

Corporate governance in Cyprus Sports Organisations: Issues to be urgently addressed

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Aim of paper

The aim of the paper is to analyse the management practices employed by Cyprus Sports Organisations and reflect on several corporate governance issues that have been raised.

Organisational/managerial context

The prominent role of sports in the life of Cypriots, and the constantly increasing importance of the sport industry in Cyprus, has posed several challenges for Cyprus Sports Organisations regarding effective management and good corporate governance. The sports system in Cyprus relies almost solely on volunteers (Charalambous-Papamiltiades, 2006), and this traditional voluntary-amateurish administration model is regarded posing serious obstacles to the effective management of sport organisations. In fact, management deficiencies and bad corporate governance are regarded as the main problems that the sport industry is faced with (Kartakoullis & Theophanous, 2007).

Organisational/managerial practice/issues

The main issues to be discussed are the management deficiencies and bad corporate governance of sport organisations in Cyprus. These problems are related to the amateurism and lack of professionalisation that characterises the whole sport system in Cyprus. More precisely, management deficiencies may result from a lack of sports management knowledge or from a lack of interest in the healthy growth of the sport organisations. Considering that the vast majority (96.5%) of the decision-making positions in sport organisations (such as executive boards, committees and sub-committees) are held by volunteers, (Charalambous-Papamiltiades, 2006), bad governance is certainly not surprising, primarily because the motives behind their involvement in these highly prestigious positions are questioned. Many of these volunteers may be driven by factors other than a sheer interest in the sport itself. Research to date (Cuskelly and Harrington, 1997; Inglis, 1994; Kikulis, 1990; Shilbi, Taylor, Nichols, Gratton & Kokolakis, 1999) indicates that people are particularly drawn to volunteering for sport executive committees for “egoistic” reasons as well, such as the development of personal and professional growth, future professional opportunities, image enhancement, social recognition and social relations. But, even if they are driven by altruistic motives, the result of this amateurish involvement is the adoption of poor management practices, mainly due to the lack of educational and professional background in sports management issues. Consequently, the involvement of volunteers is accompanied by tension and conflicts in the decision-making level, especially in the case that they interact with professionals. This approach is considered an obstacle to the professionalisation of sport in the country. In addition to the lack of sports management knowledge, conceptual and cultural differences between professionals and volunteers hamper effective management and raise several corporate governance concerns. Not clearly defined roles and responsibilities, communication difficulties, lack of transparent

financial and other procedures, accountability issues, conflicting interests, and a power struggle between professional and volunteers, are only some of the severe problems sport organisations are confronted with. The sport scene in Cyprus and the problems between volunteers and executives are in line with international research exploring relationships, performance and corporate governance in sport organisations (Hoye, 2002; Golensky, 1993; Inglis, 1997; Hoye & Cuskelly, 2003). These problems, however, have resulted in poor fundraising and financial management of sport organisations, ineffective marketing and sponsorship recruitment procedures, and lack of a strategic direction, things that are essential for the survival of contemporary sport organisations.

Implications for sport and sport management

The implications of this unprofessional sports management approach is a weak organisational performance of most of the sport organisations in Cyprus, which, subsequently, impacts the effectiveness of the overall sports system in Cyprus. Sport policy makers should realise that effective management approaches and application of good corporate governance practices is vital for the success of any sport organisation. There is an urgent need for professionalisation, and an investment in good management and corporate governance, mainly through the recruitment of professionals (executives and administrators with a background in sports management) who will be able to cope with the constantly and rapidly changing sporting environment. The problems and challenges that sport organisations in Cyprus are confronted with, due to the voluntary-amateurish approach they adopted, need to be addressed immediately. Moreover, although the contribution of volunteers is appreciated, they need to learn how to cooperate and co-exist with professionals in order to develop a healthier and stronger sports system in Cyprus.

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