
CORPORATE GOVERNANCE PRACTICES OF NATIONAL SPORT GOVERNING BODIES: THE CASE OF CYPRUS

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Abstract

AIM

The aim of this research design was identify and highlight several governance problems that Cyprus Sport Organizations are confronted with. Specifically, the goal was to identify and evaluate the governance practices employed by the national sport governing bodies in Cyprus, to uncover poor governance practices, and provide recommendations on the application of good governance principles that can improve the effectiveness of the sport system in Cyprus.

LITERATURE REVIEW

Sport organizations in Cyprus are facing increasing scrutiny, which is primarily due to the poor governance practices employed and which inevitable resulted in heavy criticism. Governance is an essential component of managing a sport organization. Kikulis (2000) argued that sport governance is an essential and institutionalized component of all sporting codes from club level to national and international sport organizations around the world. Although there is not a universally agreed definition of sport governance the main premises upon which the several definitions are based involve the concepts of regulation and control of the activities of a sports organization, establishment of a strategic direction, adoption of ethical and socially responsible guidelines and policies shaping the behavior of the organizational members, and evaluation of the organizational activities in a way that ensures accountability and responsibility towards the organizational stakeholders (Ferkins & Shilbury, 2010; Hoye, 2006; Hums & Maclean, 2004). Research on sport governance has demonstrated that international sport organizations employ several questionable governance practices (Forster, 2006). In the same vein, Michie & Oughton (2005) found that standards of corporate governance in UK football clubs were low, suggesting that there is considerable need for improvement. Interestingly, there is no research conducted in Cyprus examining the governance practices adopted by sport organizations. Therefore, the

current paper attempted to analyze standards of governance at Cyprus sport governing bodies in an effort to reveal governance problems that deserve consideration, since those problems are regarded as hampering the effectiveness of the sport system in Cyprus and eventually the value of the sports.

METHODOLOGY

For the purposes of this multi case study, a combination of quantitative and qualitative methodology was adopted. Semi-structured interviews with 15 sport officials holding key positions at National sport governing bodies were conducted, followed by an inductive thematic analysis of the findings. In addition, a questionnaire was used consisting of 50 questions measuring compliance levels with the nine pillars of good governance as identified in the Statement of Good Governance Principles developed by the Governance in Sport Working Group (2001), the Cyprus Corporate Governance Code (Cyprus Stock Exchange, 2006) for profit and non-profit making organizations, and the themes that emerged from the analysis of the qualitative data. The sample consisted of 104 individuals (board members and administrative staff) representing 35 national sport organizations.

RESULTS/CONCLUSIONS

The main themes that emerged from the thematic analysis of the qualitative data involve the lack of professionalization in the specific sector mainly due to the lack of sport management knowledge and qualifications. In addition, the respondents vividly questioned the motives of sport officials, drawing attention to the existence of personal and conflicting interests. Another major theme that emerged is the lack of strategic direction of sport organizations, accompanied by poor management practices. More specifically, respondents indicated a lack of future developmental plans, ineffective financial management/mismanagement, lack of transparency, and accountability issues. Finally, the results revealed the lack of clearly defined roles and responsibilities between board and management, as well as significant communication difficulties. Interestingly, those qualitative findings were strongly substantiated by the quantitative data. Additionally, quantitative findings indicated inadequate evaluation processes, accountability and transparency problems with regard to the allocation of the revenues within a sport (solidarity), a lack of social responsibility policy, and very little degree of independence, with personal interests, financial interests and political factors impacting significantly decision making processes. The findings of this study indicated that there are several and important governance problems that national sport governing bodies are confronted with, and that there is an urgent need for improvement. It seems that there is a need for recruiting sport professionals with adequate range of skills and knowledge who will be able to adopt professional management practices aiming at developing a strategic orientation for the sport organization. This can be achieved through the employment of open and transparent procedures, evaluation mechanisms, the development of codes of ethics, demarcation of the

roles and responsibilities within the organization, and the creation of internal audit committees.

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