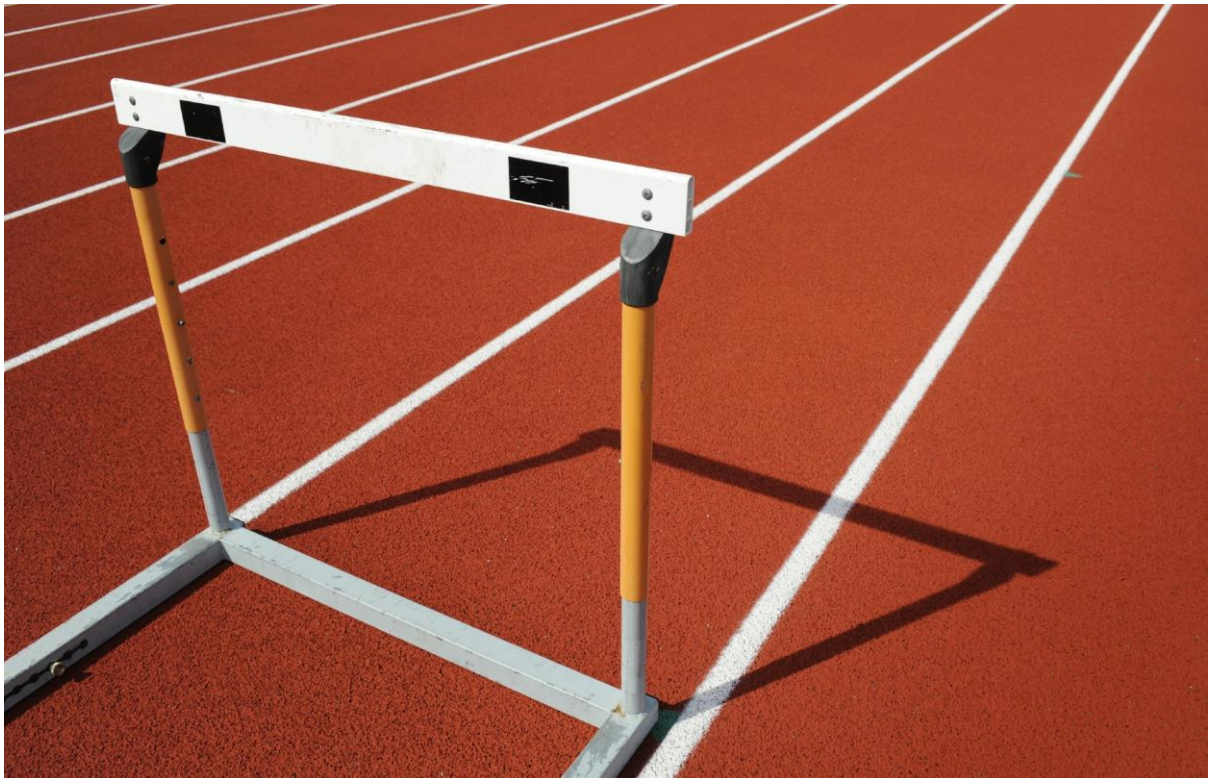


Good Governance in Sport: A Survey of UK National Governing Bodies of Sport



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Executive Summary

This report presents the findings from a research project focusing on the governance of national governing bodies of sport (NGBs) in the UK. Governance has become an increasingly important issue that NGBs in the UK have had to address over the last decade due to examples of poor management, financial failure, and increased public funding for sport that have resulted in the need for more professional sports administrative structures. These issues have been addressed during the last decade by UK Sport and the Sports Councils as part of a Modernisation Programme aimed at improving NGB governance.

The objective of this research project was to analyze standards of governance at UK NGBs and consider the extent to which some of the recommendations from the Modernisation Programme have been implemented. It is hoped that this will be the first of an annual research project focusing on these issues and that future reports will be able to track trends and changes in the way that NGBs are governed in the UK. The research took place between October 2009 and January 2010 and has been carried out by a team of three researchers from the Birkbeck Sport Business Centre, a research centre in the Department of Management at Birkbeck, University of London. The research team carried out an online survey in which all NGBs recognised by each of the four home country sports councils – Sport England, Sport Northern Ireland, **sport**scotland and the Sports Council for Wales – were invited to take part. The findings of the report are based on responses provided by 60 NGBs. The report presents detailed analysis of three key areas relating to NGB governance: the board and committee; human resource management; and stakeholder management and corporate responsibility. Specific recommendations include:

The Board and Committee

- The number of board or committee members should be no more than 10
- NGBs must consider appointing at least one independent non-executive director from outside the sport to their board or committee
- The board or committee should be involved in decisions on hiring senior staff

- NGBs should implement an induction procedure for new board/committee members that sets out the role of the board and includes terms of reference, code of conduct, statutory duties, and director responsibilities
- NGBs should provide appropriate and relevant training for board/committee members
- NGB boards should nominate one individual responsible for evaluating annual board performance
- The chair of the board/committee should undertake annual appraisals of individual board members
- NGBs need to consider the development of a marketing strategy
- The board/committee needs to delegate operational issues to NGB staff
- The board/committee should develop a risk management policy
- All NGBs should have Sport Resolutions written into their statutes/constitution

Human Resource Management

- NGBs should be encouraged to deploy HRM in a more sophisticated way through the Competency Framework
- There is a need to identify barriers preventing NGBs from implementing what appear to be more effective practices
- NGBs should build a sound participatory base that rewards, recognises and empowers both volunteer and paid employees
- NGBs should provide support and training programmes to assist with the development of more strategic and formal HR practices
- NGBs need to provide developmental training for all levels including board members, paid staff and volunteers
- NGBs need to consider developing a method for measuring the importance of investing in human resources in sport organisations

Stakeholder Management and Corporate Responsibility

- NGBs should undertake a mapping exercise and identify their stakeholders according to the level of power they wield and the level of interest they have in NGB governance

- NGBs should seek to implement stakeholder engagement and stakeholder participation strategies appropriate to the position of stakeholders on a power/interest matrix
- All NGBs should bring key stakeholders to the board/committee to improve stakeholder representation
- Where NGBs are involved in corporate responsibility, the objectives must be clear from the outset in order to evaluate impact

1. Introduction

The election of the Labour Government in 1997 brought an increased focus on the organisation, administration and management of sport organisations. In part this was due to instances of poor management and failures in organisational governance. It was also a reflection of the increased level of public funding for sport, particularly following the introduction of the National Lottery in 1994, which has resulted in the need for sports administrative structures to move from amateurism to professionalism (Henry and Lee, 2004). Moreover, it reflected the increasing focus on sport as a means to deliver Government policy, with sport seen as a way to target issues such as social exclusion, obesity and health, anti-social behaviour, and youth crime. This has led to sport policy being taken more seriously by politicians, and like many other areas of public services, increasingly the organisational structure of sport has been subject to modernisation reforms (McDonald, 2005) as part of an ongoing process to improve effectiveness and efficiency.

1.1. *Modernisation in Sport*

Since 2000, both Sport England and UK Sport have undergone numerous structural changes in the drive toward modernisation. Underpinning the modernisation agenda has been the desire for Government to devolve responsibility to Sport England and UK Sport. Such reforms have been perceived as necessary to increase the accountability and autonomy of Sport England and UK Sport although it has led to the increasing ability of Government to influence the strategic direction of these two organisations through the introduction of targets, measurable outcomes, Key Performance Indicators, and the need to demonstrate compliance with certain standards (Houlihan and Green, 2009).

While both Sport England and UK Sport have had to demonstrate that they are 'fit for purpose', national governing bodies of sport (NGBs) have also come under increasing scrutiny to modernise. NGBs have a varied role. They have been described as custodians of their sport (UK Sport, 2003) and their responsibilities are widespread, and include, but are not limited to strategic planning, promoting the

sport, overseeing the rules and regulations, increasing participation, and developing talent. Modernisation, in the context of NGBs, has been defined as “the process of continuing development of a Governing Body towards greater effectiveness, efficiency and independence” (UK Sport, 2003: 1). This was first reflected in *A Sporting Future for All*, a policy document released by the Department for Culture Media and Sport (DCMS) in 2000, within which there were some key recommendations relating to the governance of NGBs. The Government stated that NGBs would receive increased control over the allocation of public funding on the proviso that NGBs become more accountable by modernising administration structures and practices, and implementing robust management, planning and monitoring of all activities (DCMS, 2000). NGB modernisation was further advocated in *Game Plan* (DCMS, 2002), where it was clearly reiterated that Government investment should be used to drive modernisation and that NGBs should have clear performance indicators that can be used as the basis on which to determine funding.

1.2. NGB Modernisation Programme

To support the modernisation process, the Government announced in 2001 that it would provide £7m in funding, managed through UK Sport, as part of a NGB Modernisation Programme (DCMS, 2002). The objective of the Modernisation Programme was to “help NGBs to improve their organisation, the skills of their staff and volunteers, and the standards of their policies and procedures” (UK Sport, 2004: 1). Between 2001 and 2005, UK Sport invested £5m of government funding into 114 NGB projects across the UK as part of the Modernisation Programme (Houlihan and Green, 2009: 18). In 2003 a high-level review of the Modernisation Programme – *Investing in Change* – was undertaken with two key objectives: to identify the optimum models for NGB performance; and to develop change management action plans to guide NGB performance (UK Sport, 2003: 5).

Investing in Change made it clear that modernisation was an ongoing process in which NGBs would be provided with support to improve their administrative structures to increase efficiency and effectiveness. It was argued that this would help to increase participation, develop talent and deliver elite success (UK Sport, 2004). However a number of key challenges that NGBs faced were noted, one of which was

poor corporate governance related to a lack of transparency, financial controls, and monitoring and reporting (UK Sport, 2003: 34-39). As a result, effective corporate governance was identified as a key success factor that formed part of the Competencies Framework (a tool for NGBs to use to benchmark their modernisation process) and included a number of key elements such as risk management; transparent financial disclosure; effective financial controls; compliance with laws and regulations; management structure; a long-term strategic plan; strategic review procedures; and the role and responsibility of the Chief Executive (UK Sport, 2003: 48).

The Competencies Framework is a clear example of the move towards NGBs having clear performance indicators that can be used as the basis on which to determine funding. Since the report by UK Sport, Sport England and UK Sport now require that all funded NGBs have to meet certain standards relating to corporate governance in the areas of strategic planning, financial management, human resources and organisational policy in order to receive funding. The sports councils and UK Sport also work together to ensure that NGBs take part in an annual self-assurance process which provides the basis on which funding is determined. This self-assurance process has encouraged NGBs to work towards increasing autonomy and responsibility as part of the modernisation process (Houlihan and Green, 2009). Further developments took place in 2007 when UK Sport launched 'Mission 2012', which focuses on the performance of Olympic Sport NGBs in three areas in the build up towards the London 2012 Olympic Games: athlete success and development; performance system and structures; and governance and leadership. The aim of 'Mission 2012' is to continually monitor NGB performance in relation to the three areas and to evaluate standards based on a traffic light system – those NGBs that are given a red rating face the potential withdrawal of funding or UK Sport intervention. The focus on governance and leadership requires that NGBs have in place appropriate structures and clearly can be seen as a continuation of the NGB Modernisation Programme.

1.3. The Objective of the Report

This survey into corporate governance at NGBs has been carried out in the context of modernisation in sport and the development of the Modernisation Programme at UK Sport and the self-assurance process. While *Investing in Change* developed a series of recommendations to improve NGB governance, the report stated that the ultimate aim was for NGBs to implement modernisation within two-three years (UK Sport, 2003: 53). This independent survey provides an analysis of standards of governance at UK NGBs and considers the extent to which some of the recommendations from the Modernisation Programme have been implemented. Specific issues that the survey considers include the role and composition of the board; board performance; strategic planning; human resource management and the expertise of the management team; staff training; stakeholder relations and corporate responsibility.

The report concludes with a number of recommendations to help NGBs improve standards of governance. However there are two key issues that have to be recognised in relation to the recommendations. Firstly, there are over 300 NGBs recognised by the four Sports Councils in the UK and as can be seen in chapter two, there are large variations in size, turnover, organisational structure, and the number of member clubs and individual members. Not all recommendations will be relevant for all NGBs and there will be many examples of NGBs that already follow best practice guidelines in line with the recommendations. It is therefore hoped that the recommendations serve to provide a checklist for NGBs to consider and implement where relevant rather than taken to be a one-size fits all strategy. Secondly, the recommendations do not in themselves provide a guaranteed solution to improve NGB effectiveness but instead provide best practice guidance that can help an NGB to implement a governance framework that provides the necessary conditions for success.

2. Methodology

2.1. Scope of the Survey

The information for this report was collected through an online questionnaire that included questions on boards and committees, human resource management, stakeholder management and corporate responsibility. The questionnaire comprised both closed ('tick-box') and open questions. This meant that a large amount of data could be collected and also that respondents had the opportunity to provide detailed answers where appropriate.

All national governing bodies of sport recognised by each of the four home country sports councils – Sport England, Sport Northern Ireland, **sport**scotland and the Sports Council for Wales – were invited to take part in the survey. This provided an initial 'population' of 306 NGBs¹. After further investigation, this population was revised on account of the following issues:

- NGBs that had been, or were currently, involved in mergers (3)
- NGBs that declined to take part in the survey because they deemed it inappropriate for the size of their organisation (7)
- NGBs that could not be contacted (5)

The revised population for this survey, therefore, was 291 NGBs. Each of these was contacted by email and/or telephone on at least three occasions between October 2009 and January 2010. On each occasion, the NGBs were informed about the purpose of the survey, invited to take part and assured that their response to the questionnaire would be anonymous. 60 NGBs completed the online questionnaire, giving an overall response rate of 21 percent, which is reasonably good for a detailed survey of this type. Table 2.1 provides a breakdown by country of the NGBs surveyed and those that responded.

¹ This is the total number of recognised NGBs drawn from the four home country sports council websites on 1/10/09.

Table 2.1: A breakdown of the population of NGBs and respondents

| Sports council | Number of recognised NGBs (in revised population) | Number of NGBs that responded | Response rate (%) |
|--------------------------|--|--------------------------------------|--------------------------|
| Sport England | 118 | 33 | 28 |
| Sport Northern Ireland | 60 | 9 | 15 |
| sportscotland | 63 | 14 | 22 |
| Sports Council for Wales | 50 | 4 | 8 |
| | 291 | 60 | 21 |

2.2. Analysis of the Data

The data from the online questionnaire were entered into SPSS, a software package designed to enable statistical analysis. This preserved the individual detail of the responses and, where relevant, allowed direct quotations from the open questions to be identified. Quantitative data were analysed using SPSS and qualitative data were coded by issue and analysed manually.

2.3. Describing the Respondents

The respondents were asked for information on turnover, number of full-time and part-time employees, number of member clubs and number of individual members where appropriate. This enables a picture to be built up of the NGBs that responded to the survey. Table 2.2 provides a breakdown of these respondents². It shows that there are clear differences between the NGBs with six respondents having a turnover of more than £5million in contrast to 20 respondents that had a turnover of less than £200,000. There is also a clear and obvious trend whereby NGBs with the highest turnovers also, on average, have the greatest number of full-time staff, member clubs and individual members. It is important however to keep in mind the fact that NGBs vary so much in size as certain aspects of governance may be more relevant to some NGBs than to others.

² One NGB respondent declined to reveal their turnover. For this reason they do not appear in table 2.2.

Table 2.2: Description of respondents

| Turnover | Number of respondents | Average number of full-time staff | Average number of paid part-time staff | Average number of member clubs | Average number of individual members |
|--------------------|------------------------------|--|---|---------------------------------------|---|
| Over £5m | 6 | 154 | 22 | 1,372 | 178,070 |
| £1m - £5m | 13 | 22 | 6 | 712 | 97,227 |
| £500K-£1m | 8 | 12 | 3 | 628 | 29,125 |
| £200K-£500K | 12 | 4 | 2 | 165 | 13,235 |
| Under £200K | 20 | 1 | 3 | 50 | 1,873 |

3. The Board and Committee

In the context of modernisation, in which NGBs are encouraged to professionalise their administrative structures to increase efficiency and effectiveness, the role of the board of directors or the committee is central to NGB governance. The board/committee of an NGB has a broad range of functions including leadership, decision-making, representation and accountability (UK Sport, 2004: 4). More specifically, effective corporate governance requires that the board/committee takes responsibility for issues including strategic planning, policy formulation, legal compliance, management of financial resources, stakeholder management, recruiting senior management and reviewing performance, monitoring the overall performance of the NGB, and managing risk. Out of the 60 NGBs that responded to the survey, 78 per cent indicated that they were governed by a board of directors and 22 per cent were governed by a committee. This chapter details the findings from both NGBs governed by a board of directors and those that are governed by a committee. It presents the findings in relation to structural characteristics including the size and composition of the board, and process characteristics including the role of the board, induction and professional development, board evaluation, NGB strategy, and risk management.

3.1. Board/Committee Size and Composition

The way that boards and committees are structured can have a significant impact on their ability to govern an NGB effectively. It is important that NGB boards/committees avoid being too large and unwieldy as this can result in ineffective decision-making. UK Sport (2004) recommends that the board of an NGB should consist of between five and 10 directors, excluding the position of Chair. The survey results revealed that the average number of board/committee members was 12 while 11 out of 12 board members were volunteers rather than paid executives (table 3.1). This is higher than the recommendations laid out by UK Sport (2004). In addition, 15 per cent of respondents had 20 or more board members. It is clear that there is a need for some NGBs to reduce the number of board/committee members. However while UK Sport also stated that board size should reflect the size of the organisation and the level of activity it undertakes, no significant relationship was found between

board size and a number of variables including turnover, number of full-time and part-time employees, number of member clubs and individual members. UK Sport (2004) also suggests that there should be a maximum of three non-executive directors recruited from outside the sport that possess skills and experience of use to the NGB. Table 3.1 reveals that the average number of non-executive directors on NGB boards was five. While this would appear encouraging, it must also be noted that 47 per cent of NGBs in the survey did not have a non-executive director on the board. Therefore it is clear that many NGBs must consider appointing individuals from outside the sport to their board or committee. Table 3.1 also indicates that the average number of board/committee meetings was seven with 78 per cent of NGBs stating that they felt there are an adequate number of board/committee meetings compared to just 8 per cent that disagreed.

Table 3.1: Board size and composition

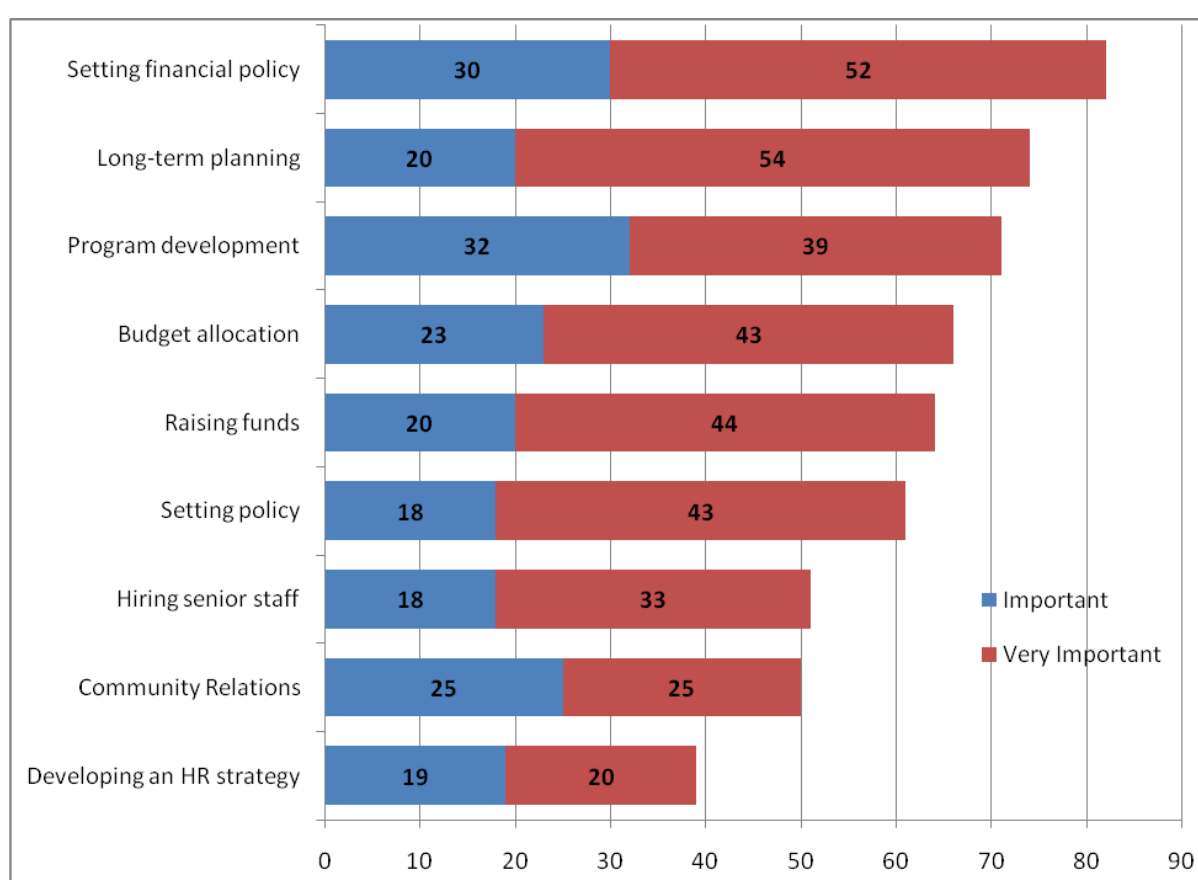
| Turnover | Board Members | Volunteers | Non-executive Directors | Board Meetings |
|--------------------|----------------------|-------------------|--------------------------------|-----------------------|
| Over £5m | 16 | 13 | 13 | 6 |
| £1m - £5m | 10 | 9 | 5 | 6 |
| £500K-£1m | 10 | 9 | 2 | 8 |
| £200K-£500K | 11 | 10 | 7 | 9 |
| Under £200K | 13 | 13 | 2 | 7 |
| Overall | 12 | 11 | 5 | 7 |

3.2. The Role of the Board

Setting out the objectives and the multiple roles that the board undertakes is a key issue for an NGB. The survey results revealed that at 70 per cent of NGBs the board has a clear understanding of its duties and responsibilities compared to only 8 per cent that stated otherwise. Moreover it was revealed that 72 per cent of NGBs felt that the board played a key role in the achievement of NGB objectives. More specifically, the survey asked NGBs to identify which roles were important to the board/committee. Chart 3.1 reveals the results. It shows that there is a clear focus on financial issues with 52 per cent of NGBs stating that setting financial policy was a

very important role for the board and a further 30 per cent stating that it was important. In addition, 66 per cent of NGBs overall stated that budget allocation was either important or very important and 64 per cent revealed that raising funds is either important or very important. Planning is also important for the board/committee with 74 per cent and 71 per cent of NGBs overall responding that long-term planning and program development are either important or very important roles for the board respectively.

Chart 3.1: Percentage of NGBs that stated the following roles were important to the board



Interestingly, although hiring senior staff is typically considered a role for the board, only 51 per cent of NGBs stated that this was an important or very important role. Moreover only 39 per cent of NGBs saw that developing a human resource strategy was an important or very important role for the board. Given that recruiting people with sufficient skills and expertise is a key aspect of the Modernisation Programme, it appears that this has yet to be implemented at the board/committee level at the majority of NGBs. While it would be reasonable to conclude that a human resource

strategy is not an important issue for the boards or committees of small NGBs that only have a handful of full-time members of staff (35 per cent of NGBs in the survey had four or fewer full-time members of staff) the survey revealed that it was also the case for larger NGBs. For example, only 33 per cent of NGBs with more than 25 full-time employees reported that a human resource strategy was an important or very important issue for the board.

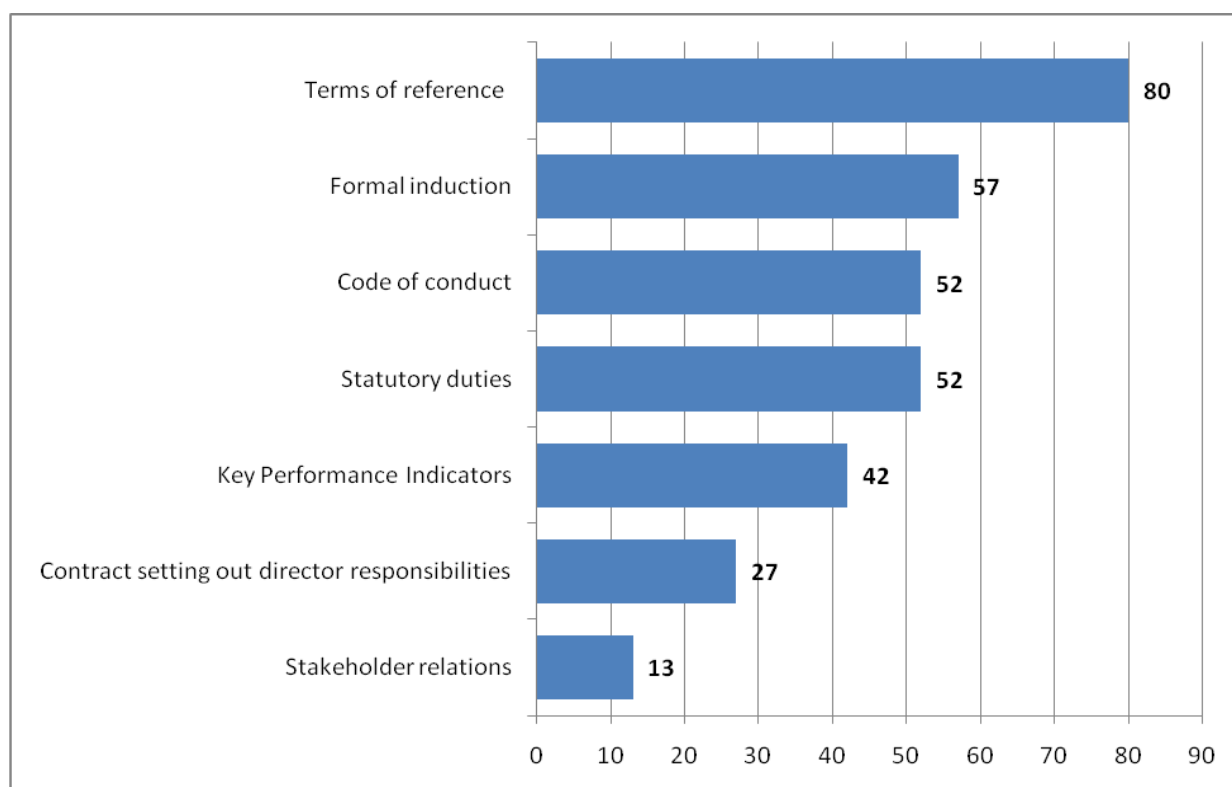
It has been reported that the move towards professionalism at senior management level within NGBs has increased the potential for conflict over who is able to influence the decision-making process (Hoye and Cuskelly, 2007). Therefore the relationship between the board/committee and the full-time senior staff is particularly important. The survey revealed that only 14 per cent of NGBs reported a lack of trust between board/committee members and full-time staff compared to 73 per cent that stated this was not an issue. Only 12 per cent revealed that communication between board/committee members and full-time staff was an issue while just 12 per cent of NGBs reported a lack of transparency.

3.3. Board Induction and Professional Development

Best practice corporate governance requires that organisations have a formal, transparent and objective procedure when appointing new directors to the board of an organisation. At 77 per cent of NGBs this was found to be the case. When new board members are appointed, an induction procedure is considered important. The survey revealed that 57 per cent of NGBs have a formal induction procedure or training for new board/committee members (chart 3.2). Chart 3.2 also reveals that 80 per cent of NGBs provide new directors/committee members with the terms of reference that relate to the board policies and procedures. 52 per cent of new directors/committee members receive a code of conduct and information relating to statutory duties. However only 27 per cent of NGBs provide a formal contract to new directors/committee members that sets out their responsibilities. This is perhaps a reflection of the fact that on average 11 out of 12 board members are volunteers (table 3.1). Board members should also receive a minimum standard of training within six months of appointment from a recognised authority (UK Sport, 2004). However only 25 per cent of NGBs in the survey revealed that they provide training

for their board/committee members and only 18 per cent have a record of directors undertaking training. The level of information provided to new directors and the need for director training are clearly two areas where NGBs can improve standards of governance to enable the board to perform more effectively.

Chart 3.2: Percentage of NGBs that provide the following to new board members

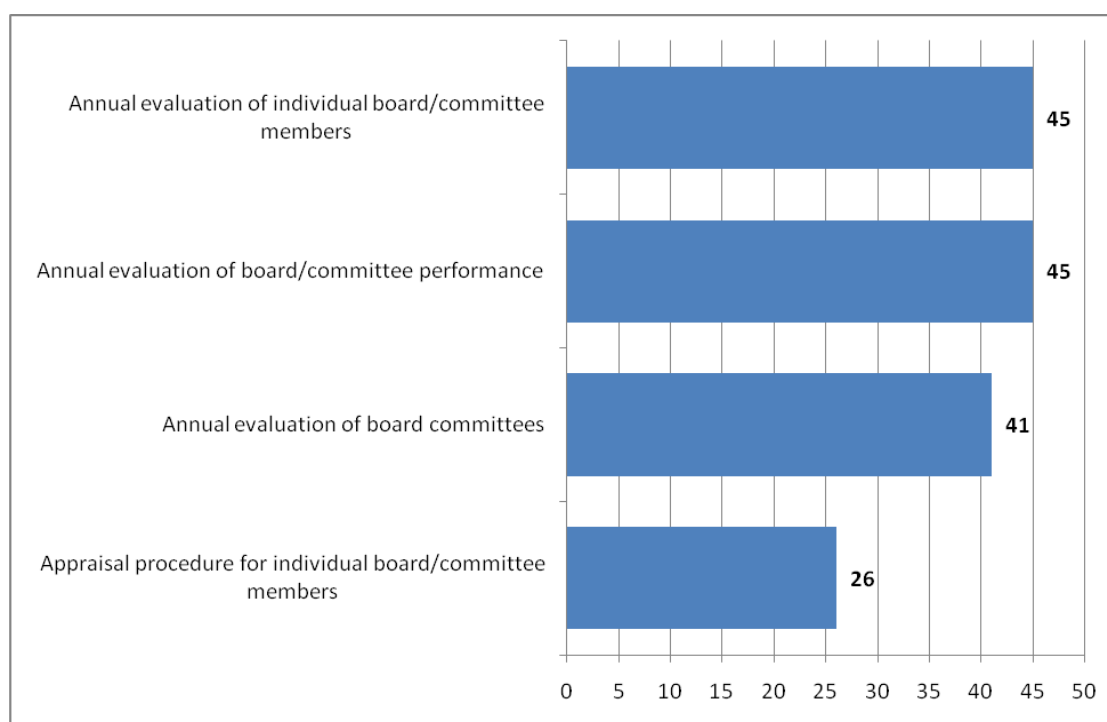


3.4. Board Evaluation

A key role of the board is to evaluate board performance, both as a group and in relation to the performance of individual directors. This provides an opportunity for the board to evaluate its own effectiveness, to assess areas of strength and weakness, to set standards and performance expectations based on set criteria, and to evaluate individual member performance (Hoye and Cuskelly, 2007). The overall objective of board evaluation is to improve NGB governance. The survey results revealed that this is an area in which NGBs could improve as only 45 per cent revealed that they undertake an annual evaluation of board performance and only 41

per cent of NGBs undertake an annual evaluation of board committees (chart 3.3). Chart 3.3 also reveals that 45 per cent of NGBs stated that they undertake an annual evaluation of individual directors/committee members, however only 26 per cent have in place an appraisal procedure for individual board members. These figures reveal that there is clearly a need for many NGB boards to put in place a procedure to evaluate the effectiveness of the board and individual board members.

Chart 3.3: Percentage of NGBs that undertake board evaluation

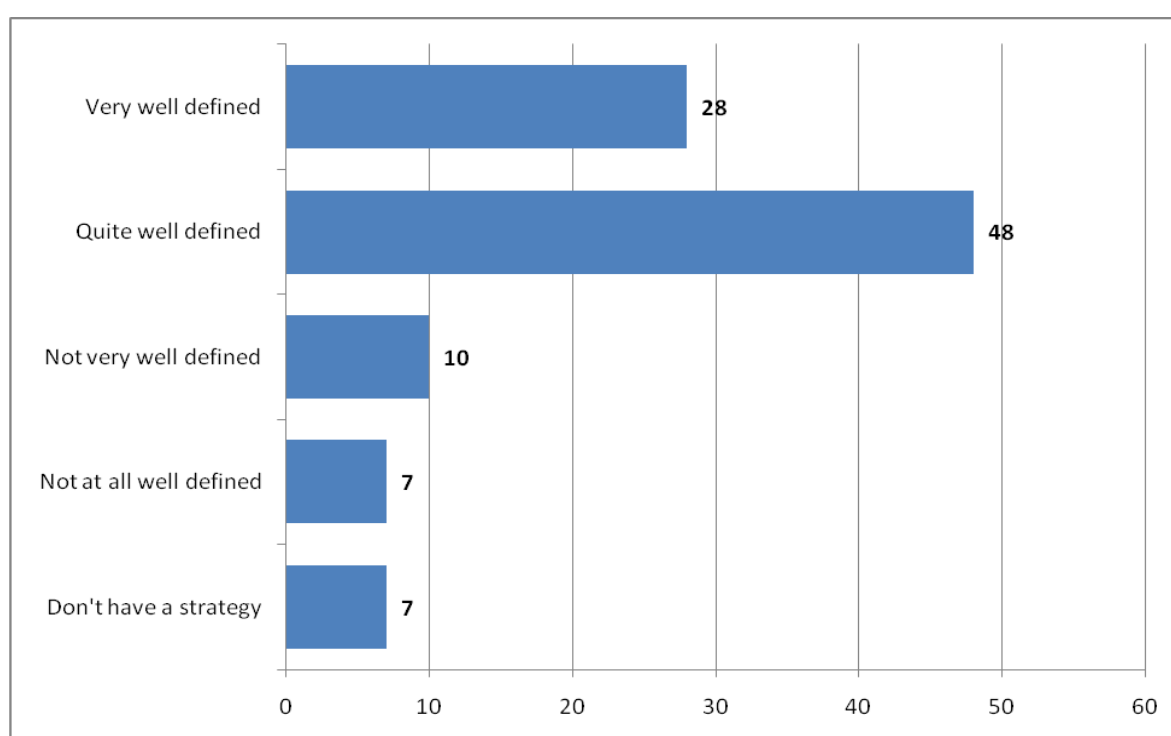


3.5. NGB Strategy

A key role for the board/committee of an NGB is to determine the strategic direction of the organisation. Although there are size and resource differences between NGBs, strategy development is a central issue for the board and committees of all NGBs, particularly given the increasing pressure on NGBs in the UK to demonstrate a commitment to modernisation in order to justify funding. The survey results revealed that 93 per cent of NGBs have a strategy in place. Of these only 80 per cent stated that their board/committee was involved in the development of their strategy. It is clear that at some NGBs the board/committee members need to be more involved in strategic development. Of the 93 per cent of NGBs with a strategy, 59 per cent revealed that they had a strategy of more than three years, with 29 per

cent having a strategy of three years. Only 14 per cent of NGBs had a strategy of less than three years which is encouraging. Chart 3.4 illustrates that 48 per cent of NGBs consider that their strategy is quite well defined with 28 per cent claiming that it is very well defined. However chart 3.4 reveals that seven per cent of NGBs did not have a strategy and that a further 17 per cent claimed that NGB strategy was not well defined. Moreover 27 per cent of NGBs indicated that the lack of strategic direction was a key issue that they faced. This is clearly a concern that some NGBs need to address going forward.

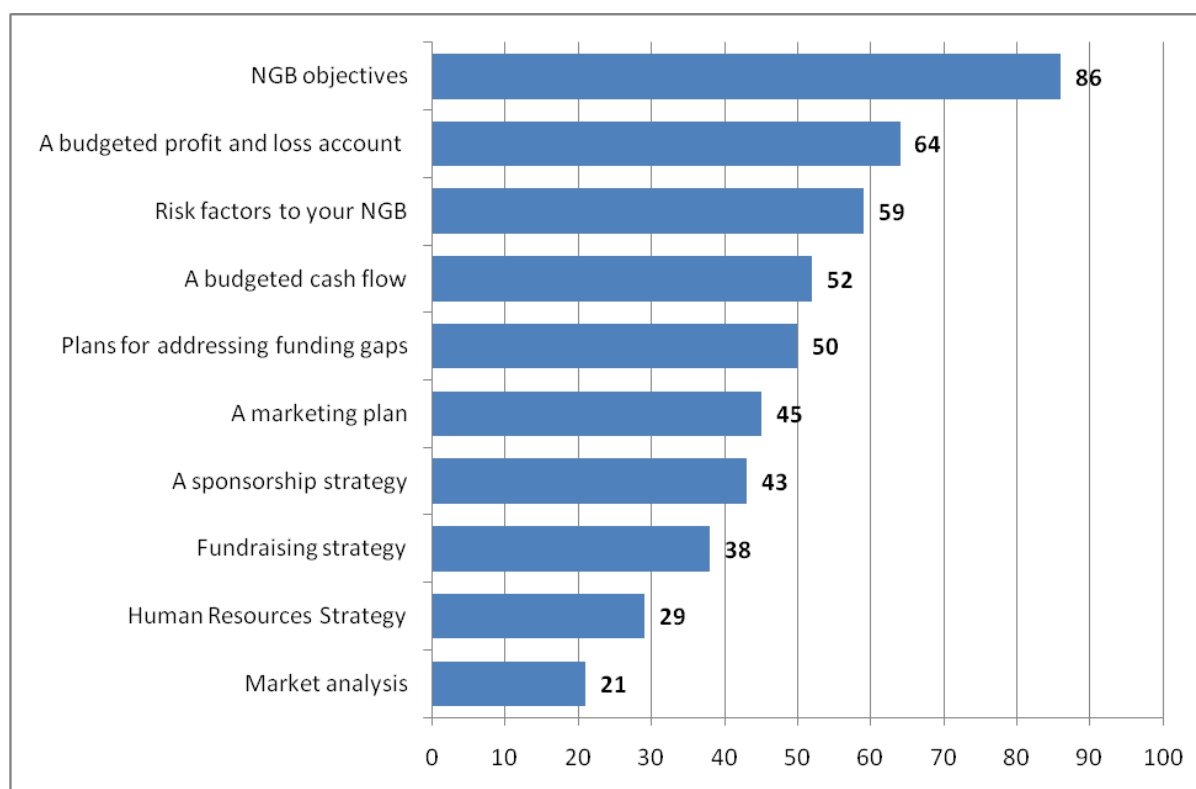
Chart 3.4: How well defined is NGB strategy (percentage of NGB respondents)



The development of a strategy is important to set out the objectives of the NGB and the resources needed to meet the objectives. Chart 3.5 illustrates that 86 per cent of NGB strategies set out the objectives of the NGB, with 64 per cent and 52 per cent containing budgeted profit and loss accounts and cash flow forecasts respectively. The survey revealed that marketing and sponsorship are key strategic issues for many NGBs. Less than half (45 per cent) of NGBs surveyed stated that their strategy contains a marketing plan while 47 per cent of NGBs claimed that marketing and fundraising are key issues that the NGB faces. These figures support the findings from *Investing in Change* (UK Sport, 2003) where it was found that marketing and

commercial advice was the second most important area in which NGBs wanted help. Similarly only 43 per cent of NGBs have a sponsorship strategy with 70 per cent revealing that negotiating sponsorship was a key issue and 54 per cent stating that a lack of a strategic approach to sponsorship was a key issue.

Chart 3.5: Percentage of NGBs that consider the following issues in their strategic plan



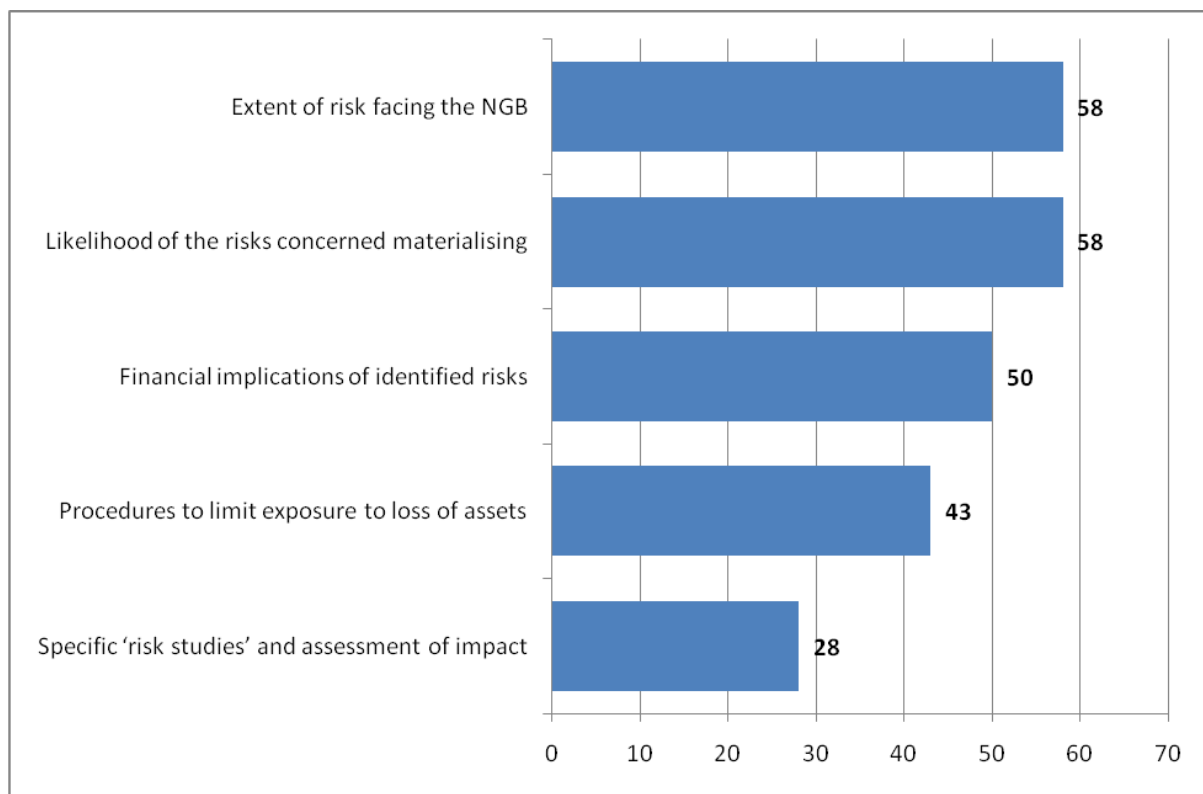
A key issue in strategy development is the understanding of impediments to the development of strategic capability in NGB boards (Ferkins et al, 2005). The survey asked respondents to describe any barriers to strategic development: a prominent issue at many NGBs that hinders the process of strategy development was the constraints on resources. More specifically, many NGBs reported that the directors/committee members were unable to commit the appropriate amount of time to properly develop the strategy of the NGB. The lack of funding and uncertainty over sources of funding also acted as key impediments to strategy development. A further issue that affects many NGBs is that the board of directors spend too much time dealing with operational issues. Operational management is not an issue for the board and there needs to be a clear separation between the board and management

staff. While the survey revealed that 92 per cent of NGBs said that there was a distinction between the roles of board members and those of senior management, 54 per cent of respondents revealed that board members spend too much time dealing with operational issues. It is clear that NGB boards and committees need to be able to delegate operational issues to NGB staff. However this may be difficult for NGBs with very few or no full-time staff necessitating that board/committee members get involved with operational issues.

3.6. Risk Management

A key role for the board/committee of an NGB is risk management. The process of risk management requires that boards are aware of potential liabilities to the NGB and are able to manage or prevent their occurrence. The process of risk management is a role for the board/committee of the NGB as it helps to identify potential future events that can impact on the governance and strategic direction of an NGB. Chart 3.5 revealed that 59 per cent of NGBs consider risk factors in their strategic plans. Moreover, 63 per cent stated that they have a process in place to identify risks to their NGB. The board/committee has the responsibility to implement a risk management policy in order to reduce uncertainty. An effective risk management policy can include the nature and extent of the risks facing the organisation; the extent and categories of risk which it regards as acceptable for the organisation to bear; the likelihood of the risks materialising; the organisation's ability to reduce the incidence and impact on the business of risks that do materialise; and the costs of operating particular controls relative to the benefit thereby obtained in managing the related risks (Turnbull, 1999: point 17: 6). Chart 3.6 indicates whether NGBs have implemented certain risk management policies. It shows that 58 per cent of NGBs identify the extent of the risks facing the NGB and also the likelihood of the risks materialising. It also reveals that 50 per cent of NGBs consider the financial implications of the identified risks while 43 per cent have put in place procedures to limit the exposure to loss of assets. However only 28 per cent of NGBs have undertaken specific risk studies. These figures suggest that risk management is an area in which NGBs could focus more attention.

Chart 3.6: Percentage of NGBs that have the following risk management policies in place



One key aspect of risk management that has become increasingly prevalent is legal compliance. Ensuring that NGBs are fully compliant with the law is critical to minimise the risk of litigation. A more demanding legal and regulatory environment has been identified as an issue affecting sport boards (Ferkins et al, 2005). It is also an issue that has an impact on the majority of NGBs in the survey as 63 per cent stated that legal issues have an increasing impact on the way that their NGB is governed. With many NGBs lacking in resources to deal with legal issues, one way in which an NGB can minimise the risk of litigation is through Sport Resolutions (case study).

Case Study: Sport Resolutions

Sport Resolutions provides independent dispute resolution for NGBs in the UK. The organisation is responsible for setting up panels of experts to offer arbitration, mediation, and tribunal and administration services. In 2009 Sport Resolutions was responsible for organising panels to deal with legal issues relating to disciplinary

matters, selection appeals, commercial issues, and eligibility. Sport Resolutions is also responsible for operating the National Anti-Doping Panel, an independent body that determines anti-doping disputes in sport in the UK. The aim of Sport Resolutions is to make available to all sports in the UK independent, expert, timely and cost effective resolution of all disputes and to provide information, education and training to prevent disputes arising.

4. Human Resource Management

This part of the report explores human resource management and replicates research done in Australia by Taylor and McGraw (2006). Three basic questions guided the research: What formal HR practices are NGBs using? What are the differences/similarities in HRM policies and practices of paid employees and volunteers? What are the challenges influencing change in human resource management practices for paid staff and volunteers? It has been suggested that modern HRM practices are the most effective way of increasing performance in modern organisations. Organisational processes specific to HRM include job design, staffing and development, personnel evaluation, rewards, communication, leader behaviour, power and conflict resolution (Doherty, 1998). These processes are determined by the broader goals, structure, resources and culture of the organisation.

HR formality is defined as the extent to which HR practices are systematised, documented and institutionalised through documented policies, rules and regulations (Taylor & McGraw, 2006). Huselid and Becker (2000) make the point that while it is important to have stated policies it is also important to be able to assess actual practices which are usually most evident in the core HR areas related to recruitment and selection, training, performance management and reward (Truss, 2001). Taylor and Ho (2005) noted that few sport organisations have adopted a formal HRM strategy and HR practices are widely variable across organisations and likely to be largely absent for volunteers. This research sought to explore these observations with NGBs in the UK.

In answer to the question whether NGBs had a formalised human resource management strategy/strategic plan, 33 per cent of NGBs reported that they did. While this is greater than the figures reported in the Australian study which reported only 26 per cent of their sport organisations as having a formal HR plan this is still low when set against the extensive report and recommendations of the high level review of the Modernisation programme delivered in 2003 (UK Sport, 2003). The lack of uptake of formal HR practices is surprising given the National Governing

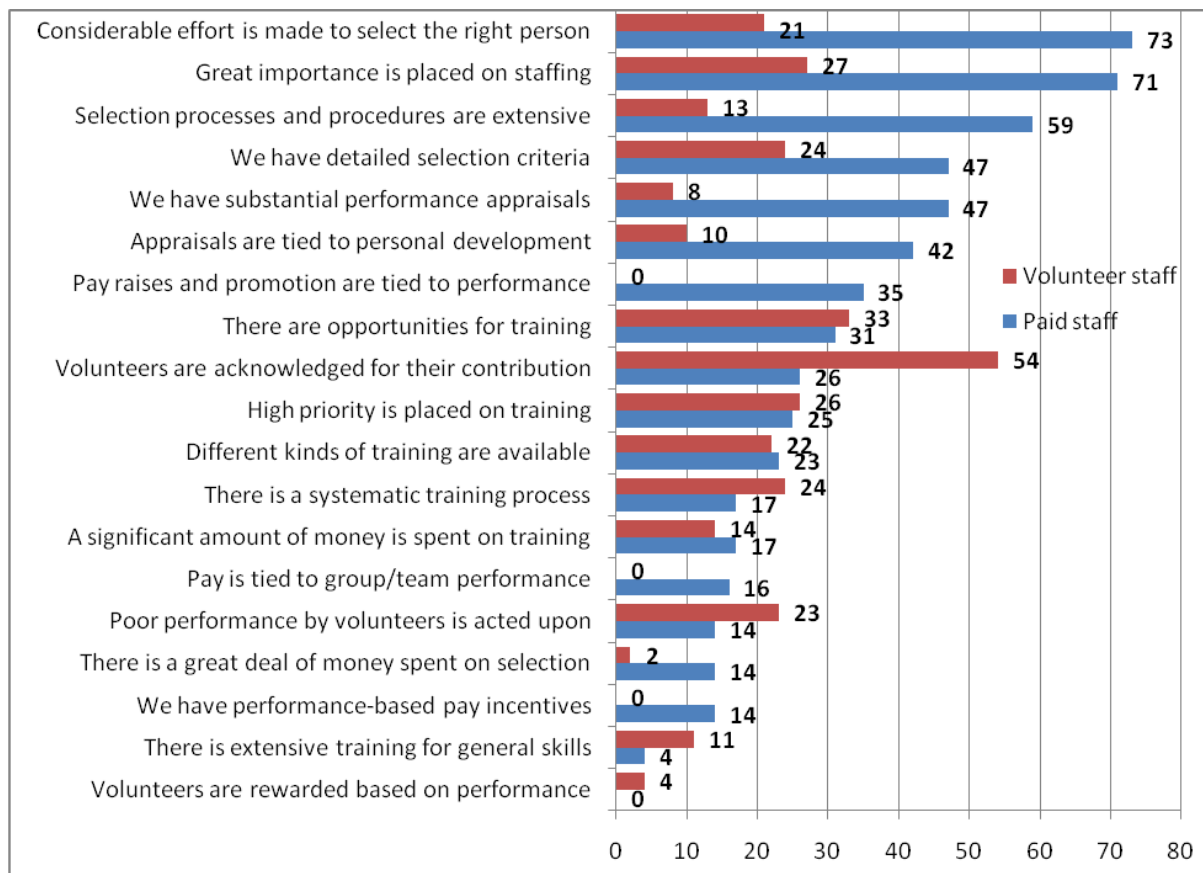
Bodies of Sport Success Criteria/Model Framework (UK Sport, 2003) which identifies the operating standards for an NGB of a certain size. 27 of the 60 respondents in the present study fall into category 1 or 2 of the framework so one might have expected to see greater formalisation of the HR strategy/practices given that these categories are expected to have a manager for HR and staff training activities (UK Sport, 2003:11). The *Investing in Change* project (UK Sport, 2003:15) lists skilled trained and experienced key management staff, relevant training and support for both board and volunteers and communication as key building blocks of modernisation.

4.1. HR Practices for Paid Staff and Volunteers

Chart 4.1 illustrates the percentage of NGBs in the whole sample that replied that the HR statement was accurate or very accurate with regard to their approach to HRM for paid employees and volunteers. To determine whether NGBs had different approaches to the recruitment and training of paid staff and volunteers, paired samples *t* – tests were performed to chart the difference between the means for the two sets of scores.

When looking at the HR practices used by sport organisations, the NGBs responding showed a relatively low level of overall uptake of HR practices. The generally low level of HR practice implementation is consistent with the view expressed by Taylor and Ho (2005) who noted that few sport organisations have adopted a formal HRM strategy and HR practices are widely variable across organisations and often absent for volunteers. Statistical tests of significance conducted on the raw data in the table below showed that there were 11 items with significantly different means between paid staff and volunteers on comparable individual HR items. Of those 11 items 5 items were related to selection indicating that staff selection is a much higher priority for paid staff than for volunteers among NGBs. Five further statistically significant differences on the items between the two groups related to performance appraisal indicating that performance appraisals, reward and development is more important for paid staff than for volunteers and yet clearly performance appraisal and personal development leaving aside any paid reward would be important for the motivation and development of volunteers as well as for paid staff.

Chart 4.1: NGB approach to HRM (percentage of NGB respondents)



There were no statistically significant differences in training for both paid and volunteer staff although there appears to be marginally more training for volunteers reported than for paid staff. This may be because volunteers are “accepted” without high levels of expertise in many cases rather than “selected” (Taylor & McGraw, 2006) so there is an implicit notion that volunteers will receive basic training. However as the sport industry professionalises all staff will be expected to be not only knowledgeable and passionate about the respective sport that their organisation represents but to also have the relevant business and management skills and expertise required for modern sport organisations. Interestingly 10 per cent of NGBs reported that performance appraisals for volunteers were tied to personal development which is encouraging but only 4 per cent of NGBs reported rewarding volunteers based on performance. The percentage of respondents reporting the statements about HR practices to be accurate or very accurate was relatively low overall indicating a relatively low level of HR uptake generally apart from the staffing function.

4.2 Effectiveness of Human Resource Management Approach

Respondents were asked to rate the overall effectiveness of their NGB's approach to making human resource decisions for both paid staff and volunteers. The percentages of NGBs reporting the extent to which their approach to HRM was effective are presented in Table 4.1 below.

Table 4.1: Percentage reporting the overall effectiveness of the NGBs approach to making HRM decisions

| | Not at all effective | Moderately effective | Extremely effective |
|-------------------|-----------------------------|-----------------------------|----------------------------|
| Paid Staff | 25 | 50 | 25 |
| Volunteers | 32 | 56 | 12 |

While it is important to be able to assess HR practices as well as be able to identify whether an HR strategy is in place it is also important to be able to assess whether the HR approach is actually effective. As might be expected, although disappointing, only 12 per cent of respondents reported that their NGB approach to HR was extremely effective for volunteers. Although 56 per cent reported that the approach to HR with volunteers was moderately effective there is still much to be done from a human resource management perspective with volunteers with 32 per cent stating that HR for volunteers was not all effective. It may be that as volunteer numbers have been declining there might be pressure to take on anyone rather than invest in recruitment and selection of volunteers with the required expertise. However as there are statutory requirements to train volunteers in relation to compliance issues and expectations under the National Governing Bodies of Sport Success Criteria/Model Framework for all volunteers to have job descriptions, person specifications and induction packs for category 1 and 2 organisations, one would expect to see greater reporting of formal and effective HR with regard to volunteers. With only 25 per cent of respondents reporting that their HR approach to paid staff

was extremely effective and 50 per cent moderately effective clearly there is still more to be done from an HRM perspective in NGBs with paid staff as well.

4.3 Proposed changes to HR approach

Respondents were asked whether their NGBs planned on making major changes to their approach to making human resource decisions. Fifty per cent of them said no, 27 per cent yes and 23 per cent said they didn't know. Given the importance of appropriate HRM attached to performance outcomes in the literature this seems somewhat surprising and more than a little concerning and further research needs to be conducted to ascertain why over half of the responding NGBs of sport do not plan on making major changes in their approach to HRM when there is already minimal investment in HRM.

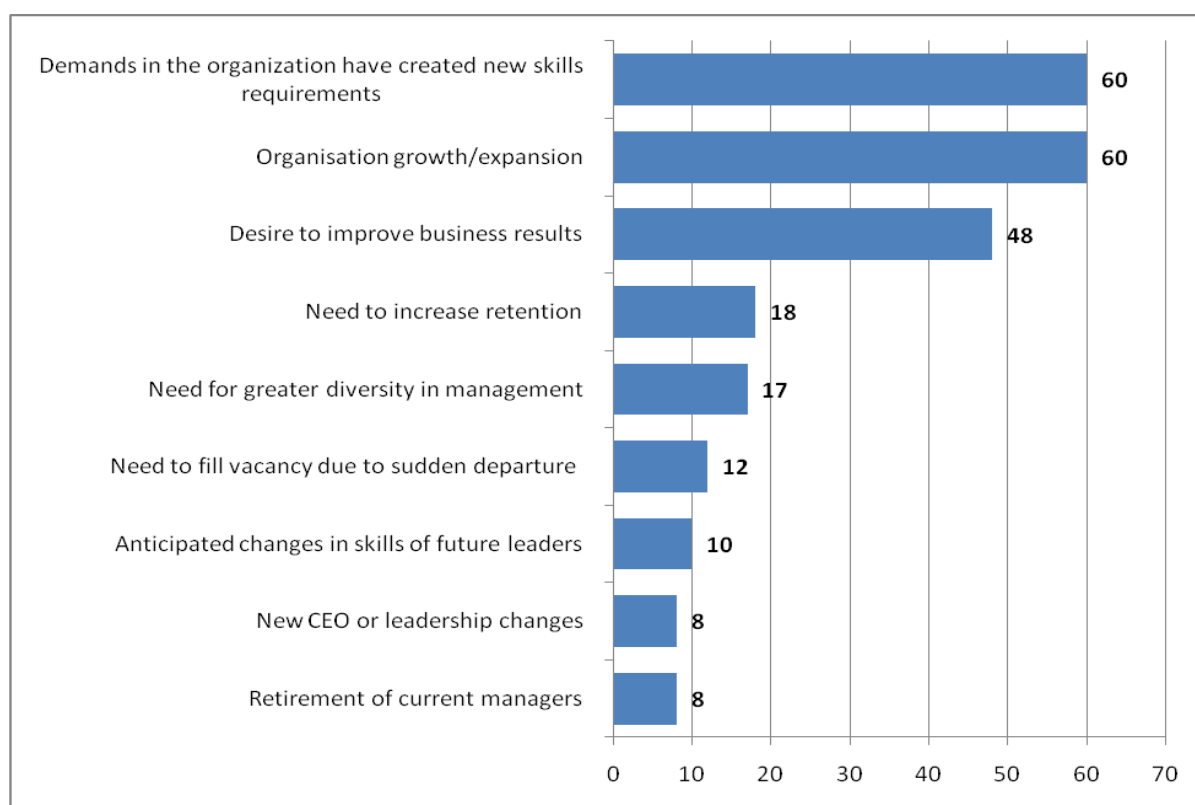
The major changes the NGBs indicated that they would make in their approach to making human resource decisions included reviewing the Staff Handbook, keeping abreast of changes in working conditions, developing a strategy/policy and a more systematic approach to training and reward, improving the overall approach to managing volunteers, employing HR staff, moving to a much more people centred agenda, better appraising and selecting Volunteer Council members, developing volunteer strategies to include training, developing appraisal and reward systems, planning for significant volunteer pathway programmes, moving to job evaluation, and managing performance better. Three respondents made reference to the level of resistance that existed within their NGB to make such changes.

4.4 Human Resource Management Challenges

Survey respondents were asked to rank the top three challenges driving the adoption of formal HRM in their organisation. The list generated from the literature included nine items: (1) desire to improve business results; (2) retirement of current managers; (3) New CEO or leadership changes; (4) anticipated changes in skills of future leaders; (5) organisation growth or expansion; (6) need for greater diversity; (7) to increase retention; (8) to fill a vacancy; and (9) demands in the organisation creating new skill requirements. Charts 4.2 and 4.3 present the percentage rankings

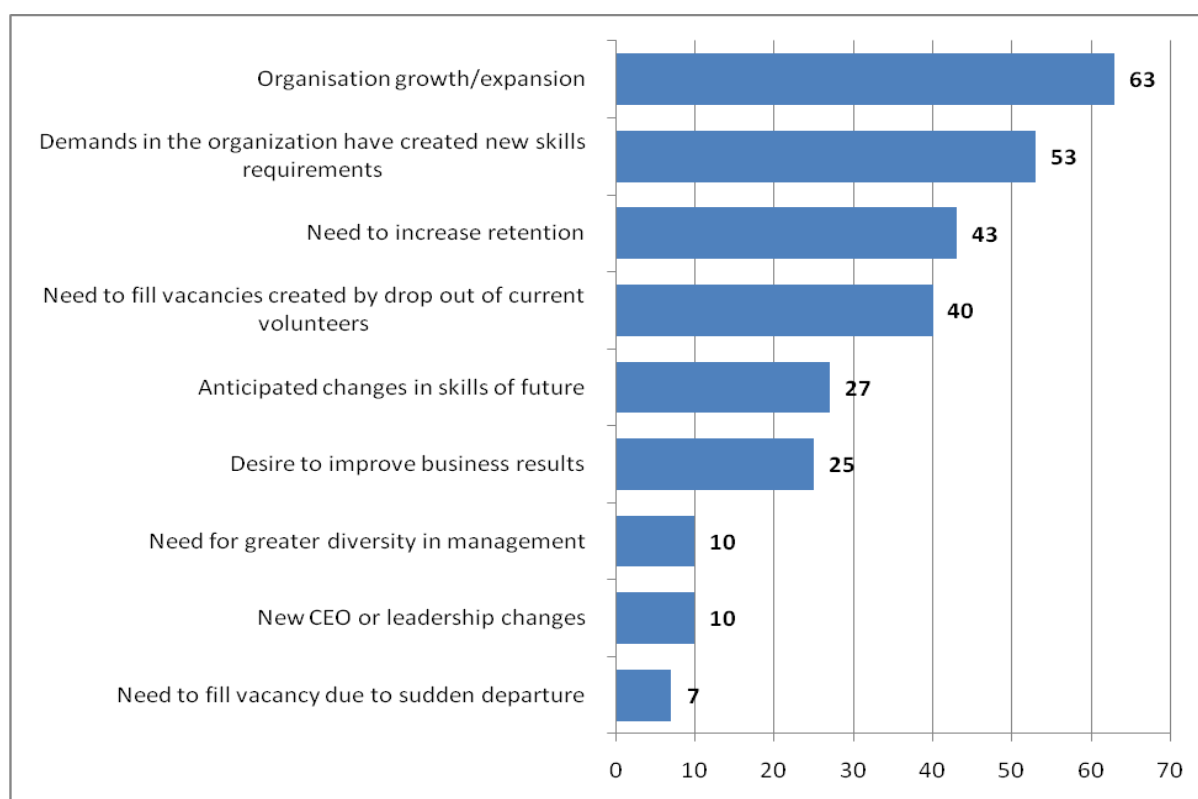
for the challenges driving the adoption of formal HRM for paid staff and volunteers respectively.

Chart 4.2: Percentage of NGBs that indicated the following are challenges that drive the need for good HRM for paid staff



We were interested in ascertaining whether the challenges driving the need for effective human resource management were perceived to be the same for practices concerning paid staff and volunteers. Both *organisation growth/expansion* and *new skill requirements* were ranked highest in the top three challenges driving the need for good HRM practice for paid staff. The third most highly rated challenge driving change for paid staff was the desire to improve business results. This was entirely consistent with the Australian study. In terms of volunteer HR, the drivers were firstly, organisation growth and new skill requirements, which were identical to that of paid staff, with the need for retention ranked third. This was different to those results reported in the Australian study where filling vacancies left by departures was ranked second for volunteers.

Chart 4.3: Percentage of NGBs that indicated the following are challenges that drive the need for good HRM for Volunteers



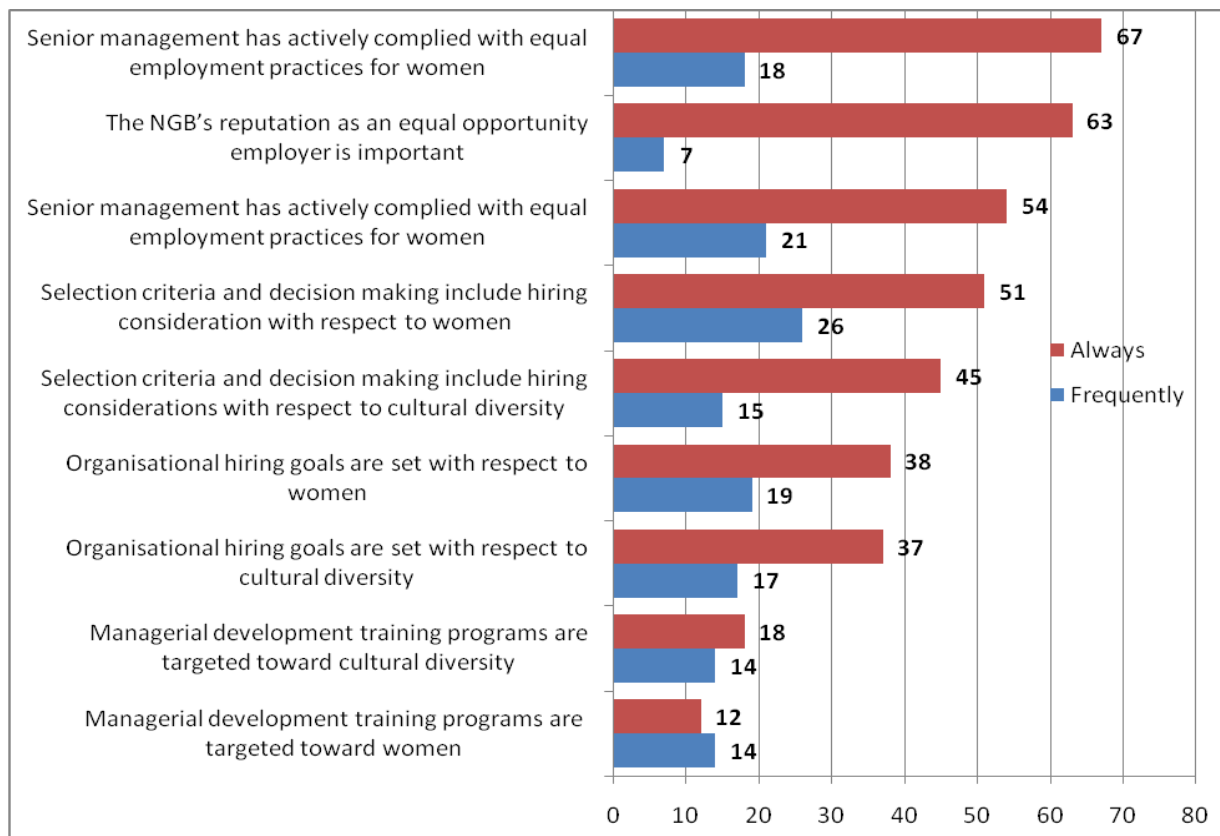
Other challenges mentioned for volunteers included attracting sufficient volunteers with expertise, bringing young people into the sport, increasing numbers of volunteers, the need to replace ageing volunteer base and the need to supply major local games.

4.5 Equity Issues

There are increasing statutory requirements that sport organisations have to take on board and one of these is in the area of equity. The National Governing Bodies of Sport framework states (2003:5) that board members should aim to reflect the diversity of the population and the geographical and technical diversity of the sport. It also states (2003:11), the equity framework requirements for NGBs. It is pleasing to see then that the majority of responding NGBs are taking equity and diversity issues seriously as can be seen in Chart 4.4 below although there is clearly still more

to do particularly with regard getting more representation from women and focusing on cultural diversity.

Chart 4.4: Equity and diversity requirements (percentage of NGB respondents)



4.6 Measurement of Human Resources

A positive association has been established between the use of high commitment work practices and the financial performance of organisations. As the body of emerging evidence supports the view that managing human resources does lead to tangible returns, the pressure to measure the accomplishments of the HR function is becoming more intense (Pfeffer cited in Toulson and Dewe, 2004). This section of the study asked NGBs how important the measurement of human resources was to their organisation. Table 4.2 presents the percentage of NGBs that agreed or strongly agreed with the statements on HR and measurement. It can be seen that the vast majority of NGBs (83 per cent) acknowledge that the skills of their people is

their most important source of sustained competitive advantage. This is of course at odds with the level of HR uptake that has been reported.

Table 4.2: Percentage of Respondents that agreed or strongly agreed with the following statements on human resources and measurement

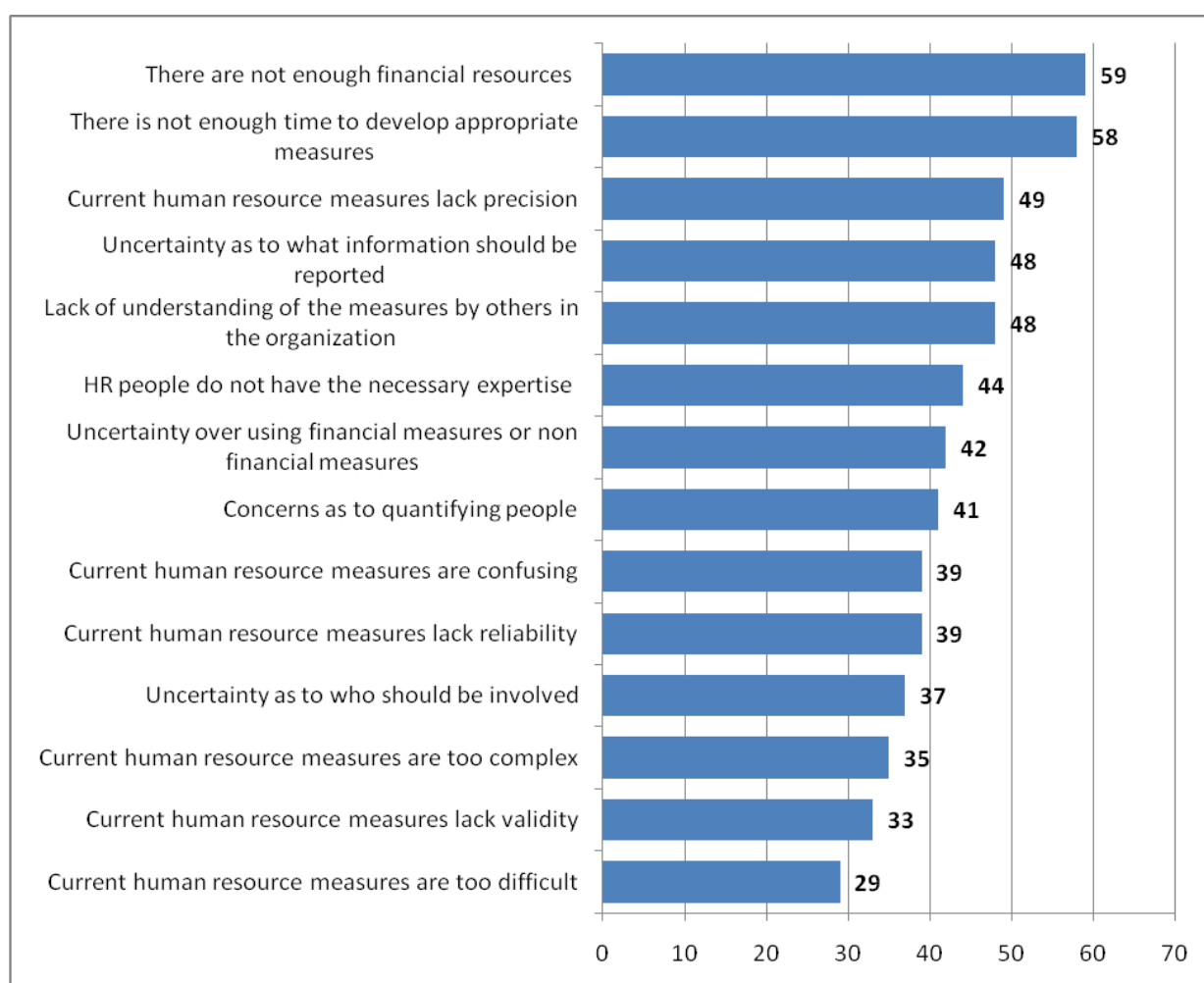
| Human Resource Statement | Percent |
|---|---------|
| Human resources should be accountable, just like any other function | 74 |
| The knowledge and skills of our people is our most important source of sustained competitive advantage | 83 |
| Measurement of human resources gives management needed information about the people resources in the organisation and if the resources are there to support business strategies | 67 |
| Measurement helps with strategic planning | 57 |
| Understanding the value of our people focuses on our future human resource needs, which is crucial for both setting long term strategies and achieving them | 72 |
| By identifying the value added contribution of human resources, the impact of human resources on financial results can be developed | 53 |
| Through measuring the effectiveness of a particular programme and the impact it will have on knowledge within the organisation management can make better decisions | 65 |
| Measurement encourages the alignment of human resource plans with business plans | 49 |
| Measurement increases the preparedness of management to take action | 63 |
| Measurement encourages human resources to adopt a strategic perspective | 53 |
| Measurement allows people to be seen as an investment to be developed rather than as an expense to be trimmed | 61 |
| The language of business is dollars. To earn credibility and receive needed resources, human resources need to speak in financial terms | 22 |
| Measuring human resources facilitates decision-making by making costs of different actions visible | 33 |
| To be able to manage knowledge, we need to be able to measure it | 53 |
| Measurement of the knowledge and skills of employees is an important indicator of future profitability | 33 |
| Measurement helps solve human resource problems | 41 |
| Measurement of human resources gives investors needed information about the value of the business and its potential profitability | 31 |
| Human resources should be mandated and have as one of their priorities the development of HRM accounting procedures and practices | 30 |
| Through being able to demonstrate the value and importance of the organisation's human resources, human resources becomes a strategic partner | 39 |

There is clear acknowledgement that human resources should be accountable just like any other function (74 per cent) but disagreement that human resources in sport needs to speak in financial terms (22 per cent). Given the responses above respondents were asked to identify the reasons why their organisation might not

measure human resources and Chart 4.5 below sets out the percentage of NGBs that agreed or strongly agreed with the statements listed.

Fifty nine per cent of organisations agreed that there were not enough financial resources available to measure human resources with 58 per cent agreeing that there was not enough time to develop appropriate human resource measures. Lack of understanding of the measures by others in the organisation and uncertainty as to what information should be reported were also highly rated as reasons for not measuring human resources.

Chart 4.5: Percentage of respondents that indicated the following reasons why they do not measure human resources



4.6 Resources needed by NGBs for implementation of HR systems

Respondents were asked what they needed to implement their desired HR system. Table 4.3 sets out the 30 responses to this question that were identified as being necessary for implementing an HR system. As can be seen from the table below by the resources needed not unexpectedly focused around more part time and full time staff and finance.

Table 4.3: Resources needed for implementation of HR systems

| Resources needed | Frequency of response |
|--------------------------------|------------------------------|
| Additional part time staff | 12 |
| Additional financial resources | 7 |
| Additional full time staff | 7 |
| Buy in from all staff | 1 |
| More Training | 2 |
| Increase in membership | 1 |

This result is consistent with the research findings of the UK Sport investing in change project in 2003 which saw the main obstacles to NGBs achieving their objectives as lack of financial resources, the governance management structure and lack of human resources.

5. Stakeholders and Corporate Responsibility

The recognition and management of stakeholder interests is considered a key element of good governance. However, it has been argued that sport organisations need to work harder to understand the needs of an increasing range of stakeholders (Ferkins et al, 2005). One of the key recommendations made by UK Sport in the Modernisation Programme was the need for NGBs to communicate effectively with members, participants and wider stakeholder groups (UK Sport, 2003: 4). And, in the Governance Guide for NGBs, the four principles of good governance explicitly relate to stakeholders: accountability of decision makers to stakeholders; participation so that all stakeholders are represented when decisions are taken; responsiveness of the organisation to its stakeholders; and transparency about the information on which decisions have been based, the decisions themselves, and the way those decisions are implemented (UK Sport, 2004: 3).

This focus on stakeholder management is part of the move towards increasing corporate responsibility, defined broadly as the societal responsibilities that an organisation has beyond profit maximisation (Carroll, 1979). Despite the fact that profit maximisation is not the overall objective for NGBs, corporate responsibility is also an important issue as sport has become more prominent and sports organisations have become increasingly influential members of the global community; as such the concerns of transparency and accountability that are evident within the corporate world have transcended into sport (Walker and Kent, 2009). However it must be recognised that many sport organisations have been delivering corporate responsibility initiatives for almost 30 years, including philanthropy, community involvement, youth educational activities and youth health initiatives (Babiak and Wolfe, 2009; Walker and Kent, 2009). This chapter looks at both stakeholder management and corporate responsibility. It identifies the stakeholders that are considered most important by NGBs, the extent to which NGBs manage stakeholders, and the extent to which NGBs engage in corporate responsibility and the types of initiatives they implement.

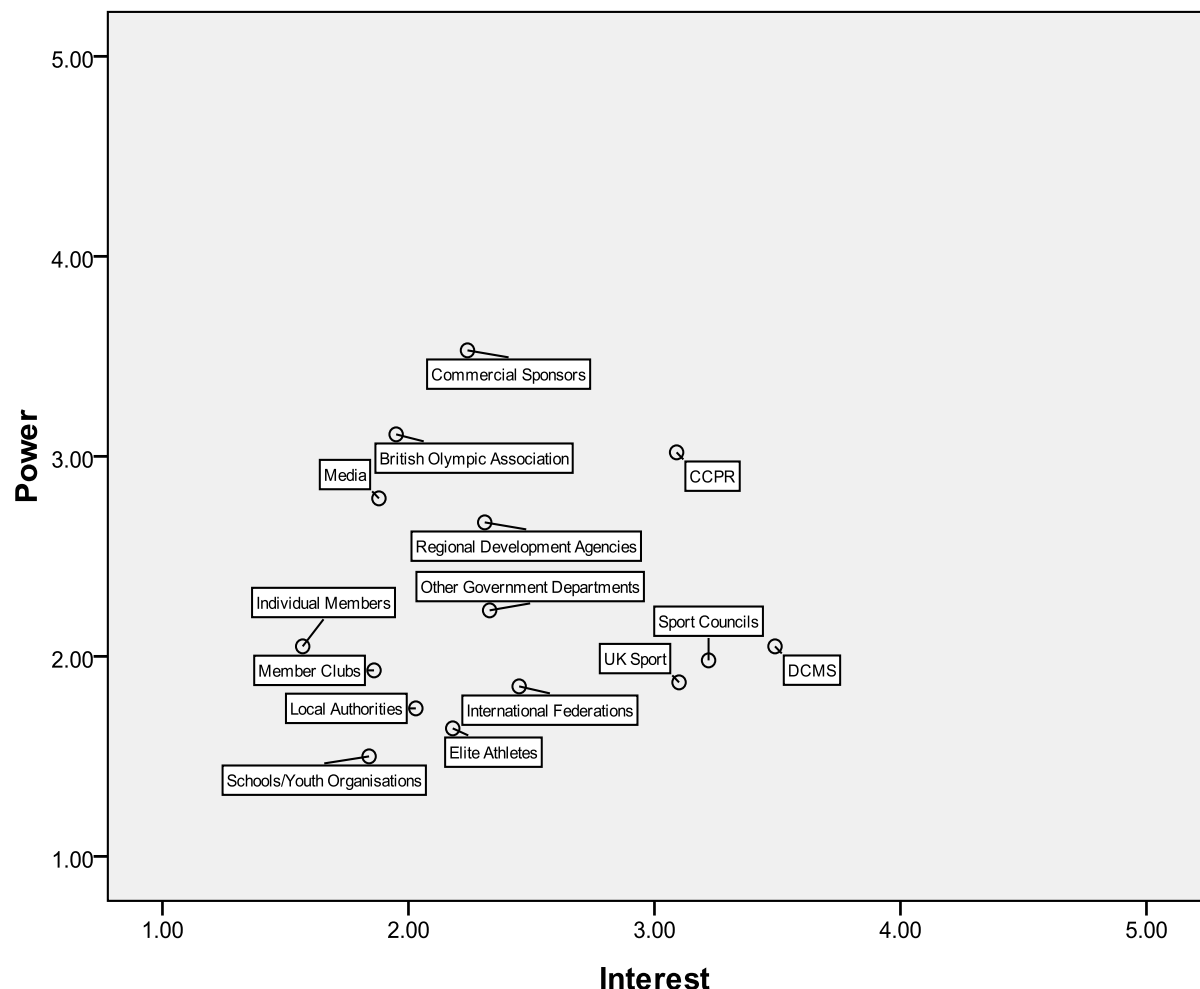
5.1. Stakeholder Identification

There is a need for NGBs to identify different stakeholder groups and to assess their relative importance. One way in which an NGB can identify stakeholders from within the organisational environment is by undertaking a mapping exercise. Mendelow (1991) suggested that one means of doing this is to rank stakeholders on the level of power they wield and the level of interest they have in organisational governance. According to Mendelow's (1991) framework, stakeholders that have a high level of power and interest in organisational governance are deemed to have a significant relationship with the organisation and can be considered key stakeholders. Those with a low level of interest but a high level of power in NGB governance should be kept satisfied, whereas those with a low level of power but a high level of interest ought to be kept informed. For stakeholders with a low level of power and interest, minimal effort is needed.

The survey asked NGBs about the relative levels of power and interest among a range of stakeholders and their responses enabled a power/interest matrix to be drawn up, which locates stakeholders along these dimensions. Chart 5.1 presents these results. It is important to point out that this chart represents the aggregate results from all the NGBs that responded to the survey. Therefore, it does not account for the relationships between an individual NGB and different stakeholder organisations. The real benefit for an NGB would be to undertake their own version of this mapping exercise. This would enable each NGB to analyse its various stakeholders in relation to one another and, as discussed below, help to develop a strategy towards managing different stakeholder organisations. Nevertheless, chart 5.1 is noteworthy. It shows that some stakeholders, such as commercial sponsors, are considered to have comparatively high levels of power, but low levels of interest in an NGB's governance. On the other hand, political actors, such as the Department for Culture, Media and Sport, and sport agencies, such as Sport England and UK Sport, have high levels of interest in corporate governance, but wield comparatively less power. This is reflective of developments in the organisational and policy landscape in which NGBs operate. Houlihan and Green (2009) argue that the Government's modernisation agenda has resulted in the lines of accountability of Sport England and UK Sport being drawn upwards to Government and outwards to commercial sponsors, rather than downwards to key partners, such as national

governing bodies. Perhaps a similar process is evident for national governing bodies. Chart 5.1 suggests that NGBs might be attending more to sport agencies and sponsors than to their own member clubs and individual members.

Chart 5.1: Stakeholder power and interest (aggregate mean score for each stakeholder on a scale of 1 –no power/interest to 5 – high power/interest)



5.2. Stakeholder Management

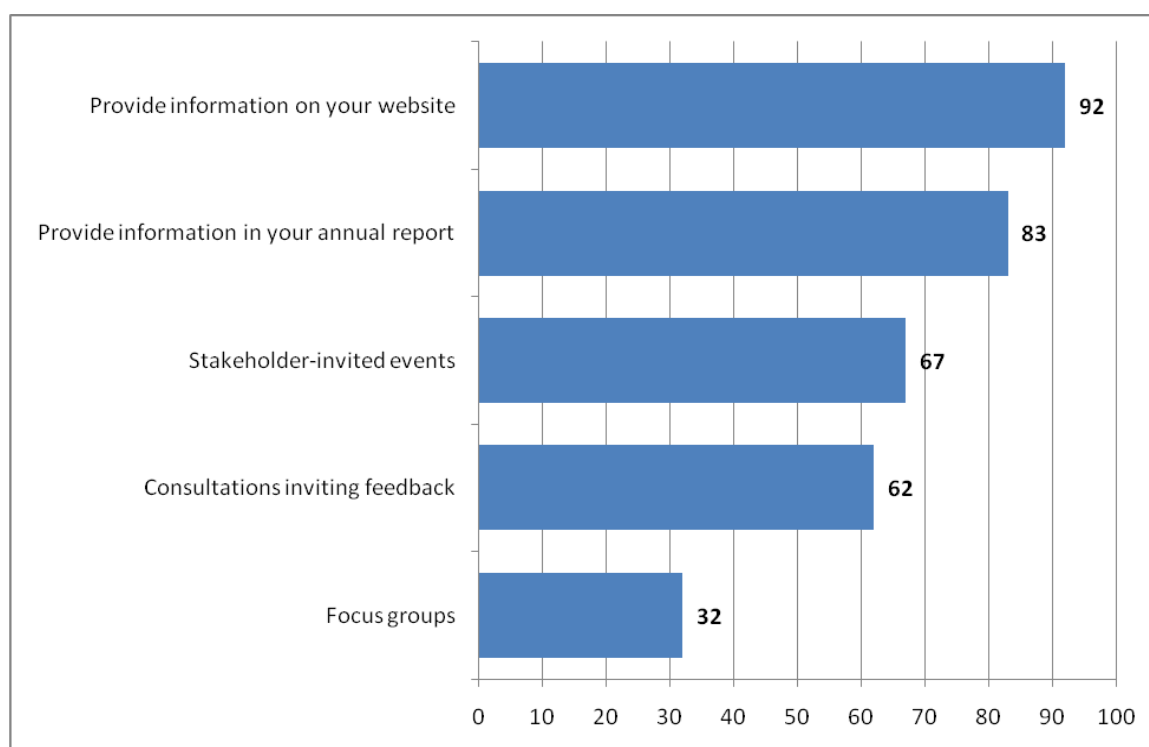
Understanding and managing multiple stakeholder relationships is at the heart of good governance. It should also be a critical consideration for NGBs when planning and implementing their strategies. The previous section examined how NGBs can identify and map stakeholders according to power and interest. The next step is to consider how NGBs do (and should) manage those stakeholders. First, the survey

asked NGBs to indicate to what extent they acknowledged and monitored the concerns of all legitimate stakeholders and took their interest into account in decision making. Almost two thirds (63 per cent) responded that they did this to a large or very large extent compared to just five per cent of NGBs that stated that they do not consider stakeholders at all. Broadly, therefore, it appears that stakeholder management is a significant issue among a majority of NGBs.

More specifically, Low and Cowton (2004) have identified two main techniques that enable organisations, such as NGBs, to manage stakeholder relationships. First, stakeholder engagement, which requires an organisation to meet and consult with stakeholder groups, but where those stakeholders have little influence on decision-making. Second, stakeholder participation, which involves a more inclusive management strategy, allowing stakeholder groups to be actively involved in decision-making and integrating them within the governance structures of an organisation. Of course, it is not always straightforward to distinguish between the two. They might better be thought of as points on a continuum from low engagement through to active participation.

The survey sought to explore both stakeholder engagement and stakeholder participation among NGBs. First, it looked at specific stakeholder engagement initiatives. Chart 5.2 presents the results. A very high proportion of NGBs provide information to stakeholders – through their website and/or annual report. However, this only really constitutes the most basic level of engagement and does not entail the active involvement of stakeholders. Still, almost two thirds of the NGBs surveyed (62 per cent) reported that they sought feedback from stakeholders on particular consultations and almost a third (32 per cent) held focus groups involving stakeholders. This suggests that some NGBs are taking definite steps to engage stakeholders actively. The essential point to consider, though, is how these stakeholder engagement initiatives affect NGBs in their decision making. Here, it is interesting to note that a large majority (80 per cent) of NGBs reported that these engagement initiatives did inform their decision making processes.

Chart 5.2: Percentage of NGBs that engage with stakeholders in the following ways

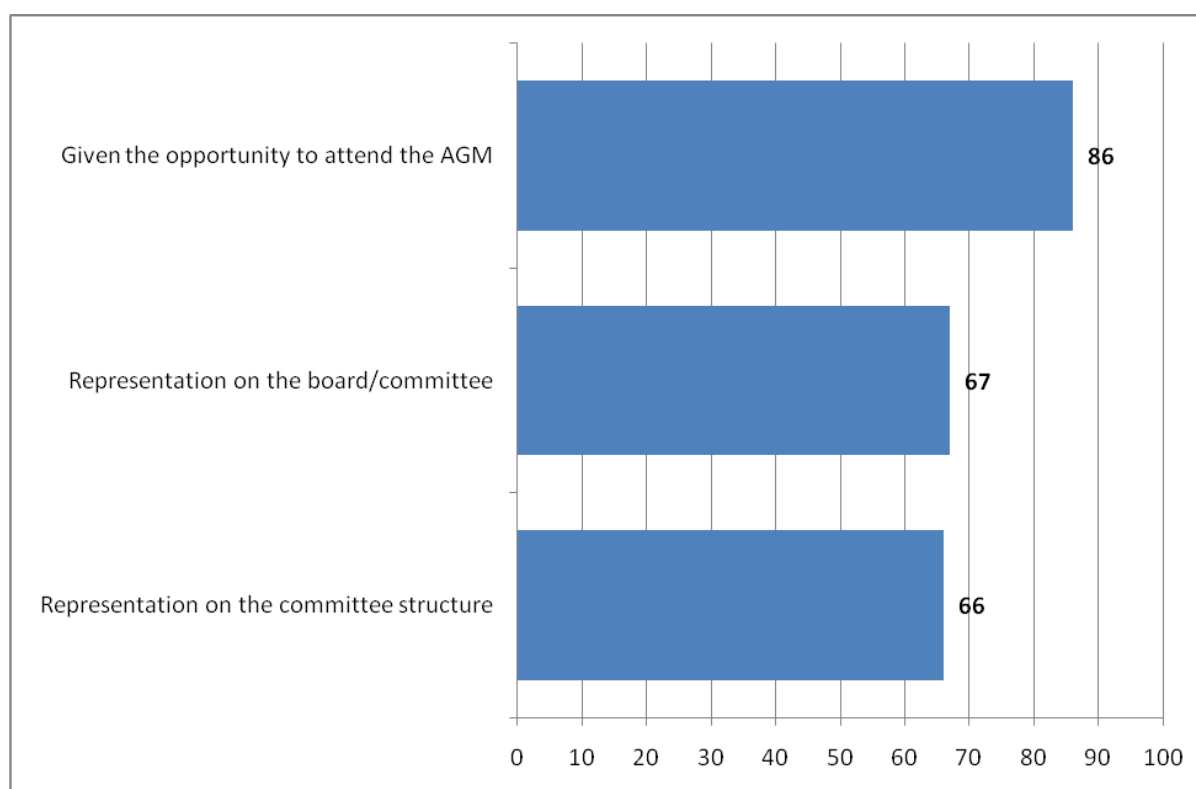


The key identifiable element in stakeholder participation is representation of stakeholders within the governance structures of an organisation. The survey found that around two thirds of NGBs involved stakeholders in this way. Chart 5.3 presents the results. In 67 per cent of NGBs, stakeholders have representation on the main board or committee and in 66 per cent of NGBs stakeholders have representation on the committee structure. In addition, the survey showed that 86 per cent of NGBs provide stakeholders with the opportunity to attend the annual general meeting (AGM), although this should perhaps be seen more as engagement than participation.

Of course, representation *per se* does not guarantee that stakeholders are actively involved in decision making. It should be seen as a necessary, but not sufficient, condition of stakeholder participation. Research in this area also indicates that there are often problems concerning the level of ability of stakeholder representatives (Low and Cowton 2004), as well as internal conflict and stakeholder disputes. Nevertheless, these are issues that NGBs should seek to address, rather than use

as pretexts to neglect stakeholder representation. Indeed, stakeholder participation and representation should remain a key objective of NGBs as they seek to improve their governance.

Chart 5.3: Percentage of NGBs that participate with stakeholders in the following ways



Taken all together, these results suggest that a sizeable proportion of NGBs appear to view their stakeholder relationships as bidirectional – they seek to engage stakeholders and take them into account, or even actively involve them, when making decisions. On the other hand, a minority of NGBs regard their relationship with stakeholders as unidirectional and informational, that is, they provide details of what they are doing to their stakeholders, but do not bring them into their decision-making processes.

Research suggests that the choice of engagement or stakeholder strategies should be tailored to different stakeholder groups (Low and Cowton, 2004). By combining the power/interest matrix (chart 5.1) and stakeholder engagement and participation strategies, an NGB can identify stakeholders and implement a management strategy appropriate for that specific stakeholder group. Figure 5.1 sets out how an NGB

might choose to respond to different stakeholder groups. Again, this is an exercise that each NGB might wish to carry out for itself, as it seeks to improve its governance through the identification and management of its various stakeholders.

Figure 5.1: A stakeholder mapping/management strategy



Source: Adapted from Mendelow (1991) and Low and Cowton (2004)

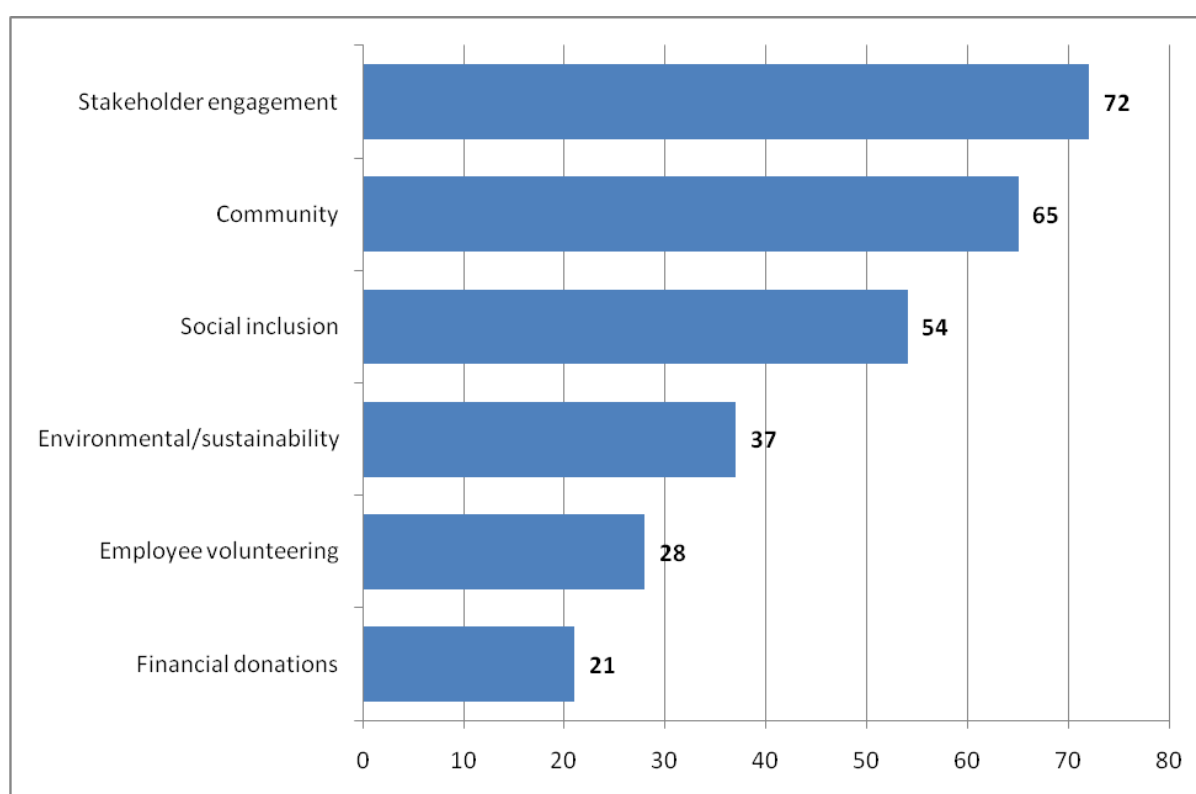
5.3. Corporate Responsibility

The management of different stakeholders is considered a key aspect of the broader corporate responsibility movement. The survey also wanted to find out the extent to which NGBs were engaging in additional activities that can be considered part of a commitment to corporate responsibility. In total, 72 per cent of NGBs surveyed stated that they are involved with corporate responsibility. Of these 72 per cent, 35 per cent indicated that they are committed to corporate responsibility with a further 16 per cent stating they are strongly committed. 16 per cent of NGBs also stated that they are not committed to corporate responsibility. With corporate responsibility an issue that sport organisations cannot ignore (Babiak and Wolfe, 2006) it was encouraging to see that 76 per cent of NGBs agreed that they have a responsibility

to implement corporate responsibility initiatives compared to only 10 per cent that felt that it was not the responsibility of the NGB.

Corporate responsibility spans many different types of organisational activity, including leadership, employment relations, community activities and environmental activities. This demonstrates that there is no one overarching framework or guidelines on how to implement corporate responsibility. Instead, implementing corporate responsibility is dependent on the individual NGB with some activities more appropriate than others. Chart 5.4 illustrates the different types of corporate responsibility activity that NGBs are involved in.

Chart 5.4: Types of corporate responsibility initiative undertaken by NGBs (percentage of NGB respondents)

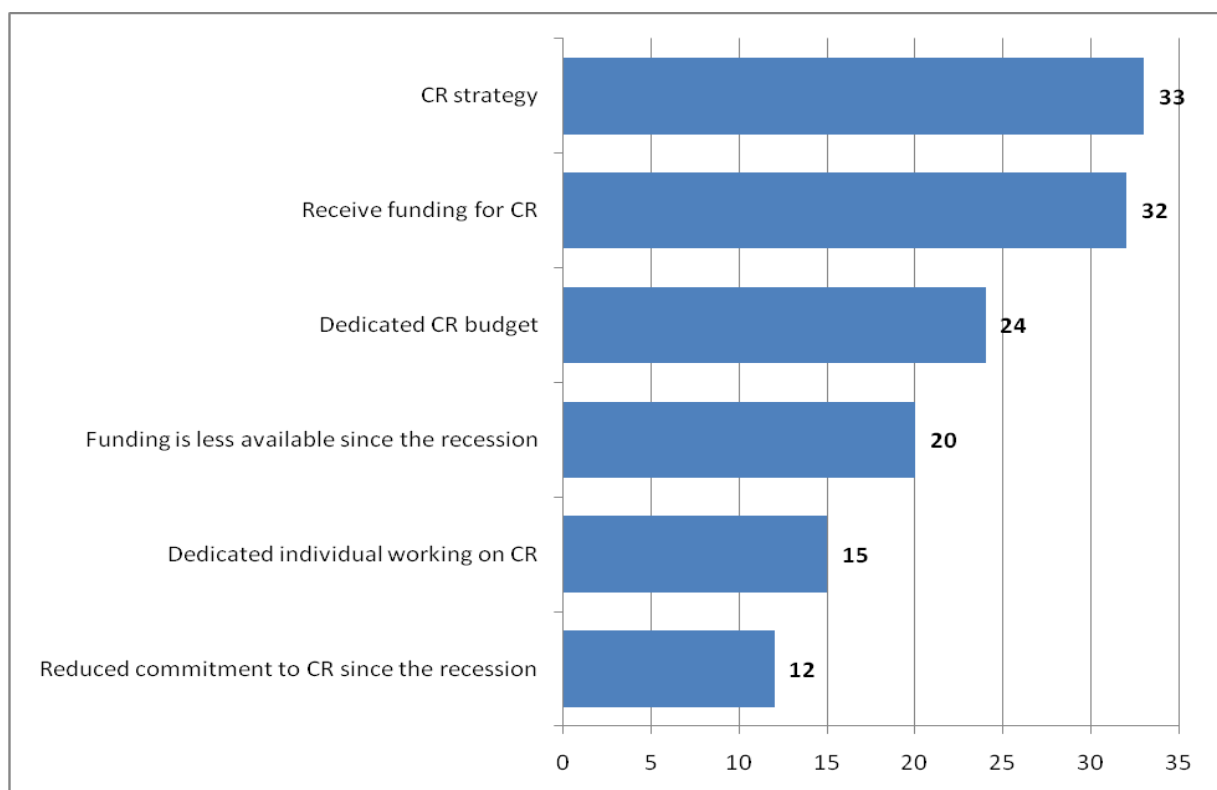


It shows that 72 per cent of those NGBs that stated they are involved with corporate responsibility look to engage with their stakeholders; 65 per cent are involved in community-based projects; while 54 per cent of NGBs address the issue of social inclusion. Also, 37 per cent of NGBs are involved in environmental/sustainability initiatives. This is perhaps an area in which NGBs should look to expand their

activity, specifically in relation to internal organisational operations. Environmental efficiency and sustainable development can lead to cost savings through improved energy efficiency or waste management savings demonstrating clear business benefits for NGBs. Chart 5.4 also demonstrates that a minority of NGBs are involved in employee volunteering (28 per cent) and financial donations (21 per cent). These two figures are unsurprising. With 35 per cent of NGBs surveyed having four or fewer full-time members of staff and only 37 per cent of NGBs indicating that they would make a surplus compared to 50 per cent that were looking to break-even there are clearly constraints on staff and financial resources at many NGBs.

The results in chart 5.5 provide further evidence to demonstrate that there are constraints on NGBs which impacts on their ability to commit resources to corporate responsibility.

Chart 5.5: Percentage of NGBs that devote the following resources to corporate responsibility



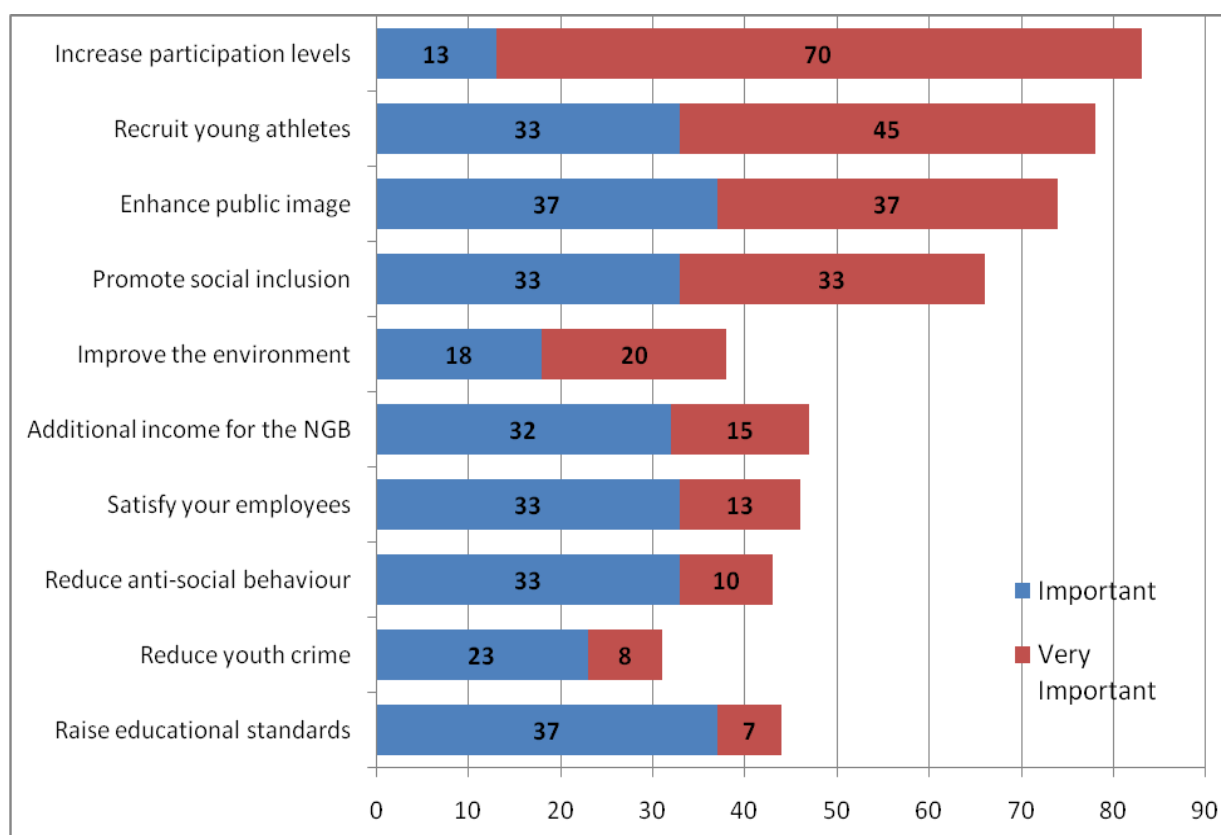
For example, only 15 per cent of NGBs have an individual dedicated to working on corporate responsibility initiatives. Moreover only 24 per cent have a budget for

corporate responsibility; 32 per cent receive funding to implement corporate responsibility activities; and 33 per cent have a specific corporate responsibility strategy. However, it is encouraging to see that despite the economic recession only 20 per cent of NGBs stated that funding is less available and just 12 per cent stated that they had reduced their commitment to corporate responsibility.

The monitoring and evaluation of corporate responsibility initiatives is a key issue that many organisations need to address. Given that corporate responsibility relates to many different organisational activities, measurement is a complex activity. The survey found that 58 per cent of NGBs that undertake corporate responsibility initiatives monitor the progress of these initiatives and 51 per cent evaluate the impact. What this survey is unable to show, and where further research is needed, is how these NGBs monitor corporate responsibility and the criteria on which the impact is evaluated.

The survey also asked NGBs what they hoped to achieve by implementing corporate responsibility initiatives. Chart 5.6 lists a range of objectives and highlights the percentage of NGBs that stated these were important or very important when undertaking corporate responsibility. Chart 5.6 shows that increasing participation is clearly the most important objective of corporate responsibility with 70 per cent of NGBs stating that it was very important and 13 per cent stating it was important. It also shows that 45 per cent of NGBs consider that recruiting young athletes is a very important objective of corporate responsibility with 33 per cent stating that it is important. Moreover 37 per cent of NGBs revealed that enhancing the public image of the NGB was both an important and very important objective. These results illustrate that NGBs place a high level of importance on the benefits that they can gain from corporate responsibility initiatives rather than the benefits that stakeholders gain. For instance only 10 per cent, eight per cent and seven per cent of NGBs respectively answered that reducing anti-social behaviour, reducing youth crime, and raising educational standards were very important objectives of corporate responsibility initiatives. Given the increasing pressure on NGBs to meet policy objectives set out by DCMS and Sport England, such as increasing participation, and with funding increasingly tied to policy objectives, it is understandable why this is the case.

Chart 5.6: Percentage of NGBs responding important or very important to the following corporate responsibility objectives



6. Conclusion

Governance has become an increasingly important issue that NGBs in the UK have had to address due to examples of poor management, financial failure, and increased public funding for sport that have resulted in the need for more professional sports administrative structures. These issues have been addressed during the last decade by UK Sport and the Sports Councils as part of a Modernisation Programme aimed at improving NGB governance. This report has presented the findings from survey research that has analysed standards of governance at UK NGBs and considers the extent to which some of the recommendations from the Modernisation Programme have been implemented.

The first section focused on the role of the board and committee, which has the responsibility for overseeing the governance of an NGB. The results revealed that there are certain aspects where the majority of NGBs demonstrated adherence to best practice. For example, almost all NGBs surveyed had a strategy that covered at least the next three years, with the majority of these NGBs stating that the strategy was well-defined – a key aspect going forward. However the report has identified that there are still particular aspects of governance in which many NGBs in the UK do not adequately address including board induction, board training, and the evaluation of board performance. These are important issues that NGBs need to consider in the context of modernisation.

The second section presented data outlining human resource management systems and practices in NGBs. Strategic human resource management sophistication has been captured using the concept of formalisation, underpinned by associated functions and practices. As Nichols, Gratton, Shibli and Taylor (cited in Taylor and McGraw 2006) have indicated previously, professionalization, increases in the number of paid staff, changes in government policy and funding criteria, and an increasingly strict compliance climate have necessitated more formalised HRM. The impact of these factors is clearly variable however with just 33 per cent of NGBs reporting formal HR systems in place in this study. Overall given the detailed modernisation programme of 2003 for governing bodies it is a more than a little

surprising that in the seven years since, NGBs still don't seem to be operating to the standard that has been identified for their categorisation in the Competency Framework as inferred from the fact that nearly half of the current respondents fall into categories 1 and 2 and yet only one third claim to have a formal HR strategy. Training has been identified as a key action to be undertaken yet training opportunities for both paid and volunteer staff were identified by only one third of responding NGBs with little money spent on training. There is still much to be done to convince NGBs, as the literature and evidence asserts, that the use of HRM policy and practice improves business outcomes and provides competitive advantage.

The final section of the report looked at stakeholders and corporate responsibility. Issues of transparency, accountability, participation, and communication are important issues for NGBs. The survey showed that a very high proportion of NGBs engage with stakeholders through their websites and annual reports, while the majority also seek stakeholder feedback. It was also encouraging to see that the majority of NGBs have stakeholder representation at board/committee level. The majority of NGBs are also involved with corporate responsibility initiatives although it was clear that the benefits that an NGB can gain from such initiatives are on the whole, more important than the societal impacts.

Despite the Modernisation Programme and the support provided by UK Sport and the Sports Councils, there are still areas where NGBs could improve governance practices. Based on the analysis of the survey data a number of recommendations are presented in the following section that align with best practice guidance and provide a checklist for NGBs to consider where relevant. However the extent to which these recommendations are appropriate is dependent upon the individual NGB. UK NGBs are a diverse and heterogeneous group of organisations and not all recommendations will be appropriate at all NGBs. There will also be many examples of NGBs that already follow best practice guidelines in line with the recommendations. The survey has also revealed that many NGBs suffer from resource constraints. Therefore implementing change can be difficult. The guidance and support that UK Sport, the sports councils and the Central Council of Physical Recreation can provide is therefore critical and the first point of call for an NGB wanting to improve governance.

7. Recommendations

The Board and Committee

- The number of board or committee members should be no more than 10
- NGBs must consider appointing at least one independent non-executive director from outside the sport to their board or committee
- The board or committee should be involved in decisions on hiring senior staff
- NGBs should implement an induction procedure for new board/committee members that sets out the role of the board and includes terms of reference, code of conduct, statutory duties, and director responsibilities
- NGBs should provide appropriate and relevant training for board/committee members
- NGB boards should nominate one individual responsible for evaluating annual board performance
- The chair of the board/committee should undertake annual appraisals of individual board members
- NGBs need to consider the development of a marketing strategy
- The board/committee needs to delegate operational issues to NGB staff
- The board/committee should develop a risk management policy
- All NGBs should have Sport Resolutions written into their statutes/constitution

Human Resource Management

- NGBs should be encouraged to deploy HRM in a more sophisticated way through the Competency Framework
- There is a need to identify barriers preventing NGBs from implementing what appear to be more effective practices
- NGBs should build a sound participatory base that rewards, recognises and empowers both volunteer and paid employees
- NGBs should provide support and training programmes to assist with the development of more strategic and formal HR practices

- NGBs need to provide developmental training for all levels including board members, paid staff and volunteers
- NGBs need to consider developing a method for measuring the importance of investing in human resources in sport organisations

Stakeholder Management and Corporate Responsibility

- NGBs should undertake a mapping exercise and identify their stakeholders according to the level of power they wield and the level of interest they have in NGB governance
- NGBs should seek to implement stakeholder engagement and stakeholder participation strategies appropriate to the position of stakeholders on a power/interest matrix
- All NGBs should bring key stakeholders to the board/committee to improve stakeholder representation
- Where NGBs are involved in corporate responsibility, the objectives must be clear from the outset in order to evaluate impact

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