

Compliance with best practice governance principles of South African sport federations

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Introduction

Globally, sport participation as well as sport management has made a paradigm shift from amateur to professional levels. The heightened interest in sport shown by politicians, legislators, sponsors and government carries with it an inherent demand to justify long-term sustainability as well as compliance with best-practice corporate governance principles. Sport furthermore share the concerns of corporate business practice, such as globalisation of business that transcends national laws and the regulations of a single country, increasing pressure on companies to achieve superior financial returns and increased public expectations of accountable, responsible and transparent behaviour. These factors have resulted in the formalisation and development of codes for corporate governance mainly within the corporate business environment.

The sport industry and especially its governing bodies need similar guidelines for proper governance and self-regulation, especially given the increased interest in and economic impact of sport. The corporatisation of sport and increased professionalism have brought a need for proper business management and governance models within the sport industry. Common business practices are not an uncommon phenomenon in modern day sport due, e.g. employment and sponsorship contracts, financial audits, taxation and equity regulations as well as enhanced stakeholder activism. Enhanced stakeholder activism puts pressure on the principle of self-regulation. Unless sport governing bodies can demonstrate an ability to competently and responsibly govern themselves, they run the risk of the legislature issuing legislation that might contain a number of expensive and even cumbersome requirements that will have to be adhered to. In addition, South African sport federations' responsibility to enforce and comply with good governance principles has already been emphasised by the South African Minister of Sport and Recreation in 2001 (Balfour, 2001).

Method

A questionnaire based on the seven pillars of good governance as identified in the 2002 King Report on Corporate Governance for South Africa (Institute of Directors, 2002) as well as the sport governance principles developed by the Governance in Sport Working Group (2001) was jointly developed by the University of Pretoria's Centres for Leisure Studies and Business and Professional Ethics. The questionnaire consists of 13 biographical questions pertaining to the national federations as well as 83 statements measuring compliance levels with the seven pillars of good governance. These seven pillars are divided into 18 sub-elements, and measured on a five-point Likert scale with 1 being strong disagreement and 5 strong agreement, thus indicating high levels of adherence and vice versa. The South African Sports Commission and Sport and Recreation South Africa (national government) endorsed the questionnaire. Interpretation was by means of descriptive statistics, to calculate mean scores and frequencies for each pillar of good corporate governance.

Results

Questionnaires were distributed during the middle period of 2003 to the universum of registered national sport federations in South Africa ($n=90$). A response rate of 23.33% ($n=21$) federations and 36 questionnaires was obtained, thus proving valid. Results indicate an overall mean compliance score (\bar{x}) of 3.77 (maximum of 5.00) to the principles of good governance. A summarised overview of the results obtained is presented in Table 1 below.

Table 1 - Summarised view of the results obtained from the study

Pillar of good governance	Sub-element	Mean (\bar{x}) for each sub-element	Mean (\bar{x}) for each pillar	Non-adherence %
Accountability	• Accountability of board members	3.91	3.96	16.86
	• Organisational structure, responsibility and accountability	4.02		
Responsibility	• Delineation of responsibilities and roles of board members	3.66	3.74	20.22
	• Recourse measures and organisational structure	3.82		
Transparency	• Transparency of policy statements	3.92	3.84	18.00
	• Transparent communication system	3.86		
	• Website existence and efficacy	3.66		
Social Responsibility	• Social responsiveness	3.84	3.91	19.48
	• Recognition of broad stakeholder interests	4.03		
Independence	• Decisions and actions free from outside influence	3.81	3.72	22.78
	• Objectivity of decisions	3.81		
	• Decision and appeals procedure	3.69		
	• Handling of conflicting interests	3.56		
Fairness	• Fairness in representation on board	3.75	3.65	27.06
	• Democracy, elections and appointment procedures	3.51		
	• Solidarity with stakeholders	4.06		
Discipline	• Disciplined commitment to governance	4.15	3.54	14.72
	• Ethics policy	2.93		

Discussion

Given these results, it is arguable that the national structures of South African sport cannot yet be regarded as fully compliant with the principles of good corporate governance. A plethora of controversies, debacles and sagas in South African sport may be symptomatic of insufficient adherence to these principles of good corporate governance. When it is taken into account that only 75.00% of South African sport federations demonstrate principles of best-practice, it becomes evident that a claim to professionalism and business credibility requires pro-active and dedicated action to ensure sport's flexibility and self-regulation remain unchallenged. This study highlights a number of areas for governance improvement, and addressed these with suggestions on improving recorded levels of compliance to the principles of best practice governance.

References

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