

# EXPLORING BOARD GOVERNANCE IN TAIWANESE NONPROFIT SPORT ORGANISATIONS

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## INTRODUCTION

Governance is a critical component of managing a sport organization. With an appropriate governance system in place organisational activities can be monitored to deliver benefits to sport organisations (Hoye, 2006; Mason, Thibault, & Misener, 2006). In a governance system the board is critical because its main responsibility is to make certain that the activities of the organisation are carried out in the best interests of the organisation (Australian Sports Commission, 2005). However, there is little research on board governance, and in particular on how board members get elected, who board members are and what board members do in their sport organizations (Hoye & Cuskelly, 2007).

While some agencies have provided board roles guidelines (Australia Sports Committees, 2005) these guidelines are mainly descriptive. Empirical investigations of what board members actually do in their sport organisations are relatively sparse (Inglis, 1997; Shilbury, 2001). Among the few studies, western and unitary boards (ie a board of directors only) have been examined. Non-western and dual boards (ie a board of directors and a board of supervisors) have attracted little attention. The purpose of this paper therefore is to explore board governance with a focus on board selection, board composition and board roles in Taiwanese nonprofit sport organisations with a dual board system.

## METHODS

We studied summer Olympic associations in Taiwan and 25 of 28 associations allowed us access. Within these, 22 secretary generals, 15 directors and 6 supervisors were interviewed. The interview questions covered three key areas: 1. How do board members get elected? 2. Who is in the board room? 3. What are roles of directors and supervisors in your organisation?

## RESULTS

The interview data was transcribed and analyzed for themes on governance. Two types of board selection emerged. The first involved bottom-up selection (44%) and the other one is represented by top-down selection (56%). In the bottom-up model board members, including directors and supervisors, are elected by organisational members; then the board chair and convener of supervisors are elected by board members respectively. In the top-down selection, the board chair is selected first and then the chair or association then provides a board candidate list to organisational members. In most cases, those appointed board candidates are elected as board members.

The interview findings suggest that board members can be divided into two groups. One is sport-related members. These members are previously and currently involved in their sport, including retired athletes, coaches, referees, local representations and sport enthusiasts who provide funds to the organisation. The second is the non-sport-related member. This member type encompasses nominal members and people who only donate funds. They have little knowledge about the sport and they take board positions to either help a particular candidate get elected or 'buy' the board position title.

We also found that the focus of roles of directors and supervisors are different. Directors are mainly responsible for governing the organisations, and engage in activities such as ratifying mission/strategies. Supervisors are

mostly involved in monitoring tasks, such as examining whether funds are used properly. The main reason for the board of supervisors is to ensure all organisational activities of the board of directors are executed accordingly and organisational funds are used properly.

## **DISCUSSION**

Researchers of agency theory have argued that monitoring and controlling functions are two important factors associated with organisational performance (Fama & Jensen, 1983). One of the main missions for national sport associations is to win medals in mega sport events (Smith & Stewart, 1999). Interestingly, two associations with the bottom-up selection and four associations with the top-down selection had won Olympic medals (Chinese Taipei Olympic Committee, 2007). It is possible that with the top-down selection in place, sport associations have fewer obstacles to execute strategies due to less conflict within these organisations. Associations with a bottom-up selection potentially experience more conflict between board members.

Theoretically, national sport associations should be governed by people who 'understand' sport (Australian Sports Commission, 2005). The presence of non-sport-related board members may reflect the limited resources of nonprofit sport organisations. The qualification of organisational members is examined in the board meeting but typically there are no regulations regarding the qualification of new organisational members. This is because the more members they have, the more member fees they can collect and the more resources they can gain from these members. Therefore, most organisations do not really care if the new members are involved in sport or not and some can recruit nominal members to help them get elected as board members. Moreover, when someone promises to provide funds, most organisational members will welcome them. While this type of board member makes a funding contribution to their organisations, they do not necessarily bring in governance expertise. These approaches to selection of board members need to be assessed for organisational effectiveness.

Further research could also investigate how board roles are performed according to difference organisational characteristics, such as selection types, board composition and strategic direction.

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