Stakeholders, stakeholding and good governance in international sport federations

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Introduction

It is far from clear whether the enthusiasm for stakeholder theory should be seen in a positive light as a refinement of our understanding of the wide variety of roles that individuals play in society and the consequent variety of relationships that they have with institutions such as international sport federations. A less positive view is that the concept of the 'stakeholder' is a poor substitute for the more robust concept of citizen and stakeholder theory is a poor substitute for a theory of civil, social and political rights. However, it is hard to deny the momentum that the study of stakeholding has acquired in recent years. It has become, in many respects, the dominant lens through which to view the relationship between an organisation and the various internal and external groups with which it directly or indirectly interacts.

One of the problems in operationalising the concepts associated with stakeholder theory is the imprecision of the central concept of stakeholding (see Mitchell *et al.* 1997; Mainardes *et al.* 2011). However, there is general agreement that the fundamental elements of the theory are as follows: first, that the organisation has relationships with many groups (stakeholders) which can either affect the operation of the organisation (for example, sponsors and athletes and the media) and without whom the organisation would cease to function (or at least have great difficulty in functioning) or are affected by the organisation (for example, spectators, sports apparel manufacturers and event organisers); second, stakeholder theory is concerned with the nature of these relationships and their impact on the IF and stakeholders; third, all stakeholders are considered to have a legitimate interest in the organisation; fourth, the theory tends to emphasise the consequences for management decision-making of stakeholder activity rather than ways to facilitate a stronger stakeholder voice; and fifth, there is an assumption that managers believe that they will be more successful in achieving organisational objectives if they take stakeholder concerns into account.

Types of stakeholder theory

Descriptive

The aim is to describe actual behaviour (Brenner and Cochran, 1991). For example, one might design a testable hypothesis – 'that the CEO and board of an IF will take stakeholder interests into account in their decision-making'. In addition, the researcher might be concern to trace the pattern of relationships between stakeholders and the resources and strategies they utilise to promote/defend their interests. The aim might also be to simply describe stakeholder types: such as voluntary or involuntary (Clarkson, 1995);

narrow or wide (Evans and Freeman, 1988); strategic or moral (Goodpastor, 1991); active or passive (Mahoney, 1994); or primary or secondary (Carroll, 1978). However, descriptive classificatory approaches are less likely to be useful for our project as they are predicated on a disinterested (or overly disinterested) position for the researcher. The only exception is Mahoney's distinction between active and passive stakeholders – a distinction which is considered in more detail below.

Instrumental

Concerned with causal relationships between managers/decision-makers and stakeholders (Jones, 1995). Hypotheses might include: a) 'if managers of IFs develop positive relationships with their stakeholders they will have a competitive advantage over other IFs', b) 'if IFs have close relationships with media and sponsors they will tend to neglect their club networks', or c) 'if IFs are part of the Olympic movement they will tend to allow a greater role for athletes in Federation decision-making'. Such hypotheses are relatively easy to test and will provide insights into the character of governance arrangements in IFs and their consequences. However, the focus tends to be only on one half of the stakeholder-organisation relationship and tends to ignore (or downplay) stakeholder activity.

Normative

The concern here is to identify the obligations that are placed on managers due to the application of stakeholder theory (and good governance theory) and integrates ethics with business. This process has been described by Jones and Wicks (1999, p. 209) as 'the development of normative cores: accounts that describe the basic functions of the firm [or IF] (its telos or mission) and the responsibilities of management'. This view of stakeholder theory comes closest to our concerns with the assessment and promotion of good governance.

Stakeholding and interests

Much stakeholder theory is based on a rational model of behaviour insofar as it is assumed that stakeholder groups will be mobilised by a desire to protect/promote their interests. It is also routinely assumed that stakeholder groups are relatively homogeneous and are defined by their roles (as athletes, spectators, members etc.). However, this dominant view raises two important questions related to IF governance: first, how do stakeholder groups become mobilised; second, is it reasonable to assume that stakeholder groups are sufficiently homogeneous for them to be treated as sharing common interests?

Stakeholder mobilisation and motivation

Not all stakeholder groups are a) active in pursuing their collective interest; b) aware that they have a collective interest; or c) willing to accept that they share a common interest. In other words some groups might be latent stakeholder groups. A central research question is what turns latent or passive stakeholder groups into active groups? As mentioned above stakeholder theory tends to define stakeholder groups by their role or their relationship to one or more focal organisations such as event organising bodies (IOC), international federation or sports broadcasters. Some groups will have a degree of direct interaction (for example, club football fans) and this inter-personal interaction may

provide the ingredients of stakeholder action such as organisational resources/capacity (a supporters club), forms of regular communication (fan magazines) and opportunities for mutual support (at matches and fan club meetings). For these groups stakeholder mobilisation is easier to explain. However, it is more difficult to achieve stakeholder action among groups such as television viewers of sport (or subscribers to 'pay to view' sports channels) who have a strong relationship with a sports broadcaster and the IF that sells the rights, but have only weak links with each other – that is, they are not strongly aware of their collective identity or, if they are aware, have limited opportunity to develop collective action.

Mitchell and Wood (1997) suggest that active stakeholding requires a group to possess: power (e.g. control of resources required/desired by the IF), legitimacy (e.g. by virtue of membership, shareholding or election) and urgency (a reason to act). The most obvious 'reason to act' is discontent with IF behaviour, but there are many examples of discontented groups failing to mobilise particularly among lower income or socially marginal groups. Consequently it is argued that for effective mobilization stakeholder groups not only need power, legitimacy and urgency, but also a series of additional tangible and intangible resources. Tangible resources would include staff, office equipment and office space and intangible resources would include expertise and leadership. In sport there has for many years been a concern with the lack of influence of athletes within major IFs and event organising bodies (athletes in the 'big four' professional sports in the US might be an exception). While athletes in the major Olympic sports for example have power (to withdraw their labour), legitimacy (few would challenge their right to claim a stake in the IF) and urgency (over issues such as eligibility/selection to compete, doping, control of image rights etc.) they have proved very difficult to organise due, arguably, to a lack of tangible resources and a lack of intangible resources including leadership and long term continuity of group membership (which prevents the accumulation of collective knowledge). However, there is evidence that once a stakeholder group has become mobilised the group generates its own momentum as the group becomes a reference point for individual identity. Achieving initial mobilisation and developing momentum over the short to medium term is a considerable challenge.

The homogeneity of stakeholder groups

The dominant assumption in stakeholder theory is that stakeholder groups reflect a high degree of homogeneity of interests and priorities in relation to the focal organisation – the international federation (Wolfe and Putler, 2002). In a study of stakeholder groups in a university (students, academic staff, student athletes, alumni etc.) Wolfe and Putler found that while each group was homogeneous in its interests and priorities on some issues it displayed heterogeneous interests and priorities on other issues. Their conclusion was that interests can cut across role-based stakeholder assumptions. In relation international sports federations it may be that stakeholder groups are indeed defined by their role (as athletes, sponsors, fans, coaches, media etc.), but it is also possible that stakeholder groups are far less distinct and that their 'membership' cuts across roles and is defined by values, beliefs and attitudes (to commercial ownership, sale of broadcasting rights to pay to view broadcasters, to early youth elite competition etc.).

Key questions in relation to good governance of international sports federations

1. Is it more appropriate to define IF stakeholders in terms of their identity (i.e. as fans, athletes, coaches etc.) or in terms of their interests (i.e. in elite sport/club success, community/club development, youth sport etc.)?
2. What are the key factors that enable active stakeholding rather than passive or latent stakeholding?
3. Under what conditions will stakeholder groups be motivated to mobilise?
4. To what extent are the major latent or actual IF stakeholder groups supporters of good governance? Are more (most) IF stakeholder groups primarily concerned with securing relative advantage over other stakeholder groups?
5. Is stakeholder theory (and by implication the ambitions for 'good governance') based on a simplistic pluralist conceptualisation of power in global sport according to which power is reflected in the agency of groups and is not deeply embedded in the structure of modern sport?

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