

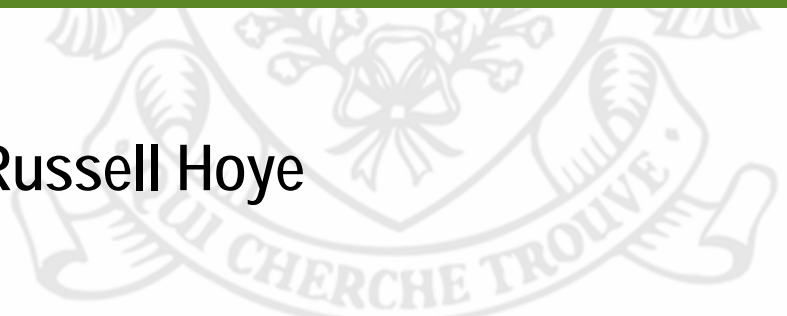
# Governance challenges for nonprofit sport organisations



School of Sport, Tourism and Hospitality Management



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## Outline

- > A word on sport governance and the context of nonprofit sport boards
- > Australian Sports Commission view of the world
- > What is the role of the nonprofit sport board?
- > Structural capital challenges
- > Human capital challenges
- > Social capital challenges
- > Evaluation challenges
- > Where to from here?
- > Discussion



## Sport governance unique?

- > Nonprofit goals
- > Many stakeholders
- > Increasing government intervention
- > Volunteer board members
- > Multi national sport organisations
- > Some highly commercialised
- > Many pressures for performance
- > Member benefit organisations



## Governance context

- > 30,000 organisations at national, state , regional and club level
- > 2,000 with paid staff
- > Volunteer workforce, unpaid directors
- > Relatively recent professionalisation
- > Centrality of CEO
- > High level of interdependence within national structures



## Governance Problems in Sport (SCORS, 1997)

- > Communication between levels
- > Compliance of State level organisations with National level
- > Member representation
- > Voluntary participation
- > Federated structures – decision making power
- > Poor Skills
- > Lack of evaluation
- > Low female representation
- > Ineffective board – staff relationships



## Governance issues - now

1. Governance structures
2. Compliance between NSO-SSO-region-club levels
3. Board roles
4. Board member capacity and skills
5. Leadership dynamics
6. Board member HR practices
7. Board performance
8. Impact on organisational performance?



## Governance principles (ASC view of the world)

- > Principle 1: Board composition, roles and powers
- > Principle 2: Board processes
- > Principle 3: Governance systems
- > Principle 4: Board reporting and performance
- > Principle 5: Member relationship and reporting
- > Principle 6: Ethical and responsible decision making



## Role of the board (AICD view of the world)

- > Ensuring enduring value
- > Strategy formulation and policy making
- > Monitoring performance against shareholder expectations and strategic plan
- > Recruiting and overseeing the CEO

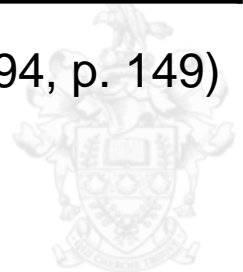


## Role of the board

	<i>Compliance roles</i>	<i>Performance roles</i>
External role	Provide accountability	Strategy formulation
Internal role	Monitoring and supervising	Policy making
	<i>Past and present oriented</i>	<i>Future oriented</i>

**Approve and work with and through the CEO**

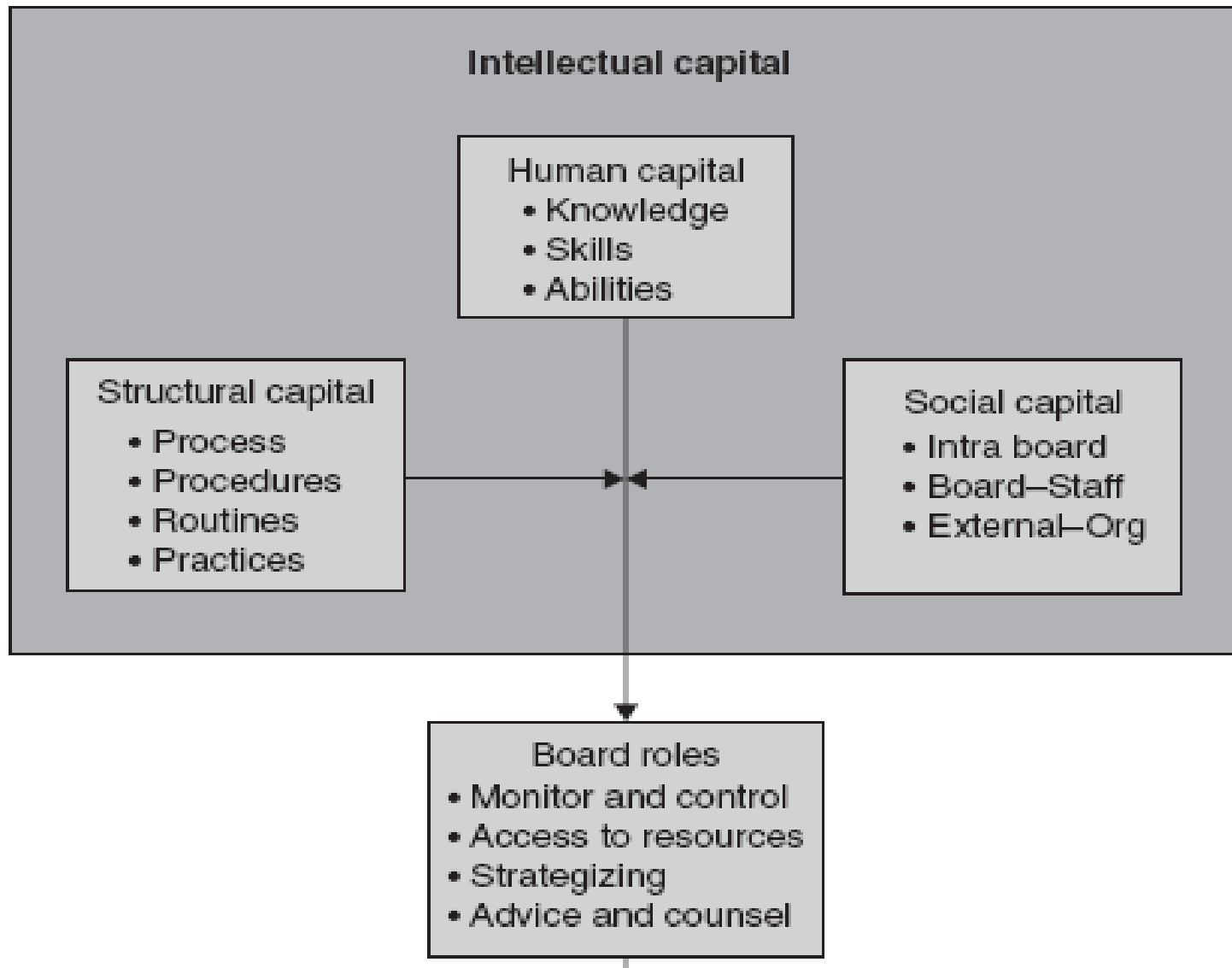
Source: Tricker, B. (1994, p. 149)



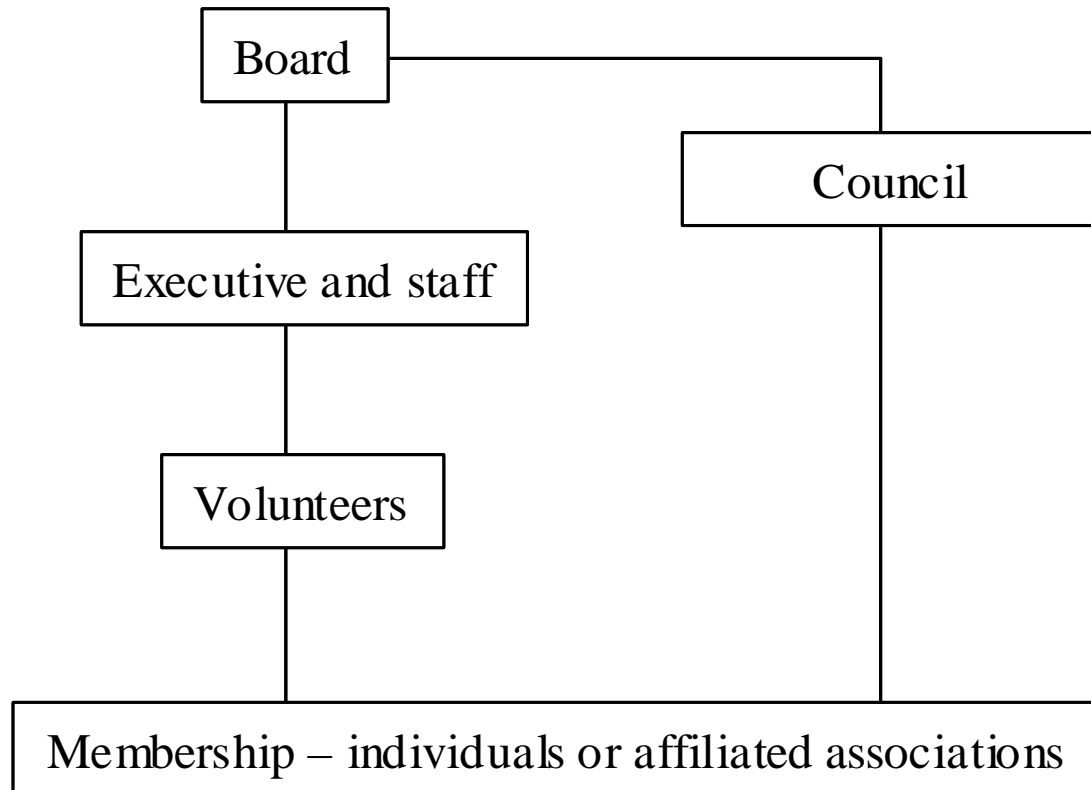
## How to conceptualise the governance challenges?

Intellectual capital model  
Nicholson & Kiel (2004)





## Structural capital challenges (1)



## Structural capital challenges (2)

- > Member benefit organisations
- > Membership representation structures
- > Traditional delegate model and constitution
- > Inequitable voting rights amongst stakeholders
- > Lack of independence
- > Limited induction or training provision
- > Limited capacity for national boards to meet regularly



## Human capital challenges

- > Limited “gene pool”
- > Election = Selection?
- > Able to co-opt from outside the organisation?
- > Existing board profile used to identify gaps?
- > Nominees interviewed?
- > Nominating or board development committee?
- > Written selection criteria?
- > No guarantee of skills or capacity of board members
- > Inability to co-opt non-members to fill skill deficiencies
- > Direct election of chairman from membership



## Social capital challenges

- > Board culture
- > Boundary spanning leadership role
- > Duality of leadership – dyadic relationship with CEO
- > Professionalisation has changed the game
- > Role ambiguity
- > Relationships depend on:
  - Trust
  - Dominant coalition
  - Information flow



## Evaluation challenges

- > Reluctance to engage in process
  - Election as a proxy for evaluation
  - No time
  - Undermine team approach
  - Volunteer context
  - Not appropriate
- > What criteria to apply
- > What process to follow – who to do it
  - Self, peer and objective assessments
- > What to do with outcomes



## Where to from here?

- > Board composition and recruitment
  - Size, balance, competencies, terms, committees, selection processes, diversity
- > Relationship management
  - Board/CEO relationship, within board, inter-organisational relationships
- > Evaluation processes



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