The governance agenda and its relevance for sport: introducing the four dimensions of the AGGIS sports governance observer

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Conceptualisations of governance and their relevance for International Non-Governmental Sports Organisations

Governance: too many meanings to be useful?

In the last two decades, a significant body of governance literature has emerged. This has led to some considerable theoretical and conceptual confusion and therefore, “governance” is often used very loosely to refer to rather different conceptual meanings. Van Kersbergen and van Waarden (2004), for example, distinguish no less than nine different meanings regarding “governance”, which may lead to the conclusion that the term simply has “too many meanings to be useful” (Rhodes, 1997, p. 653).

Definitions on governance depend largely on the respective research agendas of scholars or on the phenomenon that is being studied. Perhaps the best way to find a useful clarification on the concept is by distinguishing it from, at least at first sight, similar concepts. For instance, Kooiman (1993) differentiates governance from “governing”, defining the latter as those societal activities which make a “purposeful effort to guide, steer, control, or manage (sectors or facets of) societies” (p. 2). Governance, then, is mainly concerned with describing “the patterns that emerge from the governing activities of social, political and administrative actors” (p. 3). Another commonly described distinction is that between governance and “government”: while government usually refers to the formal and institutional top-down processes which mostly operate at the nation state level (Stoker, 1998), governance is widely regarded as “a more encompassing phenomenon” (Rosenau, 1992, p.4). Indeed, in addition to state authorities, governance also subsumes informal, non-governmental mechanisms and thus allows non-state actors to be brought into the analysis of societal steering (Rosenau, 1992, p. 4, Lemos and Agrawal, 2006, p. 298). In that regard, the notion of governance through so-called “governance networks”, used to describe public policy making and implementation through a web of relationships between state, market and civil society actors, has gained prominence in governance literature in recent years (Klijn, 2008, p. 511).

The governance of sports: from hierarchic self-governance to networked governance

Governing networks in sport, safe for those in North America, are based on a model created in the last few decades of the 19th century by the Football Association (FA), the governing body of the game in England to this day (Szymanski and Zimbalist, 2005, p. 3). This implies that International Non-Governmental Sports Organisations (INGSOs) are...
the supreme governing bodies of sport since they stand at the apex of a vertical chain of commands, running from continental, to national, to local organisations (Croci and Forster, 2004). In other words, “the stance taken by a governing body will influence decisions made in any organisation under that governing body's umbrella” (Hums and MacLean, 2004, p. 69). This hierarchic structure is said to be undemocratic since those at the very bottom of the chain of commands, i.e. clubs and players who want to take part in the competitions of the network, are subject to the rules and regulations of the governing bodies, often without being able to influence them to their benefit (Geeraert et al., 2012).

In addition, INGSOs have traditionally known a large autonomy and in that sense, they were subject to almost complete self-governance. Hence, public authorities at national level, and even less so at the international level, have had very little impact on their functioning. For almost a century, the sporting network was even able to exercise its self-governance without any significant interference from states or other actors and, cherishing its political autonomy, the sports world generally eschews state intervention in its activities. This situation was further enforced by the fact that, like many multinational corporations operating on a global playing field, INGSOs are able to choose the optimal regulatory context for their operations and as such they pick a favourable environment as the home base for their international activities (Forster and Pope, 2004, p. 9; Scherer and Palazzo, 2011, p. 905). This is mostly Switzerland, where they are embedded into a legal system that gives them enormous protection against internal and external examination (Forster and Pope, 2004, p. 112). All this has led to a strong feeling and practices of exceptionalism for sports, which we would probably not accept from other forms of social activities and organisation (Bruyninckx, 2012).

Currently, the self-governed hierarchic networks that traditionally constitute the sports world are increasingly facing attempts by governments –mostly due to the commercialisation of sport- and increasingly empowered stakeholder organisations to interfere in their policy processes (Bruyninckx, 2012; Geeraert et al, 2012). At the European level, for instance, the ‘Bosman ruling’ assured for a definitive but forced EU involvement in sport (García, 2007). The ‘governmentalisation of sport’ (Bergsgard et al., 2007, p. 46) might seem paradoxical in a time when most academic literature speaks of a retreat of the state from the governance of society. However, when we regard INGSOs as the main regulatory bodies of the sports world, their erosion –or rather delegation- of power mirrors the recent evolutions in societal governance quite perfectly (Geeraert et al., 2012). At the same time we witnessed an increasing influence of stakeholder organisations in sports governance. All those developments have led to the emergence of a more networked governance in sport to the detriment of the traditional hierarchic self-governance (Croci and Forster, 2004; Holt, 2007). Thus, there is a shift from the classic unilateral vertical channels of authority towards new, horizontal forms of networked governance.

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1 This was primarily due to the fact that, for the largest part of the 20th century, the commercial side of sport was of marginal importance. On the European continent, governments have also been reluctant to intervene in the sports sector as, even now, they tend to regard it more as a cultural industry or leisure activity rather than a business (Halgreen, 2004, p. 79). Finally, since sport is very attractive to politicians, as patriotic sentiments might come into play, governments often grant the sports industry special treatment and even exemptions.
Governance as a normative concept: Good governance

The governance debate has been increasingly normative and prescriptive, hence the current global quest for so-called “good governance”. In the national realm, we witnessed the passing of absolute and exclusive sovereignty, as with the end of the cold war, it became politically more correct to question the quality of a country’s political and economic governance system in international fora (Weiss, 2000, pp. 796-806). Thus, what has been described as a “chorus of voices” has been urging governments “to heed higher standards of democratic representation, accountability and transparency” (Woods 1999, p. 39). Hence, according to the World Bank, good governance is “epitomised by predictable, open and enlightened policy making; a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law” (World Bank, 1994).

In the corporate world, good governance is usually referred to as “corporate governance” or “good corporate governance”, which relates to the various ways in which private or public held companies are governed in ways which are accountable to their internal and external stakeholders (OECD, 2004, p. 11; Jordan, 2008, p. 24). Its origins derive from the early stages of capital investment and it regained prominence out of scepticism that product market competition alone can solve the problems of corporate failures (Shleifer and Vishny, 1997, p. 738).

International institutions have issued checklists of factors that, in their experience, are useful indicators of good governance for a wide array of actors in both the private and the public sphere at national and international level (e.g. UNDP, 1997; European Commission 2001a; OECD, 2004; WB 2005; IMF, 2007). Such checklists serve as a yardstick for good governance and are oriented towards core features of governance structures and processes that are especially to be found in OECD countries (Hyden, Court and Mease, 2004). They comprise factors that include key principles such as accountability, efficiency, effectiveness, predictability, sound financial management, fighting corruption and transparency. In addition, when they refer to the political area, they may also include participation and democratisation, since a democratic environment is seen as a key background variable for good governance (e.g. Santiso, 2001).

Good governance in International Non-Governmental Sports Organisations

Only recently, the call for good governance has finally reached the traditionally closed sporting world (e.g. Sugden and Tomlinson 1998: Katwala, 2000: IOC, 2008: Pieth, 2011: Council of Europe, 2012; European Commission, 2012). That this happened in sport much more slowly than in other sectors has to do with the traditional closed hierarchic self-governance of the sporting world. Nevertheless, in recent years, the quality of the self-governance of INGSOs has been increasingly questioned due to the commercialisation of sport, which painfully exposed governance failures such as corruption and bribery, but also made sport subject to the more avaricious and predatory ways of global capitalism (Andreff, 2000: 2008; Sugden, 2002: Henry and Lee, 2004). Indeed, a long list of rule or norm transgressions and scandals in the sports world has prompted the debate for more public oversight and control over the world of sports. It is at the highest level of
sports organisations that these practices seem to coalesce in their most visible and blatant form. In the last decade, civil society as well as public authorities has asked legitimate questions about rule and norm setting, compliance and sanctioning, as well as about the distribution of costs and benefits of (professional) sports. The large autonomy, the global dimension and the scandals, together with the ever more visible and explicit linkages between sports and other policy domains have laid the basis for the calls for good governance in the world of sport (Bruyninckx, 2012).

The importance of good governance in INGSOs cannot be underestimated. Analogous with the business world, economic sustainability ensures that INGSOs can achieve their long-term objectives as it ensures that they continue to operate in the long run (Bonollo De Zwart and Gilligan, 2009). Complying with good governance is also a means for making sure that an INGSO is capable to steer its sport in an increasingly complex sporting world (Geeraert et al. 2012). Moreover, in addition to enhancing public health through physical activity, sport has the potential to convey values, contribute to integration, and economic and social cohesion, and to provide recreation (European Commission, 2007). It has been argued that those important sociocultural values of sport are seriously undermined by corruption (Schenk, 2011, p. 1). Also, as sports commercialised significantly, particularly during the last two decades, the socioeconomic impacts on the wider society of rules devised and issued by sports bodies have increased accordingly (Katwala, 2000, p. 3). This evolution, which mirrors the growing influence from international non-governmental organisations on what once had been almost exclusively matters of state policy (Weiss, 2000, p. 800), also has as a consequence that the lack of good governance in INGSOs has the potential to have substantial negative repercussions on the wider society. Finally, since INGSOs are charged with taking care of a public good, it is paramount that they take care of their sports in a responsible and transparent manner (Katwala, 2000, p. 3; Henry and Lee, 2004).

Notwithstanding the current internal and external efforts, the impression is that there still is inertia towards the achievement of better governance in the sports world (Katwala, 2000, p. 2-5: Play the Game, 2011). That can partly be attributed to the fact that, with regard to good governance in sports, there are important knowledge gaps, situated at two levels. First, there is no generally accepted good governance code for INGSOs. Good governance principles must always take account of the specificity of the relevant organisation (Edwards and Clough, 2005, p. 25). Therefore, codes from other sectors cannot be applied blindly to sports, since INGSOs are in fact a very peculiar kind of organisations. In their capacity as regulators/promoters of their sports, they in fact comprise elements of state, market and civil society actors, and this poses serious questions with regard to which elements from good governance checklists can and should be applied to them. Moreover, there are many different structures to be discerned within different INGSOs (Forster and Pope, 2004, p. 83-100), which only adds to the complexity of the issue. Hence, a set of core and homogeneous principles is still missing, despite efforts by a multitude of actors at different levels. Second, there is a clear lack of substantive empirical evidence on the internal workings of INGSOs (Forster and Pope, 2004, p. 102). High profile scandals related to corruption teach us that there probably is
something wrong, but we have no clear image of the magnitude of the structural organisational issues in the governance of INGSOs.²

Hence, it is clear that a set of core and homogenous principles of good governance in INGSOs is needed. In addition, a systemic review of the degree to which INGSOs adhere to such principles is necessary in order to evaluate the current state and future progress of these organisations. The AGGIS Sports Governance Observer provides a means to these ends. In particular, the tool is comprised of four dimensions, which are all of paramount importance in relation to good governance in INGSOs. In the remaining part of this paper, their importance is explained and demonstrated.

The four dimensions of good governance of the Sports Governance Observer

Transparency and public communication

Transparency is widely regarded as a nostrum for good governance (Hood and Heald, 2006). That notion can also be inversed, as failures of governance are often linked to the failure to disclose the whole picture (OECD, 2004, p. 50). Moreover, transparency is seen as a first line of defence against corruption (Schenk, 2011).

Conceptually, transparency is closely related and even connected to accountability. Indeed, in the narrow sense of the term, accountability requires institutions to inform their members of decisions and of the grounds on which decisions are taken. In order to achieve this practically, organisations must have procedures that ensure transparency and flows of information (Woods, 1999, p. 44). Nevertheless, the reality is that transparency is often more preached than practiced and also more invoked than defined (Hood, 2006, p. 3). According to Hood (2001),

“in perhaps its commonest usage, transparency denotes government according to fixed and published rules, on the basis of information and procedures that are accessible to the public, and (in some usages) within clearly demarcated fields of activity” (p. 701).

It is however true that transparency, as a doctrine of governance, often has multiple characteristics. In fact, transparency has been figuring in numerous doctrines of governance which are for instance concerned with the way states should relate to one another and to inter- or supra-national bodies, but also at the level of individual states and at the level of business affairs (Hood, 2006). Doctrines of openness in dealings between executive governments and citizens at national level further developed and spread widely with the fall of the Soviet Union (Diamond, 1995). In the field of business, transparency often goes under the title of “disclosure”. High-profile corporate failures

² Another paper in this report, “Good governance in International Non-Governmental Sport Organisations: an analysis based on empirical data on accountability, participation and executive body members in Sport Governing Bodies”, aims to present a first attempt to fill this knowledge gap and clearly demonstrates the sense of urgency with regard to the need for good governance in INGSOs.
that exposed certain information asymmetries provided windows of opportunity to introduce obligations on corporations to disclose and publish information on themselves (Hood, 2006, p. 17). Today, national and EU legislation imposes disclosure requirements on (public) companies, which includes financial reporting.

In general, professional sports lack transparency, not in the least with regard to money matters, and this allows for a business model that would be unacceptable in other parts of economic activity (Bruyninckx, 2012). The desire for transparency amongst the public following several ethical scandals in the sports world shows that it is no longer possible for sport organisations to be run as a “closed book” (Robinson, 2012). Consequently, transparency is regarded as one of the top level topics concerning good governance in INGSOs (European Commission, 2012). Since these organisations are charged with taking care of a public good, Henry and Lee (2004), argue that “their inner workings should as far as possible be open to public scrutiny” (p. 31). Moreover, since sport, both at amateur and at professional level, relies heavily on public sector support, INGSOs are also expected to demonstrate a high degree of accountability to their surrounding community (Katwala, 2000, p. 3; Henry and Lee, 2004, p. 31; Wyatt, 2004). In fact, a growing public anger at individuals and institutions that are supposed to pursue the public’s interests but refuse to answer to their grievances exists not only with regard to state authorities (Elchardus and Smits, 2002; Mulgan, 2003, p. 1; Dalton, 2004), but increasingly as regards INGSOs.

Indeed, it is important that an INGSO is accountable to the citizens who are directly affected by its decisions, in particular when it is involved in decision making with repercussions for other policy areas and for large sections of the citizens (Torfing et al., 2009, p. 295). Therefore, it should produce regular narrative accounts that seek to justify its decisions, actions and results in the eyes of the broader citizenry and engage in a constructive dialogue with those who are publicly contesting their decisions, actions and results (Sørensen and Torfing, 2005). That way, INGSOs will not become closed and secret clubs, “operating in the dark” (Fox and Miller, 1995; Dryzek, 2000; Newman, 2005). Thus, in order to be transparent, INGSOs should adhere to disclosure requirements, including financial reporting, and adequately communicate their activities to the general public.

**Democratic process**

INGSOs can be defined as “private authorities”, in the sense that they are private institutions that exercise what is perceived as “legitimate authority” at a global level (Hall and Biersteker, 2002). In many ways, INGSOs are taking care of a public good but their legitimacy to do so is undermined by their lack of internal democratic processes. Hence, democratic legitimacy can be obtained if INGSOs and the actors within them follow rules and norms inherent to a democratic grammar of conduct (Mouffe, 1993). Furthermore on that note, it must be clear that INGOs are a particular breed of global organisations. It is true that especially the biggest INGSOs are increasingly resembling multinational corporations, often making vast sums of money through the marketing of their main events. However, within their sphere of private authority, INGSOs also share many state-like institutional characteristics, which resemble the traditional statist top-
down system of government. Many sports organisations operate under a sort of constitution, and have a government or executive committee, while mostly lacking a legislative branch (i.e. a forum for participation and legitimate decision making), thus de facto operating as an authoritarian system of rule-setting and regulation. Even the most typical of state characteristics, namely sovereignty -referring to the fact that there is no power above the state- is claimed by the largest and most dominant sports organisations (Bruyninckx, 2012). In addition, most sports federations also have a legal system, including an internal compliance and sanctioning system. Therefore, principles of good governance for INGSOs should also include concepts usually applicable to the political sphere, such as participation and democratisation (e.g. Santiso, 2001). The high degree of autonomy has however allowed the world of sports to function according to its own priorities and this has had repercussions for the internal democratic functioning of INGSOs. Finally, the primary function of INGSOs, according to their statutes, is to be the “custodian” of their sports. Consequently, it should not focus on the (commercial) interests of a limited (elite) group of stakeholders, nor should its executive body members be guided by personal gains. It is clear that an organisation which has an internal democratic functioning will be less prone to such practices.

Internal democratic procedures that are relevant for INGSOs can be derived from many different currents of democratic theory. The interweaving of theoretical discussions of how to define democracy and the political discussions of how to institutionalise democratic forms of governance in the present societies means that democratic procedures are in fact subject to endless political contestations and therefore, it is extremely difficult to draw up a complete or unbiased list of democratic procedures that should be present in INGSOs (Sorensen and Torfing, 2005, p. 212). Nevertheless, drawing from generally accepted democratic practices in the public sector, it is possible to draw up an open-ended list of relevant indicators for this dimension.

One of the main issues with regard to democratic processes in INGSOs is the lack of stakeholder participation. According to Arnstein (1969), “participation of the governed in their government is, in theory, the cornerstone of democracy -a revered idea that is vigorously applauded by virtually everyone” (261). In INGSOs, however, their main constituencies have traditionally been kept out of the policy processes that are decisive to the rules that govern their activities. Indeed, due to the traditional hierarchic governance in sports, sports policy is rarely carried out in consultation with athletes, and almost never in partnership with athletes (Houlihan, 2004, pp. 421-422). That seems paradoxical and somewhat ironic, as sporting rules and regulations often have a profound impact on athletes’ professional and even personal lives. Moreover, hierarchic governance in sport is a major source of conflict, since those that are excluded from the decision making process may want to challenge the federation’s regulations and decisions (Tomlinson, 1983, p. 173; García, 2007, p. 205; Parrish and McArdle, 2004, p. 411) and failure to consult stakeholders increases the potential for splits in sporting governance (Henry and Lee, 2004, p. 32).

Democratic processes can also be seen as accountability arrangements. Accountability is a cornerstone of both public and corporate governance because it constitutes the principle that informs the processes whereby those who hold and exercise authority are held to
account (Aucoin and Heintzman, 2000, p. 45). INGSOs are mostly membership organisations and the member federations of SGBs usually “own” the organisation since they have created it (Forster and Pope, 2004, p. 107). In that regard, the relation between an INGSO and its members can be defined in accordance with the principal-agent model (Strøm, 2000). Member federations, the principals, have given away their sovereignty to their INGSO and expect its executive body members to behave in their best interest. Accountability arrangements and mechanisms then help to provide the principals with information about how their interests are represented and offer incentives to agents to commit themselves to the agenda of the principal (Przeworski, Stokes and Manin, 1999: Strøm, 2000: Bovens, 2007, p. 456). The main way in which member federations can hold their INGSO accountable is through their statutory powers. Most notably, these relate to the election of the people that govern the organisation, i.e. the members of the executive body of the organisation, but also to the selection process of the INGSO’s major event. Hence, if these are not organised according to democratic processes, this will result in a lack of accountability and thus constitute a breeding ground for corruption, the concentration of power and the lack of democracy and effectiveness (Aucoin and Heintzman, 2000: Mulgan, 2003, p. 8: Bovens, 2007, p. 462).

Checks and balances
Checks and balances is one of the key elements of effective accountability arrangements. Indeed, one of the main rationales behind the importance of accountability is that it prevents the development of concentrations of power (Aucoin and Heintzman, 2000: Bovens, 2007, p. 462). As such, one of the cornerstones of democracy is the system of checks and balances in state authority, which limits the powers of the legislative, executive and judiciary branches of the state. For instance, the power to request that account be rendered over particular aspects is given to law courts or audit instances. A lack of such arrangements brings with it, and constitutes a breeding ground for, issues related to corruption, the concentration of power, and the lack of democracy and effectiveness (Aucoin and Heintzman, 2000: Mulgan, 2003, p. 8: Bovens, 2007, p. 462).

The separation of powers is also a good governance practice in non-governmental organisations or in the business world (OECD, 2004, p. 12: Enjolras, 2009). For instance, the separation of power between the management of an organisation and the board entails a system of checks and balances that entails the implementation of internal control procedures (Enjolras, 2009, p. 773). There seems to be growing agreement in the professional sports world that a system of checks and balances and control mechanisms are also needed in INGSOs and that it constitutes good governance (IOC, 2008, p. 4: Philips, 2011, p. 26). Indeed, a checks and balances system is paramount to prevent the concentration of power in an INGSO and it ensures that decision making is robust, independent and free from improper influence. In reality, the concept of separation of

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3 In this context, it is important to note that, whereas most other INGSOs are the creations of groups of national associations that voluntarily gave up their autonomy, the International Olympic Committee was a top-down creation.
4 However, Forster and Pope (2004 p. 107-108) argue that a realistic interpretation of the relationship between SGBs and their members would be that SGBs operate independently of the national federations and not as their agent. Nevertheless, in fact, according to Mulgan (2003) “the principal who holds the rights of accountability is often in a position of weakness against his or her supposed agent” (p. 11). Such weakness indeed provides for the reason for accountability in the first place and underscores the importance of adequate arrangements.
powers in sports governance is underdeveloped and usually implies separating the disciplinary bodies from the political and executive arms of a sports body. That means that active officials are usually excluded from the disciplinary body and –if present- the appeal body of the SGB, thus separating the disciplinary bodies from the political and executive arms of the organisation.

Nevertheless, checks and balances should also apply to staff working in the different boards and departments of an organisation, since they usually ensure that no manager or board member or department has absolute control over decisions, and clearly define the assigned duties, which is in fact the very core of the concept. It seems like INGSOs have been pre-occupied with dealing with corruption and malpractice on the playing field rather than with the quality of their own internal functioning (Forster and Pope, 2004, p. 112). Consequently, they generally lack adequate internal checks and balances, which can be designated as one of the main causes of corruption, the concentration of power, and the lack of democracy and effectiveness in the sports world.

**Solidarity**

In the corporate sphere, an increasing number of companies decide voluntarily to contribute to a better society and a cleaner environment by integrating social and environmental concerns in their business operations and in their interaction with their stakeholders. They promote so-called “corporate social responsibility strategies” as a response to a variety of social, environmental and economic pressures (European Commission, 2001b). This responsibility is expressed towards employees and more generally towards all the stakeholders affected by business. In turn, this can influence the success of a company, differentiating itself from competitors and building a better image and reputation and creating consumer goodwill and positive employee attitudes and behaviour, resulting in a ‘win–win’ scenario for the company and its community (Whetten, Rands, and Godfrey, 2002; Kotler and Lee, 2005; Valentine and Fleischman, 2008).

Increasingly, sports organisations at all levels are facing a higher demand for socially, ethically and environmentally responsible behaviour and are also being offered significant chances to establish themselves in that regard (Babiak, 2010; Davies, 2010). On that note, INGSO not only have a responsibility towards their stakeholders, such as their member federations, but also towards the general public. Given the sociocultural values of sport, they in fact have the potential to have a huge positive impact on the wider society (European Commission, 2007). It seems only fair that INGSOs “give something back”, as they generally receive a lot from society. Indeed, historically, sport relies heavily on public financial support and even today, sports activities often rely on public funds (see Eurostrategies et al, 2011). The professional sports world is even increasingly asking for access to public funds, or expects governments to ‘invest’ in sports. Public money pays for the building of stadiums, public transport infrastructures, public television contracts for competition, investments in “training centres” for the next batch of professional competitors, etc., not speak of some of the central tasks of the government which are solicited by the organisers of professional sports events such as security and traffic regulation (Bruyninckx, 2012).
References


