How strategic can your (nonprofit) sports board be? Do (or can) good governance structures enhance board and organisational performance?

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The importance of sport and nonprofit sport

Sport affects the lives of billions globally and contributes a great deal towards national economies and societies. Whilst the sport economy is fragmented in structure, with no universally accepted definition of size uniformly applied globally, regionally or nationally (due to the way in which official National Statistics are collected), the latest contemporary data suggests that in England sport contributes 1.5% GVA (£6.3bn) and 2.3% of all jobs or 442,000 FTE jobs (Sport England, 2012). In Europe, with direct and multiple effects, the value of the 27 EU states is unknown to be higher at 3% GVA or €294.4bn (O’Doherty, et al., 2012).

Nonprofit sport in general is governed by a tiered relationship among stakeholders including Government and social bodies, e.g. for football (in England), FIFA, UEFA, The FA (DOM), FIFA et al. Within this typology, national bodies need to adapt and thrive in a unique nonprofit context where the two most significant organizational performance drivers usually lead to either performance and success, and participation maintenance and growth (Carron et al, 2005). In such nonprofits, boards (or the equivalent) are usually considered the most important decision-making entity. They are expected to monitor performance and oversee organizational performance. Yet, most sports at a National level are also influenced by internal and external stakeholders, etc. Also, as with most nonprofit organisations, the board and its committees may consist of a combination of paid and unpaid directors and volunteers.

Within this context, should boards ensure that the Mission/Vision of the organisation is the core driver for tactical and strategic activities of the organisation? Whilst essential, the role of the board in involvement in strategy is also relatively small (Green and Zajac, 2003; Bridg and Emhouri, 1992; Vaux, 1990). However, recent research shows Sport and Recreation Alliance, 2011; Hey, 2007; UK Sport, 2005; Fosser, 2009; sportandtread, 2009) have provided an impetus for boards to be more interested in governance and an increase for boards to adapt their strategy. Contingency is being directly involved (Pettigrew and McNulty, 1998; McNulty and Pettigrew, 1999; Kim et al., 2008; Fenkes and Stennedy, 2014; Cosin and Matoyer, 2014).

Whilst emerging, there remains a lack of understanding of nonprofit sports board involvement in strategy. Even so, implementation of shareholder drivers or adherence to codes of governance (for example organisations) have led to some changes, whereby independent Board Members have been appointed, and create ‘skills based’ boards. Similarly, board diversity has been tackled by some bodies assessing this will also enhance strategic performance. While it seems logical to assume that these changes will result in enhanced strategic performance. As yet, this remains a topic where such legal/legislative underpinning is weak where research is needed.