

# REACHING NEW FRONTIERS IN SPORT GOVERNANCE

## RESEARCH: EXPLORING BOARD COMPOSITION IN NATIONAL SPORT FEDERATIONS

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There are more than 50 governance codes and frameworks that promote minimum standards in sport governance around the world.<sup>3</sup> Since sport is played throughout the world, National Sport Federations (NSFs) have an important responsibility in ensuring principles of good governance are implemented.<sup>4</sup> The central pillars of good governance are widely considered as “transparency, democracy, accountability, and societal responsibility”.<sup>5</sup> Regardless of jurisdiction, it is highly likely there will be benefits of following these central tenets when designing and implanting sport policy, and leading national and sub-national sport federations. Accordingly, studies which evaluate the extent to which NSFs meet these good governance standards are a valuable contribution to both sport governance theory and public policy debate that can influence a reform agenda.

It is broadly accepted, in both scholarship and practice, that diversity and smaller board sizes are good practice in sport governance (and reflect the broad principles identified above).<sup>6</sup> For

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<sup>3</sup> Jean-Loup Chappelet & Michaël Mrkonjic, *Assessing sport governance principles and indicators*, in RESEARCH HANDBOOK ON SPORT GOVERNANCE 10–29 (Mathieu Winand & Christos Anagnostopoulos eds., 2019); Joshua McLeod & David Shilbury, *A content analysis of governance convergence in Indian sport*, 21 THE INTERNATIONAL JOURNAL OF SPORT MANAGEMENT 26 (2020).

<sup>4</sup> 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).

<sup>5</sup> Joshua McLeod, David Shilbury & Géraldine Zeimers, *An institutional framework for governance convergence in sport: The case of India*, 35 JOURNAL OF SPORT MANAGEMENT 144 (2021).

<sup>6</sup> 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: 10.1080/23750472.2021.1970614

instance, there is consensus that in both corporate governance contexts<sup>7</sup> and on sport governing bodies<sup>8</sup> boards are most effective, in terms of their performance, when they comprise between five and 12 members.<sup>9</sup> From the perspective of diversity, there is broad support that diverse boards perform better, and that they are in the interests of the range of stakeholders that NSFs represent. It is axiomatic that a board with a diverse range of opinions, experiences and backgrounds will perform more effectively, enhancing the NSFs strategic decision-making process and governance procedures.<sup>10</sup> It follows that an NSF should encourage a strong gender balance on their board, and a membership with a diverse range of skills. While these good governance principles are typically derived by Western framers, they have a strong theoretical grounding and as such there is a strong case that sporting bodies around the world could benefit from them. The research papers within this special issue will in part investigate how NSFs across both developed and developing countries implement these good governance principles. That said, as researchers we are cognisant that sport bodies do not exist in a cultural vacuum, and we acknowledge the potential for culture to shape what good sport governance looks like. This question of the transferability of western sport governance principles to the non-west was recently analysed by Ian Henry,<sup>11</sup> and this debate is inextricably linked to this special issue.

The compilation of these articles in this special issue was inspired by an empirical study conducted by the editors.<sup>12</sup> Following the findings of the earlier study which examined the board size and composition of NSFs across several countries, the authors sought to expand the sample size of the data collection in order to better understand how best practices of board size and composition were followed around the world, and in particular in countries where little empirical research exists. In this special issue, a detailed empirical analysis of board size and board composition in NSFs was undertaken for the following countries:

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<sup>7</sup> Valentina Hartarska & Denis Nadolnyak, *Board size and diversity as governance mechanisms in community development loan funds in the USA*, 44 *APPLIED ECONOMICS* 4313 (2012).

<sup>8</sup> 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).

<sup>9</sup> McLeod et al., *supra* note 6.

<sup>10</sup> *Id*; Lu Zhang, *Board demographic diversity, independence, and corporate social performance*, 12 *CORPORATE GOVERNANCE: THE INTERNATIONAL JOURNAL OF BUSINESS IN SOCIETY* 686 (2012).

<sup>11</sup> Ian Henry, *The transferability of western principles and values in the governance of sport*, in *GOOD GOVERNANCE IN SPORT: CRITICAL REFLECTIONS* 195-209 (Arnout Geeraert and Frank van Eekeren eds., 2021).

<sup>12</sup> McLeod et al., *supra* note 6.

- Australia
- Brazil
- China
- India
- Malaysia
- Russia
- South Africa
- United Kingdom
- United States of America

Each article establishes the context within which sport governing bodies operate within their jurisdiction. In some countries, such as in the UK and Australia, there are clearly established and codified sport governance principles and regulations. Conversely, in countries such as India, while a Sport Code exists, it is limited in scope and there have been concerns over compliance. In addition, the existing policy framework is light on sport governance for NSFs. The analysis within this special issue highlights that where a strong regulatory framework exists, there is often better compliance with good governance norms.

While there are numerous valuable insights in each of the contributions which are positioned at the level of individual countries, there are also some interesting observations when board composition and size is compared across jurisdictions.

With respect to board size, Australia (7.8), Brazil (9.4), Malaysia (10.9), South Africa (8) and the UK (10.7) had a board size within the recommended 5-12 range. Whereas China (17.2), India (19.2), Russia (16.1) and the USA (14.4) had much larger boards.

Similarly, there are significant differences across countries with respect to gender diversity on boards. While most Western countries had a proportion of more than 30% women on NSF boards (Australia, 33.83%; South Africa, 30.91%; UK, 36.71%; USA, 35.26%), countries with a predominantly non-Western culture had much lower female representation on their boards (China, 12.5%; Brazil, 14.48%; India, 8.1%; Malaysia, 16.16%; Russia, 20.21%). The contributors to this special issue have considered why the proportion of women on boards is lower in some of these countries, when compared to the others. Cultural considerations aside,

there appears to be a correlation between quotas/gender requirements in the national regulation and the higher proportion of women on boards (see, for example Australia and the UK).

There are significant differences with respect to the professional background and experience of board members across jurisdictions. There appears to be a mix of occupational backgrounds across countries, however, the proportion of board members from a sport, business and government background differs significantly. For instance, while all jurisdictions have a proportion of members with a sport background (either an elite player, coach or manager), Russia (62.03%) and the USA (50%) have the highest proportion, whereas China (24.75%) and Australia (32.71%) have the lowest proportion of board members with a sport background.

There is strong evidence that the professionalization of sport has progressed in some jurisdictions more than others, with a large proportion of board members in several countries having a background in business operations, accounting and marketing. For example, there is a high proportion of members in Australia (48%), the UK (45.11%), South Africa (42.05%) and the USA (35%) with a business, marketing or accounting background, perhaps the strongest indication that these Western countries have focussed on professionalizing sport governance in recent years. Conversely, in non-Western countries there is a lower proportion of board members with a business background, such as China (8.91%), Russia (6.72%), India (18.4%), Malaysia (23.31%) and Brazil (28%). Finally, there were several outliers with respect to the representation of elected politicians, bureaucrats and public administrators, as well as members of the military. Most notably, in China (60.89%) and Russia (19.22%) a significant proportion of board members on NSFs were bureaucrats or public administrators, considerably higher than any other country (all less than 5%). In India, elected politicians (or former members of political office) comprise 16.62% of all NSF board members, and in Malaysia elected politicians comprise almost 8%, and Russia 1.25%. In all other jurisdictions less than 1% of NSF members were elected politicians. There has been scholarly debate about the potential for conflict of interest when members of political life are involved in NSFs, especially where government agencies are responsible for funding these NSFs.<sup>13</sup>

While this special issue contributes empirical research to the discussion on the implementation of good governance practices, it also highlights the need for further research on good governance in sport. In particular, it would be valuable for more non-Western perspectives to

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<sup>13</sup> Joshua McLeod & Shaun Star, *In pursuit of Good Governance – Analysing the main points of conflict in India's draft Sports Code*, LAWINSPO (Jul. 1, 2020), <https://www.lawinsport.com/topics/item/in-pursuit-of-good-governance-analysing-the-main-points-of-conflict-in-india-s-draft-sports-code>.

be included in the policy and scholarly debate on what constitutes best practice in good governance. To this end, it is suggested that further studies on board size and board composition be conducted with a focus on developing and BRICS countries. In order to better understand why such significant differences when these jurisdictions are compared with Western countries, further qualitative research, including stakeholder interviews and questionnaires would be valuable from both a scholarly and practical perspective.

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