision-making efficiency. ²² It is worth mentioning that in the "Separation and Reform of the Management and Administration of the Chinese Football Professional League" promulgated in 2012, the Chinese Football League's board shall consist of 19 members who shall come from CFA, clubs, companies, and other social areas²³. Although this regulation is not aimed at CNSAs, it also has certain reference value.

The board size of CFA, CBF and CTA should be appropriately reduced in order to increase operational efficiency. As for the situation of only two board members of the CVA, it may be because in 2020, the cooperative relationship between the CVA and the business partner of the Chinese Volleyball League (Sports Window) was terminated, which is a major reform measure of the CVA. Studies point out that there is still a big gap between CVA, CFA and Chinese Basketball Association (CBA) in the results of the effectiveness of socialization and market-oriented reforms.²⁴ At the same time, CNSAs should also be called on to increase information transparency and update information on their official websites regularly.

3.2.2 GENDER DIVERSITY

From the perspective of gender diversity, the boards of CNSAs still need to continue their efforts (only an average of 15.5% of female members). Due to the unique historical changes and social system changes in China, the development process of gender diversity is different from other countries. Since ancient times, China has a cultural tradition of women managing families, which makes women have to devote more energy to family life in the traditional sense, thus limiting the development space of women in the workplace. In addition, China's current social security system, especially the child support system, is still underdeveloped, which increases the realistic pressure on women to devote more energy to their families. According to statistics, Chinese women are currently more employed in relatively low positions, and the proportion of women at the corporate executive level is significantly lower than that of men.²⁵

²² Chen Kongjun & Zhang Fan, Foreign Investment, Company Performance and Board Structure-based on Listed Companies Empirical data, 27 FINANCE AND ACCOUNTING NEWSLETTER 62 (2015).

²³ Huang Lu, *supra* note 7.

²⁴ Yumei, *supra* note 15.

²⁵ Taylor, *supra* note 11.

At present, neither academia nor practice has paid too much attention to the issue of gender diversity on boards. Accordingly, the lack of female members in CNSAs' boards is the result of a combination of factors.

3.2.3 ADMINISTRATIVE CHARACTERISTICS

The board members of CNSAs have the characteristics of over-reliance on administration and non-diversity in their occupational backgrounds. The strong administrative nature is mainly due to the fact that CNSAs were initially established by Chinese sports administration. For a long time, CNSAs were "integrated with the sports administration" because of their unclear functions and lack of personnel, funds and staffing. Although CNSAs are taking a series of reform measures to become independent from the administrative system, it is a long process. The independent associations need to gradually replace the board members while cultivating new management talents, while the non-independent associations still need to rely on the financial support of the sports administration to operate. Therefore, at present, on average, more than half of the board members of the CNSAs are government officials. However, some associations are starting to change. For example, most of the new board members of the CBA come from outstanding people in various fields. This is a manifestation of CNSAs' reform requirements for separation from administration and autonomy. Moreover, it is a pity that the boards of CNSAs do not have many legal and business talents. More of this type of talent will enable CNSAs to better meet the challenges of the contemporary sports industry.

4. CONCLUSION

In 2018, the organization "Play the Game" released the "National Sports Governance Observer" (NSGO), arguing that there is still a lot of room for improvement in sports governance in all countries.²⁹ But the report only evaluated 10 countries, not including China. Therefore, this

²⁶ Zhang Yaohong, *Thoughts on Reforming China's National Sports Associations in the New Era*, 32 SHANDONG INSTITUTE OF PHYSICAL EDUCATION JOURNAL 44 (2016).

²⁷ Yumei, *supra* note 15.

²⁸ Siegfried Nagel et al., *Professionalisation of Sport Federations – a multi-level framework for analysing forms, causes and consequences*, 15 EUROPEAN SPORT MANAGEMENT QUARTERLY 407 (2015).

²⁹ Arnout Geeraert, National Sports Governance Observer - Home, PLAY THE GAME (2018), (last visited Feb. 04, 2022).

study conducted a comparative analysis of the boards of CNSAs, and responded to the call of NSGO to conduct research in different countries. Based on the analysis of the board members of CNSAs, this study will put forward some new insights into sports governance in China.

Because of the limitations of empirical analysis method and website-based data collection, there may be some deviations and errors in the results. However, there is little research on the composition of the boards of CNSAs. Consequently, this study can provide reference for other studies on such sports governance in the future and have research significance and value. For example, an analysis of the board size can reveal the problems of different size of boards of CNSA. At the same time, gender diversity and occupational background diversity are also issues that need to be paid attention to in future research and development. The study also calls for scholars in China and other countries to pay more attention to the composition of the boards of CNSAs, and to conduct more in-depth research on various aspects through other types of research methods.

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