Sports Governance Observer 2015 report
The legitimacy crisis in international sports governance

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Legitimacy of ISFs is under threat

• Output legitimacy (produce desired outcomes)
  – Failure to deal with increasing number of governance challenges
  – Doping, match-fixing, transnational criminal activities, human trafficking, failure to comply with (economic) laws, unsustainable events

• Procedural legitimacy (internal workings conform to generally accepted procedures)
  – Lack of participation internal stakeholders
  – Corruption (unfair, opaque procedures)

• Structural legitimacy (being the right organisations for the job)
  – Legitimacy of regulatory monopoly under threat
  – Alternative structures are sought by athletes (cf. speed skating) and clubs (cf. football)
Danger

- Legitimation efforts by ISFs are often not sustainable
  - Self-legitimation: “autonomy of sport”
  - Horizontal legitimation: engage in partnerships with political actors such as EU, UN
  - (insufficient) governance reforms

- ISFs may face disempowerment
  - Danger: failures to address governance challenges
Solution: improve institutional design (1)

• Screening and selection mechanisms
  – Sort out good agents from bad ones by screening on professional and integrity criteria
  – Only four federations (11%) have a nominations committee that performs such checks

• Monitoring and reporting requirements
  – When agents know that they are being monitored, they are motivated to perform their task better
  – The majority of ISFs do not report to the general public/ stakeholders
  – The majority of federations report to their member federations, but the quality of reporting is lacking

• Administrative procedures
  – By defining steps agents must follow when conducting their tasks, their actions are controlled *a priori*.
  – Weak conflict of interest rules, ethics codes, event hosting decision procedures, quorums, athlete representation
Solution: improve institutional design (2)

• Institutional checks
  – By installing a body or mechanism that controls and holds veto power over agents’ actions, the likelihood of unethical behaviour decreases
  – Lack of robust ethics committees and internal audit committees

• Elections
  – The threat of being replaced by a challenger in case of undesired behaviour incentivizes agents to perform their tasks better
  – Term limits decrease concentration of power and apathetic voters, and they facilitate diversity and the replacement of bad agents
  – While the majority of ISFs have decent election procedures in place, they generally lack term limits
Conclusion

• International sports governance is experiencing a legitimacy crisis

• ISFs risk disempowerment

• Enhancing their internal governance structures is in ISFs’ best interest
Conclusion

Origins
✓ AGGIS project produced checklist

What is it?
✓ Benchmarking tool for good governance
✓ 36 indicators, 4 dimensions of good governance
✓ Comprehensive scoring system + SGO index

The scoring scale

Goal
✓ Informing and stimulating debate
✓ Exercising pressure
### Study on the basis of the SGO data (2)

<table>
<thead>
<tr>
<th>Screening</th>
<th>Monitoring</th>
<th>Administration</th>
<th>Institutional checks</th>
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<tbody>
<tr>
<td>✓ Four federations (11%) have nominations committee that performs integrity and professional checks.</td>
<td>✓ 12 federations (35%) publish externally audited annual financial reports.</td>
<td>✓ In none of the federations, the selection of host candidates for major events takes place according to a transparent and objective process, in which bidding dossiers are reviewed independently and assigned a score on the basis of pre-established criteria.</td>
<td>✓ None of the federations publish reports on remuneration, including per diem payments and bonuses, of its board members and senior officials.</td>
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<td>✓ Six (17%) federations have clear conflict of interest rules. Seven (20%) federations do not have conflict of interest rules.</td>
<td>✓ 12 federations (34%) do not have an ethics committee in place. Five federations (14%) have independent ethics committee with the power to initiate proceedings on its own initiative.</td>
<td>✓ Six federations (17%) have an internal audit committee that has a clearly defined role and has the authority to oversee the internal audit and assesses the quality of the internal control system</td>
<td>✓ 11 federations (31%) have some form of limitation of terms for elected leaders in place.</td>
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A minority of six (17%) federations have clear conflict of interest rules in place that include disclosure requirements and the duty to abstain from voting in particular cases, and define appropriate thresholds. Seven (20%) federations do not have conflict of interest rules at all.

For the 32 federations for which data was available, a majority of 18 federations (56%) was found to have a code of ethics that includes crucial components such as the prohibition of bribery and procedures to prevent conflicts of interest, and the establishment of an independent committee to conduct integrity and professional checks.

None of the federations publishing reports on remuneration, including per diem payments and bonuses, of its board members and senior officials.

Only eight federations (23%) publish basic reports of their standing committees online.

Only six federations (17%) publish annual general activity reports on their websites that include information on assets, accounts, revenue, sponsoring, and events.

Only four federations (11%) publish governing body decisions on their website and sometimes explain the rationale behind key decisions.

In only one federation, candidates are obliged to provide their manifesto.

A majority of 19 federations (54%) announce the candidates standing for elections one month or less before the elections take place. 32 federations (91%) announce candidates standing for elections less than 2 months before they take place.

Only four federations (11%) have a nominations committee in place that performs integrity and professional checks.

A minority of 12 federations (35%) publish externally audited annual financial reports.

None of the federations publish externally audited annual financial reports.

Only six federations (17%) publish internally audited annual financial reports.

A minority of 12 federations (35%) publish externally audited annual financial reports.

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