

Module 1. Sport Events Governance

Unit 1.1

Introduction

This module aims to provide participants with an understanding of key issues surrounding governance for sport events, leagues, and competitions, covering current practices, along with exploring the benefits, challenges, and areas of improvement. Effective governance practices are crucial for the long-term success and positive impact of sport events.

First, we will endeavour to define governance and explore structures and compliance. Next, we will provide an overview of related developments, highlighting areas in which policy and practice have concentrated. Subsequently, we will present a case study to further discuss these developments. Finally, we will conclude by summarising the key governance benefits and challenges.

Sport governance background for events, leagues, and competitions

Definitions

Prior to focusing on sport events, leagues, and competitions, we will need to first define the concept of governance. Several definitions of governance exist in the literature. This is not surprising, as governance is a social science and, therefore, not as 'exact' as natural sciences. Many of these definitions derive from the corporate governance literature, which historically preceded and influenced the development of the sport governance literature (SGA Championing Governance, n. d.).

Hirst (1997) defines governance as "the means by which an activity or ensemble of activities is controlled or directed such as it delivers an acceptable range of outcomes according to some established social standard" (p. 3). Building on that definition, Chatzigianni (2018) notices that governance, similarly to government, "consists of rule systems, of steering mechanisms through which authority is exercised to [...] move towards desired goals". On the other hand, the OECD ([Organisation for Economic Co-operation and Development] 1999) principles, taking a corporate focus, define governance as follows:



A set of relationships between a company's management, its board, its shareholders, and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. (p. 9).

What are the commonalities across these definitions? Firstly, the focus on leadership: activities need to be 'controlled,' 'directed,' and 'monitored.' Secondly, the focus on outcomes: they need to be within an 'acceptable range,' and 'objectives' need to be attained. Thirdly, a focus on 'structures' and 'mechanisms' through which aims are set and authority is exercised. Importantly, the OECD (1999) definition highlights a further, important governance aspect: 'a set of relationships' among management and stakeholders. This is a particularly crucial aspect, as much of governance development has been initiated to mediate these relationships and prevent conflicts.

This module will focus on how we can assure successful events and leadership that mediates stakeholder relationships and meets objectives. But first, let us look at sport events' governance structures.

What are the commonalities across the governance definitions?

- **The focus on leadership.**
- **The focus on outcomes.**
- **The focus on structures and mechanisms through which aims are set and authority is exercised.**
- The focus on organization.

Governance structures

While the governance of sport clubs would most often resemble that of any other profit-seeking private entity, sport events, leagues, and competitions are run by non-profit sport organisations, in the form of associations or federations. European sports, for example, typically follow a pyramid structure as per the following diagram. The diagram assumes a single national association per sport and member state, operating under the umbrella of a single European and a single worldwide federation.



Figure 1. The pyramid structure of sport



Source: Halleux, 2015, p. 5.

Associations and federations typically adopt complex hierarchical structures. Key bodies in FIFA's structure, for example, include the FIFA Congress (which serves as the association's supreme and legislative body and consists of all member associations); the FIFA Council (providing strategic direction with the president, eight vice-presidents and twenty-eight other members), as well as several standing and independent committees.

For details, see FIFA Governance Report (2018) and FIFA's post about committees:

Source: **FIFA**. (2018). *FIFA Governance Report 2018*. FIFA. <https://digitalhub.fifa.com/m/1964430b6031fe2d/original/yrsjcy9fza7xy02pl436-pdf.pdf>.

Source: **FIFA**. (n. d. a). *Organisation. Committees*. FIFA. <https://www.fifa.com/about-fifa/organisation/committees>.

Similar structures are also evident in other federations, such as the federations for cycling and golf. The Appeal, Disciplinary and Ethics Committees function as FIFA's judicial bodies, representing three of FIFA's four independent committees. The FIFA Governance, Audit and Compliance Committee is one of FIFA's four independent committees. Notably, and in accordance with FIFA statutes and the FIFA governance regulations, the committee intends to establish a Review Committee, a Compensation Sub-Committee, and a Human Rights and Social Responsibility Sub-Committee—all areas of particular interest in governance policy and practice, as we will see in later sections.

FIFA started with only seven members and now boasts a total of 211 member associations. The nations are divided into six different confederations, one for each continent. These confederations serve as umbrella organisations for FIFA on the various continents and host their own tournaments and outreach programmes. Member associations have the obligation to respect the statutes, aims, and ideals of the governing body and promote and manage sport accordingly. As per FIFA's statutes, leagues or any other such groups of clubs cannot be formed without FIFA's consent. Leagues, nevertheless, can be entirely managed by the national associations or be self-managed and, therefore, a considerable variety of internal governance structures across national associations is present (Boillat and Poli, 2014).

Large events typically have dedicated structures, overseen by organising committees. These committees often include a board of directors, composed of volunteers, who represent the key stakeholders and their main interests. As sports events are functionally based organisations, the organising committee divides itself into divisions and departments based on key functions. Tasks are allocated across areas such as accreditation, finance, legal, logistics, operations, overlay, marketing and sponsorship, communications, sport services, delegation services, media, protocol and stakeholder relations, language services, workforce, construction, and venue management (including accommodations), medical, security, and cultural/festivals and ceremonies responsibilities, among others. Major sport events can have upwards of fifty functional areas (Parent, 2015). Organising committees are also assisted by a range of stakeholder groups, including host governments, sponsors, media, community, delegations, and sport organisations (Parent and Naraine, 2019).

Governance structures for sport events, leagues, and competitions are facilitated by the existence of a combination of regulatory frameworks, guidelines, codes, and other control mechanisms, as discussed next.

Regulatory framework

International sport governing bodies, responsible for overseeing relevant events, leagues, and competitions, are traditionally self-governed. They are the supreme authorities, positioned at the top of a vertical chain of command, which extends from the international level, through continental, national and, finally, to local organisations. This pyramidal set-up, as explained in the preceding section, grants international sport governing bodies a governing monopoly over their respective sports on a global level. Moreover, these organisations have historically enjoyed significant autonomy, operating under a complete system of self-governance. This autonomy is partly attributed to the fact that most of these organisations are based in Switzerland, are registered as non-profit associations, and, as such, fall under articles 60 to 79 of the Swiss Civil Code, which provide (considerably basic) minimum requirements for associations (Geeraert *et al.*,



2015). Organisations can freely choose the optimal regulatory context for their operations, allowing them to select a favourable environment as their home base for international activities. Consequently, they have the option of relocating from their host country, if it imposes excessive interference in their operations (Geeraert *et al.*, 2015).

As a self-governed body, FIFA, for example, has developed its own compliance framework for member associations and other sport stakeholders. This framework includes general principles, detailed guidelines, and control mechanisms for several important aspects, such as transfer windows, disciplinary mechanisms, player contractual issues, loan players, intermediaries, academies and player development, racism, financial fair play, multi-ownership, integrity, and match fixing. It also addresses intellectual property rights, piracy, technology, and innovation, as well as other relevant areas. These regulations apply not only to sport members associations, but also to clubs, events, leagues, and competitions (FIFA, n. d. b).

The increasing demands for the regulation of the world sport led to the establishment of the Court of Arbitration for Sport (CAS), and the World Anti-Doping Agency (WADA). Since its inception on 30 June 1984, CAS has operated as an independent judiciary authority specialised in resolving sport-related disputes, including events, leagues, and competitions. As an arbitrary court, it manages cases related to advertising sponsorship, doping, nationality issues, and other disciplinary or commercial matters. Technical issues specific to sports, such as games' disqualification and rules, are settled by the respective international federations. CAS has issued several notable rulings, such as the 2020 decision to overturn UEFA's decision to ban Manchester City football club from all European competitions on account of Financial Fair Play, and the 2021 ruling to uphold the International Olympic Committee's (IOC) doping ban of gymnast Andreea Răducan, who had tested positive for banned substances after ingesting cold and flu tablets prescribed by her doctor (Sumpiputtanadacha and Murphy, 2022).

WADA was created by the IOC in 1999 to combat doping in sport. WADA published its first anti-doping code in 2004, which has been adopted by all major international and national federations. WADA has been effective in revealing doping corruption on several occasions. For example, a WADA probe famously reported that the IAAF, the world athletics governing body, was corrupted from the inside by a 'powerful rogue group' led by its president, and they conspired to extort athletes and allow doping Russians to continue competing (Leicester, 2016). WADA's code's effectiveness, however, relies on the compliance of national anti-doping organisations, which are government funded (Chatzianni, 2018).

A major missing piece from the sport regulatory framework for events, leagues, and competitions is the explicit requirement to publish dedicated governance reports, demonstrating commitment to governance principles. In many districts, governance



reports are required to be published by listed companies (e.g., sport clubs listed on stock exchanges would typically have to comply with such provisions or, in the case of the UK, for example, explain why they do not comply). However, for international sport governing bodies such as FIFA, there are still steps to be taken towards producing a solidified and enforceable set of governance regulations. Recently, FIFA has begun voluntarily publishing a governance report outlining key progress (see, e.g., FIFA, 2018), but this was only after it was in the news for the wrong reasons, as explained in the next section.

International sport governing bodies, responsible for overseeing relevant events, leagues and competitions are traditionally:

- **Self-governed.**
- Governed by different dependencies.

Reasons why we need good governance

The governance, reputation, and ultimate success of sport events, leagues, and competitions may suffer from scandals and wider governance failures of the organising authorities. The FIFA scandal, which erupted in May 2015, brought to light severe governance issues within the international sport governing body. Top FIFA executives faced allegations of bribery, fraud, and money laundering, implicating corrupt activities related to media, marketing rights, and World Cup bidding processes. These alleged corrupt practices were estimated to have involved an astounding \$150 million over several decades, though the true extent of corruption may be even greater (Boudreaux *et al.*, 2016). FIFA's governance deficiencies stemmed from an apparent lack of accountability and inadequate punishment for wrongdoing. Being an international organisation without direct accountability to any country, FIFA evaded scrutiny until the involvement and pressure applied by the US Department of Justice. This scandal served as a wake-up call, highlighting the weaknesses of the self-regulatory model and the urgent need for adherence to governance principles within sport organisations worldwide.

Alongside the FIFA scandal, other driving forces such as globalisation have emphasised the importance of addressing governance challenges in the sporting world (Chatzigianni, 2018). Within countries, events like the scathing report from the UK's Culture, Media, and Sport Select Committee on the perceived failure of the Football Association's governance reforms demonstrated a growing impatience with self-regulation (Long, 2013). Furthermore, the changing context of corporate governance has driven the need for effective governance in the non-profit sport sector. Consequently, a code for sports governance was launched in the UK in 2016, making public funding for sports contingent on good governance, compliance with national sport policies, and efficient management. The code applied to more than 4,000 organisations across its three tiers of funding and



has provided a standard framework of governance for a wide and diverse range of national, regional, and local bodies, community groups, and charities providing sport and physical activity opportunities. The code also regulates sport events, leagues, and competitions within the UK. However, after a report exposed some detailed 'systemic' issues of physical and emotional abuse in British Gymnastics, the association's chair has called for the government to establish an independent safeguarding body across all sports, to show they care as much about athlete welfare as they do about medal table success (Roan, 2023a).

Several other countries have since issued national guidelines for sport governance, including Switzerland, Nordic countries, Qatar, Australia, and New Zealand, and more countries are expected to follow. However, large international governing bodies, responsible for mega-sport events, are still not legally required to produce such information. Reviews of international federation governance have been taken place, nevertheless, facilitated by the Association of Summer Olympic International Federations (ASOIF). This has led to the issuance of a set of key principles and indicators, along with the creation of task forces to advance related developments. Over the years, these efforts have strengthened enforcement (Chappelet and Mrkonjic, 2019). The findings from these reviews will be the focus of the concluding case discussion of this module.

The need for good governance in sports organisations, events, leagues, and competitions remains paramount. Addressing governance challenges is vital for the long-term success and credibility of sports worldwide (SGA Championing Governance, n. d.). The next sections will explore areas of focus for sport governance literature, policy, and practice.

Sport governance areas of focus for events, leagues, and competitions

Sport governance literature, policy, and practice has mirrored corporate governance in identifying areas of focus and discussing principles and areas of concern. While various categorisations can be adopted, we will follow key governance literature and policy for events, leagues, and competitions (ASOIF, 2020; Chappelet and Mrkonjic, 2013) and present these under the themes of transparency, integrity, democracy, development, and control mechanisms.

Transparency

The Organisation for Economic Co-operation and Development (OECD, 1999) defined transparency as the “timely and accurate disclosure [of] all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company” (p. 21). Areas of focus for sport governance transparency would typically include organisational structure, statutes and regulations, mission statements,



biographical details of managers, details on executive remuneration, and annual financial reports.

Much of governance regulation takes a disclosure focus. The underlying argument is that the more transparent an organisation is about their activities, the better it is for stakeholders outside to monitor organisational activities and the behaviour of leaders/executives and ensure that best outcomes are achieved. However, information asymmetries will always exist between executives and those outside the organisation. Importantly, executives will always control information flows: what will be released or not, regardless of whether reporting requirements are required by law or not. Several studies find that, even when there are some regulatory disclosure requirements, organisations can still offer minimum disclosure, so that requirements are met but potentially valuable information is still withheld (see Mai *et al.*, 2023).

For sport events, a difference seems to exist between internally based transparency (i.e., to others in your organisation) and externally directed transparency (i.e., to stakeholders), with the degree of internal transparency being higher than external transparency. Major sport events do not divulge as much to external stakeholders as internally between organising committee members (Parent and Narain, 2019).

Executive remuneration (particularly financial) and disclosure quality are crucial areas of focus in governance of sport and non-sport organisations. Elevated levels of remuneration have attracted public attention towards executive behaviour, leading countries such as the UK to introduce regulations that provide details on remuneration components, policies, and report ratios between the lowest and highest-paid employees. In the context of sport governance, attention is often drawn to the frequently substantial remuneration levels of professional players, especially in popular sports and well-established leagues (such as the UK's Premier League). To address this issue, several leagues, particularly in North America, have implemented salary caps (such as the National Football League and the National Hockey League in the USA). FIFA and UEFA appear to also be in talks over the introduction of salary caps, as a means of ensuring competitive balance in football (Gardner, 2023). Nevertheless, to monitor transfers and address money laundering-related concerns, FIFA introduced the International Transfer Matching System in 2010. This system is designed to monitor international transfers, which involve the movement of a professional player's registration from one association to another in two different countries, accompanying a change of the player's club affiliation (Thatcher, 2014).

Financial reporting disclosure adequacy and quality are also issues of concern. Particularly within the context of sport federations and events, there is often a lack of information regarding financial success and allocation of resources. Evidence of inferior quality in financial statements also exists within leagues, such as the one provided by



Sport Northern Ireland covering the period from 2014 to 2018 (Parry, 2020). To address these issues, the UK Government plans to introduce an independent football regulator in England, which will have power to sanction English clubs who break financial and other rules (BBC Sport, 2022). We will expand on these aspects in the accountability and transparency module.

Integrity

Integrity is often associated with being honest and having strong moral principles. Particularly in the public context, OECD (1999) defines integrity as the consistent alignment of, and adherence to, shared ethical values, principles, and norms for upholding and prioritising the public interest. Areas of sport integrity focus typically include compliance to codes, such as WADA anti-doping, codes of ethics, protection of whistle-blowers, anti-harassment and abuse programmes, and gender-balanced boards.

The integrity of sport leagues and competitions is often questioned. The 2018 Australian ball-tampering scandal (Ruse, 2018) severely damaged cricket's reputation, while a 2017 report into claims of bullying within the Great Britain cycling team has criticised British Cycling's board (BBC Sport, 2017). The integrity of bid regimes, such as the FIFA World Cup, has also come under scrutiny (Andon and Free, 2019). According to US prosecutors, former FIFA executives took bribes in return for voting for Russia and Qatar to host the World Cup (Roan, 2020). To address this issue, FIFA has recently revised its governance of bidding systems to emphasise transparency in the bidding process, human rights and sustainability screening of bids, participation of the Congress in the selection, and objectivity, by establishing an evaluation Task Force (FIFA, n. d. c). The outcry over inducements paid to several IOC members by Salt Lake City's 2002 Winter Olympics bid committee also led the IOC to undergo significant governance reforms.

Figure 2. The US, Canada and Mexico's 'United' proposal for the 2026 World Cup beat Morocco's bid



Source: [untitled image of the US, Canada, and Mexico 'united' proposal for the 2026 World Cup beat Morocco's bid], (n. d.), <https://bit.ly/3SVCSof>.

The new FIFA World Cup bidding criteria were followed when deciding where the 2026 World Cup will be held.

Between 2004 and 2008, the presidents of the IFs for volleyball (FIVB), judo (IJF), and taekwondo (WTU) were compelled to resign from both their federation presidencies and their seats on the IOC due to revelations of corruption. Subsequently, football (FIFA), athletics (IAAF), and shooting (ISSF) federations were also plagued by scandal (Chappelet, 2017). As Chappelet (2017) nevertheless notices, changing the president of an IF following a corruption scandal does not fully resolve the issue. Combating problems such as doping, match-fixing, hooliganism, and sport corruption evident in events, leagues, and competitions requires a broader international legal framework, developed through cooperation between government authorities and the sports sector. To eliminate corruption, particularly anti-corruption, enforcement must be credible, and potential penalties must be strong enough to effectively address the problem (Boudreaux *et al.*, 2016).

A particular area of recent attention in sports governance is gender-balanced boards. Women's and girl's sport participation has increased over the past forty years, because of both legislative interventions and programmes at national, regional, and local levels worldwide. However, this rise in participation has not been paralleled by a significant

increase in the number of women in sport governance and leadership positions. The lack of women's involvement within sport governance has raised concerns among scholars and policymakers. Furthermore, most OECD countries have a strong pipeline for female talent, with more women graduating with tertiary qualifications than men. However, this is not yet translated into equity within sport governance (Parker, 2009).

Sport governance literature, policy, and practice, however, seem to neglect other forms of board diversity, despite their potential to further strengthen integrity and overall board governance. Corporate governance literature finds, for example, that ethnic diversity can contribute to a better understanding of diverse markets and cultural nuances. Age diversity bridges generational gaps, promotes innovation, and aligns board decision-making with the expectations of stakeholders across different age groups. Furthermore, cultural diversity enhances the organisation's ability to navigate international markets and adapt to diverse business environments. Nevertheless, there are some positive signs on the leagues front, as, for example, sport governing bodies in the UK require publicly funded organisations to produce a Diversity and Inclusion Action Plan (DIAP), to show how they are integrating more women, disabled people, and individuals from ethnic minority backgrounds in the management of sports (BBC Sport, 2021). Considering these areas of board diversity could further assist in facilitating board governance in sport organisations and events and help achieve objectives.

Democracy

Areas of sport governance in a democratic context typically include the election of the president and members of executive bodies, the introduction of term limits, monitoring governing body meetings, and ensuring equal opportunities of members.

Recent developments in national and international sport governing bodies of events, leagues, and competitions have led to clearer rules regarding council and executive appointments. For example, FIFA (2018) specifies that its council is elected by member associations at their respective confederation congress. The election of council members is often monitored by dedicated committees. At the company/club level, a compulsory nominations' committee, consisting of non-executive directors, is typically responsible for identifying potential new directors and making appropriate appointments, often with the support of consultants and head-hunters. For FIFA, the election of council members is monitored by individuals appointed by the Governance Committee and all candidates undergo eligibility checks conducted by the Review Committee. Notably, FIFA has recently introduced term limits, limiting the president and other council members to serving no more than three four-year terms in office, whether consecutive or not. Setting term limits is a common recommendation in governance codes to ensure fresh perspectives and avoid entrenchment, with recommended durations often ranging from six to twelve years.



Stakeholder representation has emerged as a significant focus area in sport governance. Sport national associations and leagues typically allocate votes per stakeholder/interest group. However, a considerable degree of diversity across voting structures exists, due to a combination of international football governance practices and country-specific factors (Roitman, 2022). For example, the Premier League in England is a private company limited by shares. Its shareholders are the twenty member clubs at any given time, and the Football Association (FA), which holds a special share, meaning that certain actions can only be taken with its approval, such as the appointment and re-appointment of Premier League Board Directors. Of particular importance is the balance of power between amateur and professional football, two facets of the game whose interests may not always align. For example, the Premier League and English Football League have been recently urged by a parliamentary committee in the UK, to agree on sharing more revenue with clubs down the football pyramid, or risk having a settlement forced on them. The committee also called for equality, diversity, and inclusion (EDI) measures to be included in a new code for football governance and for the regulator to have powers to assess clubs' action plans (Roan, 2023b). Overall, there are trends towards adopting more 'democratic' approaches in sport governance practices.

Recently, UEFA (2023) has taken significant steps towards enhancing stakeholder representation through groundbreaking reforms. In a historic decision, UEFA's Executive Committee has chosen to incorporate the viewpoints of players (represented by FIFPRO Europe) and fans (represented by Football Supporters Europe) in its decision-making process. These influential stakeholders will now have designated seats on relevant standing committees, alongside existing members from national associations, leagues, and clubs. By integrating these essential perspectives, UEFA aims to foster more comprehensive discussions and ensure that a diverse range of voices is heard and considered when shaping the future of the sport (UEFA, 2023).

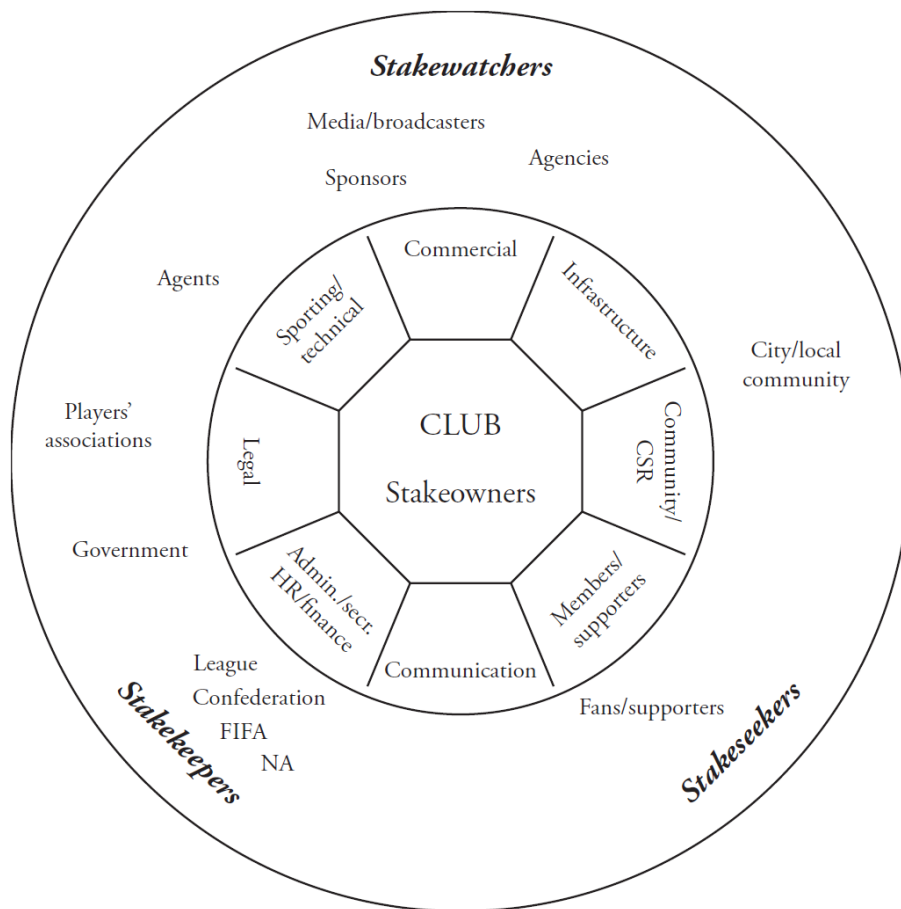
At the league level, England's Premier League has also recently undertaken a governance review and has since adopted the Wates Corporate Governance Principles for Large Private Companies (the 'Wates Principles'). The Wates Principles are voluntary and provide a framework for the Board to monitor corporate governance of the League and determine where governance standards can be raised to a higher level across the business. The Wates Principles support better engagement with stakeholders and helps to build trust with clubs, colleagues, partners, and supporters.

At the sport club level, only a limited number of clubs grant supporters decision-making power beyond their roles as club members (for clubs organised as associations) in the actual management of the club. However, some clubs do delegate certain responsibilities to supporters, such as ticket sales, social media management, or involvement in community events. Boillat and Marston (2016) introduce a 'club function chart' that



illustrates how different club areas interact with various stakeholders. Notably, they categorise stakeholders into four groups: stake-owners (those who own and deserve a stake in the club), stake-seekers (those seeking a voice in the club's decision-making processes), stake-keepers (regulators imposing external control and regulations), and stake-watchers (pressure groups that influence club decisions). The goal of club governance is to strike a balance among the interests of these diverse stakeholders. Similar categorisations can also be adopted for stakeholders of sport events, leagues, and competitions.

Figure 3. Club functions



Source: Boillat and Marston, 2016, p. 135.

Development

The areas of sport governance development encompass a range of important aspects, including monitoring and audit processes, education programmes, anti-discrimination policies, and legacy programmes. These components are essential in promoting transparency, accountability, and fairness in relation to events, leagues, and competitions and within the wider sports industry.



The establishment of legacy programmes is a particular area of focus in sport events' governance. Numerous studies have examined the economic impact of sports infrastructure investments. However, the benefits of these investments often tend to favour a privileged and select group of individuals, including local politicians, team owners, and athletes. These influential figures can direct valuable resources for their personal gain, putting the burden on taxpayers themselves. A notable example is the 2014 World Cup in Brazil, where a significant portion of infrastructure spending was subject to 'illicit' activities, such as overpricing and accounting irregularities. Similarly, during South Africa's 2010 World Cup, collusion among construction firms resulted in nearly a billion dollars lost due to differences in exchange rates (Boudreaux *et al.*, 2016). The use of funds distributed to Olympic Games stakeholders is also a matter of concern for the IOC. To address this risk, the IOC has developed a self-assessment tool called UMAP (understanding, managing, auditing, planning), which is available online to all national Olympic committees (Chappelet, 2017).

Furthermore, it is widely recognised that many of the stadia built for such events become 'dead investments' once the World Cup is over. In addition to this, FIFA often demands monetary guarantees and favourable tax treatments, creating additional burdens that can leave citizens of organising countries worse off, particularly when the selected host countries already face social and economic challenges (Boudreaux *et al.*, 2016). The allocation of resources and the aftermath of these mega-sporting events raise concerns about their overall impact on the welfare and well-being of the local population. We will consider these issues further in the sport events ethics module.

The establishment of legacy programmes is a particular area of focus in

- **Sport events' governance**
- Sport events' marketing

Control mechanisms

Areas of sports governance control mechanisms for events, leagues and competitions include establishment of ethics and audit committees, external audits, adopting policies and procedures which comply with competition law, appeal and due diligence mechanisms, and acceptance of the higher judicial bodies such as the Court of Arbitration for Sport.

Appropriate audit and wider monitoring processes ensure that sport organisations (clubs, leagues, event organisers) operate in a responsible and ethical manner, adhering to established rules and regulations. Andon and Free (2012) analysed the crisis management responses of Australia's National Rugby League competition and associated entities in the aftermath of a major salary cap breach by the Melbourne Storm in 2010. Interestingly,



they observed that further auditing (in the form of commissioned forensic audits) was central to the crisis management response. These audits significantly informed crisis communications and associated symbolic actions surrounding the scandal and acted as important “rituals of reassurance and purification” (Andon and Free, 2012, p. 150), which helped the NRL restore legitimacy to their salary cap regime (Andon and Free, 2019).

Establishing appropriate monitoring and control mechanisms is very important for governance structures. Performing regular monitoring, which primarily centres on internal operations, can be challenging, as demonstrated by the difficulties faced by FIFA's Audit and Compliance Committee (ACC). In fact, concerns about the committee's independence led its chair to step down in May 2016, as the chair could be removed through a straightforward vote of the FIFA Council (Chappelet, 2017). In response to these monitoring challenges, Chappelet (2017) outlines four potential alternative approaches:

- firstly, each sport organisation could establish an internal entity to monitor its entire range of activities. For instance, in 2007, the IAAF implemented governance reforms and created the Athletics Integrity Board and Unit to address integrity issues, including doping, corruption, and match-fixing. This establishment, however, did not prevent IAAF subsequently (2017) being plagued by scandal.
- Secondly, monitoring could be entrusted to external specialists, such as one of the 'big four' accounting firms. However, concerns have been raised about the lack of warnings from FIFA's former external auditors (KPMG) prior to 2015 or, perhaps, the failure to act on these warnings. In fact, KPMG resigned as FIFA's auditors in 2016 due to potential risks to its reputation.
- Thirdly, a specialist body in the form of a 'World Anti-Corruption Agency' could be established to monitor and enhance the governance of all international sports organisations. The establishment of bodies like WADA and CAS could serve as models for such an agency.
- The fourth scenario represents a compromise between the second and third approaches and involves appointing auditors through regular tenders from specialised national auditing bodies known for their independence and impartiality.

All these scenarios come with associated costs, but they could also lead to savings and synergies for sports organisations (Chappelet, 2017).

Case study



As a case discussion in this module, we will focus on ASOIF (the Association of Summer Olympic International Federations) and its 2020 Review of International Federation Governance.

ASOIF was formed in 1983, from the twenty-one International Federations (IFs) governing the sports, included at the time on the programme of the 1984 Summer Olympic Games (it now lists thirty-one full members and two associate member IFs). ASOIF's mission is "to unite, promote and support the Summer Olympic International Federations; to preserve their autonomy, while co-ordinating their common interests and goals; to act as an added value provider to the member IFs and the Olympic Movement at large" (ASOIF, n. d. a, para. 1).

According to the ASOIF (2020):

In the context of evidence of cases of mismanagement of major sporting bodies, the ASOIF General Assembly established a Governance Task Force in 2015 and in 2016 mandated it to assist the 28 summer international federations to promote a better culture of governance to help ensure that IFs are fit for purpose, or rapidly achieve that status. (p. 8).

See also the following:

Source: **Association of Summer Olympic International Federations** [ASOIF]. (n. d. b). *Governance Task Force*. ASOIF. <https://www.asoif.com/governance-task-force>.

In April 2016, the ASOIF's General Assembly adopted a set of key principles and indicators. Later that year, the ASOIF sent its members a questionnaire based on these principles to assess their governance. Each of the questionnaire's six sections (one for each of the six main principles) contained ten questions/indicators that the IFs had to answer to assess where they stand in terms of governance. Indicators are scored on five-point scales, as follows: 0 (not at all fulfilled), 1 (partially fulfilled), 2 (fulfilled), 3 (well-fulfilled according to published rules and procedures), 4 (totally fulfilled in a state-of-the-art way). The review was repeated in 2017-18 and in 2019-20 (Chappelet and Mrkonjic, 2019).

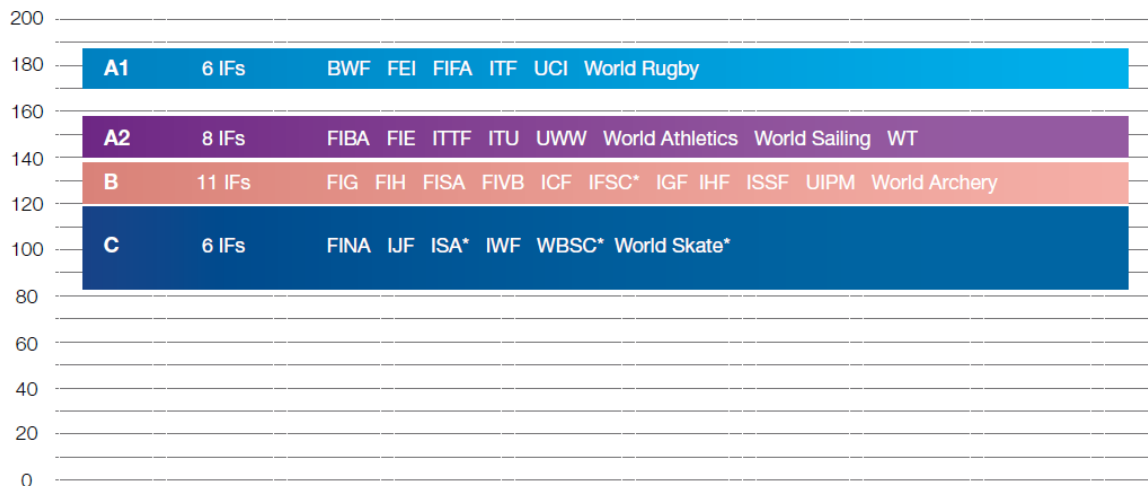
ASOIF notices the considerable progress made since the first study. However, despite being 'highly encouraged' by the concerned efforts among many IFs to improve their governance, it still notes it is 'not fully satisfied', as the findings of the report indicate there is clearly considerable room for improvement across the board. Evidently, some



federations show better progress than others, with e.g., FIFA and World Rugby federations being close to the maximum number of points awarded, whereas others such as FINA or World Archery show much lower scores.

Figure 4. Total scores in groups

Total scores in groups (out of theoretical maximum of 200)



Source: ASOIF, 2020, p. 28.

Looking at themes, transparency appears to be one of the better performing areas, with most indicators being above or close to meeting the three-point threshold. Most IFs are doing well when it comes to providing information about their structures, statutes, rules, and regulations, for example, but less well in the areas of allowances and financial benefits of elected officials and in annual activity reports.

IFs appear to be doing less well in all remaining areas. As regards integrity, the highest-scoring area concerns the existence of an officer in charge of ensuring that the IF abides by WADA's code. In contrast, among the several low-scoring areas evident in the findings, the one that appears to be particularly problematic is the (mis)appropriate gender-balance in the executive boards, further revealing the need to do much more in this area.



Table 1. Mean transparency scores by indicator

Table 12: Mean Transparency scores by indicator

Indicator	Topic	Mean (31 IFs)
2.1	Statutes, rules and regulations	3.77
2.2	Explanation of organisational structure including staff, elected officials, committee structures and other relevant decision making groups	3.84
2.3	Vision, mission, values and strategic objectives	3.19
2.4	A list of all national member federations with basic information for each	3.42
2.5	Details of elected officials with biographical info	3.68
2.6	Annual activity report, including institutional information, and main events reports	2.71
2.7	Annual financial reports following external audit	2.97
2.8	Allowances and financial benefits of elected officials and senior executives	2.61
2.9	General Assembly agenda with relevant documents (before) and minutes (after) with procedure for members to add items to agenda	3.16
2.10	A summary of reports/decisions taken during Executive Board and Commission meetings and all other important decisions of IF	3.23

Source: ASOIF, 2020, p. 28.

Table 2. Mean integrity scores by indicator

Table 13: Mean Integrity scores by indicator

Indicator	Topic	Mean (31 IFs)
3.1	Has a unit or officer in charge of ensuring that the IF abides by the IOC Code of Ethics and/or the IF's own Code of Ethics	2.77
3.2	Has a unit or officer in charge of ensuring that the IF abides by the WADA World Anti-Doping Code	3.35
3.3	Complies with the Olympic Movement Code on the Prevention of the Manipulation of Competitions	2.65
3.4	Has a programme or policies designed at ensuring that the IF member associations function in accordance with all recognised ethical codes and principles	2.58
3.5	Establish confidential reporting mechanisms for "whistle blowers" with protection scheme for individuals coming forward	2.29
3.6	Provide for appropriate investigation of threats to sport integrity (competition manipulation, gambling-related or other)	2.77
3.7	Make public all decisions of disciplinary bodies and related sanctions, as well as pending cases where applicable	3.06
3.8	Appropriate gender balance in Executive Board or equivalent	2.16
3.9	Programmes or policies in place regarding safeguarding from harassment and abuse	2.39
3.10	Compliant with applicable laws regarding data protection (such as GDPR) and takes measures to ensure IT security	2.65

Source: ASOIF, 2020, p. 29.

Likewise, democracy seems to demonstrate generally low scores. While IFs seem to be clear on election processes and meetings, the apparent inexistence of term limits in most IFs remains a particular area of concern.

Table 3. Mean democracy scores by indicator

Table 14: Mean Democracy scores by indicator

Indicator	Topic	Mean (31 IFs)
4.1	Election of the President and a majority of members of all executive bodies	3.42
4.2	Clear policies to ensure election candidates can campaign on balanced footing including opportunity for candidates to present their vision/programmes	2.55
4.3	Election process with secret ballot under a clear procedure/regulation	3.23
4.4	Make public all open positions for elections and non-staff appointments including the process for candidates and full details of the roles, job descriptions, application deadlines and assessment	2.35
4.5	Establishment and publication of eligibility rules for candidates for election together with due diligence assessment	2.29
4.6	Term limits for elected officials	1.48
4.7	Provide for the representation of key stakeholders (e.g. "active" athletes as defined in the Olympic Charter) in governing bodies	3.23
4.8	Conflict of interest policy identifying actual, potential and perceived conflicts with exclusion of members with an actual conflict from decision-making	2.87
4.9	Governing bodies meet regularly	3.42
4.10	Ensuring equal opportunities for members to participate in the General Assembly	2.58

Source: ASOIF, 2020, p. 31.

To emphasise the negative implications on governance caused by the lack of term limits, ASOIF presents an additional table comparing the governance scores of the IFs that have some form of term limit, with those that have no term limits. Clearly, the former significantly outperforms the latter, highlighting the necessity of implementing term limits for all IFs.

Table 4. Mean score by section with and without term limits

Table 19: Mean score by section with and without term limits (31 IFs)

31 IFs	Mean score	Transparency	Integrity	Democracy*	Development	Control Mechanisms
No term limits (9)	123	31.0	24.0	23.2	23.3	21.8
Some form of term limits (22)	146	33.2	27.8	28.9	27.5	28.8
27 IFs						
No term limits (6)	136	34.5	26.5	25.5	26.3	23.2
Some form of term limits (21)	147	33.1	28.0	29.1	27.8	29.1

* The Democracy score obviously includes 0 for indicator 4.6 in the case of IFs with no term limits and more than 0 for IFs that do have term limits, which explains part of the difference.



Source: ASOIF, 2020, p. 38.

Lastly, the indicators related to development and control mechanisms draw attention to areas that require careful consideration by IFs.

Table 5. Mean development scores by indicator

Table 15: Mean Development scores by indicator

Indicator	Topic	Mean (31 IFs)
5.1	Clear policy in place to determine transparent allocation of resources in declared development objectives	3.00
5.2	Information published on redistribution activity for main stakeholders, including financial figures	2.65
5.3	Monitoring/audit process of the use of distributed funds	2.10
5.4	Respect principles of sustainable development and regard for the environment	2.58
5.5	Existence of social responsibility policy and participation programmes targeting hard to reach areas	2.84
5.6	Education programmes (topics other than integrity) and assistance to coaches, judges, referees and athletes	3.42
5.7	Put in place integrity awareness/education programmes	2.52
5.8	Legacy programmes to assist communities in which events are hosted	1.94
5.9	Anti-discrimination policies on racial, religious or sexual orientation	2.58
5.10	IF dedicates appropriate resources to the Paralympic/disability discipline(s) in the sport	2.71

Source: ASOIF, 2020, p. 32.

Table 6. Mean control mechanisms scores by indicator

Table 16: Mean Control Mechanisms scores by indicator

Indicator	Topic	Mean (31 IFs)
6.1	Establish an internal ethics committee with independent representation	2.94
6.2	Establish an audit committee that is independent from the decision-making body	1.68
6.3	Adopt accounting control mechanisms and external financial audit	3.03
6.4	Adopt policies and processes for internal control	2.55
6.5	Adopt policies and procedures which comply with competition law/anti-trust legislation in eligibility of athletes and sanctioning of events	2.81
6.6	Observe open tenders for major commercial and procurement contracts (other than events)	2.03
6.7	Decisions can be challenged through internal appeal mechanisms on the basis of clear rules	2.65
6.8	Due diligence and effective risk management in bidding requirements, presentation, assessment and allocation of main events	2.58
6.9	Awarding of main events follows an open and transparent process	2.58
6.10	Internal decisions can be appealed with final recourse to the Court of Arbitration for Sport	3.94

Source: ASOIF, 2020, p. 35.

Evidently, only three indicators, spanning both themes, score higher than three points. These indicators include the existence of education programmes, recognition of the Court of Arbitration for Sport as the highest authority, and the presence of some form of control mechanism and external financial audit. On the other hand, all other indicators receive notably low scores, with the absence of legacy programmes to support communities hosting events and the lack of independent audit committees being particularly concerning issues.

ASOIF (2020) concludes by noticing the following:

Now that a culture of working on governance seems to be well-established—18 IFs reported that they are or have recently been reviewing their constitution—it is to be hoped that the momentum will be maintained to tackle a number of areas where there is still significant room for improvement. (p. 42).

However, given the numerous outstanding issues at the top of the organisations overseeing events, leagues, and competitions, how can we not expect to find even more issues at lower levels of the hierarchy?

Summary

Sport governance plays a crucial role in benefiting various sport organisations across the pyramid, ultimately influencing events, leagues, and competitions. There have been some clear positive developments in governance areas, such as transparency, integrity, democracy, development, and control mechanisms. However, as our discussion illustrated, there are also some outstanding governance challenges.

- **Sustainability:** sports organisations face the challenge of balancing short-term goals with long-term sustainability. How can we ensure the viability of events, leagues, and competitions over time?
- **Accountability:** governing bodies must be accountable for the economic, social, and environmental impact of their decisions on sport events and the communities involved. How can we address the economic implications of mega-sport events, ensuring positive legacies?



- **Transparency:** overcoming challenges related to corruption and mismanagement requires increased transparency and robust financial controls in sport events and leagues. But is it possible to ensure fully transparent reporting processes?
- **Ethics:** sports governance must continuously prioritise and enforce ethical behaviour in events, leagues, and competitions. But how can we ensure organisations implement and adhere to strong codes of ethics and integrity policies?

We will look more closely into these issues in the dedicated modules on sustainability, accountability, transparency, and ethics that follow.

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