

AN ANALYSIS OF BOARD SIZE AND COMPOSITION IN NATIONAL SPORT FEDERATIONS IN THE UNITED KINGDOM

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1. INTRODUCTION

“National Sport Federations (NSFs) play a central strategic and regulatory role in the sport ecosystem and thus, it is in these organizations where good governance must begin”.⁴ Despite an increasing understanding that having a diverse board is a driver of effective board performance in sport,⁵ even in developed countries such as the United Kingdom (UK) there are numerous sport organization boards that are not diverse.⁶ There are several issues that can emerge regarding the composition of boards in sport federations, including gender diversity, leadership roles and occupational background. This paper empirically analyses several of these issues with regards to NSFs in the UK.

2. REGULATION OF SPORT GOVERNANCE IN UK

In the UK, prior to 2016 general guidelines were available to sports institutions, comprising of recommended elements for good governance. For instance, the Sport and

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⁴ Joshua McLeod, Shaun Star & David Shilbury, Board composition in National Sport Federations: A cross-country comparative analysis of diversity and board size, *MANAGING SPORT AND LEISURE* (2021). DOI: 10.1080/23750472.2021.1970614

⁵ *Id.*

⁶ Sulphrey M.M. & Shaha Faisal, *The position of gender diversity in Indian corporate boards*, 14 *INTERNATIONAL JOURNAL OF ECONOMICS RESEARCH* 195 (2017).

Recreation Alliance created a Voluntary Code of Good Governance which set out seven Good Governance principles which Sports Organizations were encouraged to implement so that they could execute their roles successfully.⁷

In October of 2016, however, after extensive stakeholder engagement, a new set of standards for governance were introduced by Sport England and UK Sport.⁸ After being launched in 2016, the Code was made applicable to over 4000 sports organizations across 3 tiers of funding.⁹ It supplied a standard framework of good governance for a significant number and diverse range of local, national as well as regional sporting bodies.

Most of the Code's principles were acknowledged as fundamentals of good (corporate) governance and could be observed in many of the accepted models of good governance, both inside and outside the sports sector.¹⁰ For instance, the Sport and Recreation Alliance's Voluntary Code of Good Governance,¹¹ the UK Corporate Governance Code,¹² and the governance frameworks of all five Domestic Sports Councils.¹³

Some of these fundamentals are:

- That the boards shall be of an appropriate size, not having more than 12 members unless approved by UK Sport and/or Sport England.

⁷ Jamie Singer, Oliver White & Cambise Heron, *THE SPORTS LAW REVIEW: UNITED KINGDOM - ENGLAND & WALES* THE LAW REVIEWS (2021), <https://thelawreviews.co.uk/title/the-sports-law-review/united-kingdom-england--wales> (last visited Feb 1, 2022).

⁸ Erin Stephens, *A guide to the UK's new code for Sports Governance* LAWINSPO (2017), <https://www.lawinsport.com/topics/sports/item/a-guide-to-the-uk-s-new-code-for-sport-governance> (last visited Feb 1, 2022).

⁹ Sport England, *A code for sports governance* SPORT ENGLAND, <https://www.sportengland.org/campaigns-and-our-work/code-sports-governance> (last visited Feb 1, 2022).

¹⁰ *Id.*

¹¹ *The principles of good governance* SPORT AND RECREATION ALLIANCE <https://www.sportandrecreation.org.uk/governance/the-principles-of-good-governance> (last visited Feb 1, 2022).

¹² *The UK corporate governance code* FINANCIAL REPORTING COUNCIL (2018), <https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.PDF> (last visited Feb 1, 2022).

¹³ Sport England, *A code for sports governance* UK SPORT, (2016), https://www.uk-sport.gov.uk/-/media/files/government-code/a_code_for_sports_governance.ashx?la=en&hash=64268BC6A7A6EAEA1C01016EED67FA7A (last visited Feb 1, 2022).

- These board members shall have the necessary balance of diversity, skills, knowledge, experience, and independence.
- At the least 25% of these board members shall be independent non-executive directors, with each board appointing one of these directors as the senior independent director.¹⁴

Post the backdrop of Black Lives Matter in July 2020, and after more than three years of the Code being implemented, UK Sport and Sport England decided to review the Code, aiming to identify the areas and provisions of the Code which would benefit from further improvement, particularly focusing on the key components in favor of diversity and inclusion.¹⁵ This also gave them the chance to compare the necessities of the Code against best practice in governance, recognizing that the thoughts and opinions of the society may have moved on and advanced developments may be discovered in sport and other sectors.

UK Sport's review took a thorough and detailed view of not just individual principles, requirements, and related commentary, but also how each aspect of the Code is presented, exercised, and applied. The review process relied on the expertise and proficiency of the teams across Sport England and UK Sport, as well as a diverse range of stakeholders and partners as well as independent experts.¹⁶

Following the review, new Requirements were pioneered in respect of Tier 3. Specific requirements for diversity and inclusion were reiterated as a chief thread throughout the updated Code.¹⁷ Some of these include those in the Diversity and Inclusion Action Plan:

- Req. 2.1 – “Each organization shall publish clear ambitions to ensure its leadership represents and reflects the diversity of the local and/or national community (as appropriate). These ambitions shall be centered on each organization committing to achieving greater diversity in all its forms on its Board

¹⁴ *Id.*

¹⁵ Sport England, *supra* note 9.

¹⁶ *Id.*

¹⁷ *Id.*

and senior leadership team, as well as where possible cascading this ambition in line with Requirement 4.1.”¹⁸

- Req. 2.2-2.3 – The plans and progress they are making to achieve and maintain it will need to demonstrate an advancing diversity and inclusion on the Board (including senior leadership and beyond), be agreed with Sport England and/or UK Sport, reviewed and updated at least annually, and made public.¹⁹

With this regulatory context in mind, the board sizes, composition, and diversity of each NSF in the UK were analyzed to assess whether good governance principles are followed in practice in the UK.

3. METHODOLOGY

With the use of secondary online resources, data was gathered on board composition in UK NSFs. This data was analyzed using descriptive statistics in order to better understand whether the good governance principles set out in the regulatory framework in the UK are in fact followed in practice. The style of methodology corresponds with the process followed by McLeod, Star and Shilbury (2021), wherein data from NSF board members was collected from online secondary sources such as NSF websites. In this study, data was gathered by a team of two scholars and three student Research Assistants for a total of 46 NSFs in the UK. The benefit of using such a methodology was that the data was publicly available for analysis. There were three variables present in the study, namely gender diversity, board size and the occupational background of the members of the board. Gender diversity was a qualitative variable, recognized solely in a dualistic manner, i.e., ‘male’ and ‘female’, categorized using their name, title and photograph accessible through online web resources (we recognize as a limitation that we could not account for non-binary genders in our research method). While board size was a quantitative variable, occupational background was again a qualitative one. The researchers made use of 12 pre-defined categories for this variable and used ‘other’ category (rarely used) if an occupation did not fall into the pre-defined 12 categories. The

¹⁸ *A code for sports governance*, UK SPORT, <https://www.uk sport.gov.uk/resources/a-code-for-sports-governance> (last visited Feb 1, 2022).

¹⁹ *Id.*

methodological concern was that individuals might change occupations over time, and an individual's professional history might be so diverse as to fit in two or more classifications. In such cases, the data was coded by the research team and a judgment was made by the principal researcher as to what the predominant and most relevant research category for that board member would be.

4. RESULTS AND DISCUSSIONS

4.1 BOARD SIZE

According to the data that were collected, board size across UK NSFs on average was 10.7, which appears in the ideal range of being a medium sized group consisting of 5-12 members. This strict adherence to a limited medium sized board can be attributed to the effective implementation of the 2016 UK Code on Sports Governance. This code included board structures and sizes as a part of its Tier 3 Mandatory requirements. The various sporting bodies have to make formal commitments to reach and maintain the adherence with these.²⁰ A very interesting feature of this requirement is that while it does not set a minimum number of members required for a board to operate, it does set an upper limit of 12 members, which can be extended but only with the permission of UK Sport or Sport England. Thus, it is interesting to note that while there is option of an extension available, and boards such as the Rugby Football Union with 14 members have used these options, yet the average board size remains in the range of 5-12 members. It would not be incorrect to assume that while the regulatory code introduced this concept of small board sizes, there is evidence to prove the presence of independent initiative by the sporting federations themselves to limit board sizes.

The range of 5-12 is said to be appropriate in order to have diverse opinions and perspectives which would eventually lead to high-quality discussions.²¹ The range provides a balance of diversity as well as quick and efficient decision-making because of the relatively limited yet focused group of people involved, which also significantly

²⁰ Sport England, *supra* note 13.

²¹ McLeod, *supra* note 4 at 2.

reduces the chances of internal conflict and inefficiency caused by delays and gaps in communication of a large governing body. At the same time a medium sized boards can also easily overcome the hurdles of having limited capacity and human resources to handle the strenuous workload of managing a national sporting body.²²

4.2. BOARD DIVERSITY

Diversity on boards can be divided into two broad categories, namely task-related diversity and non-task related diversity.²³ The former includes the educational or occupational background while the latter include gender, ethnicity, religion, and age. Both types of diversity play an important role in the composition of a board and therefore it is crucial to understand each separately.

4.2.1 TASK-RELATED DIVERSITY

The very nature of sport has undergone massive change in the last few decades, with the large-scale commercialization of sport events and competitions worldwide. The professionalization of sports has forced the sporting organizations to adopt structures of organization and governance which are very similar to the organizational characteristics of a corporate entity.²⁴ This evolution has allowed individuals who do not necessarily have a background in sports to also play an important role in the effective organization of these boards.

The skills of the members will have a significant and direct impact on the performance of the board. In the current scenario it has become important for organizations, including sporting bodies to include people from various professional backgrounds and in possession of varied skill sets in order to better understand and combat the multi-faceted

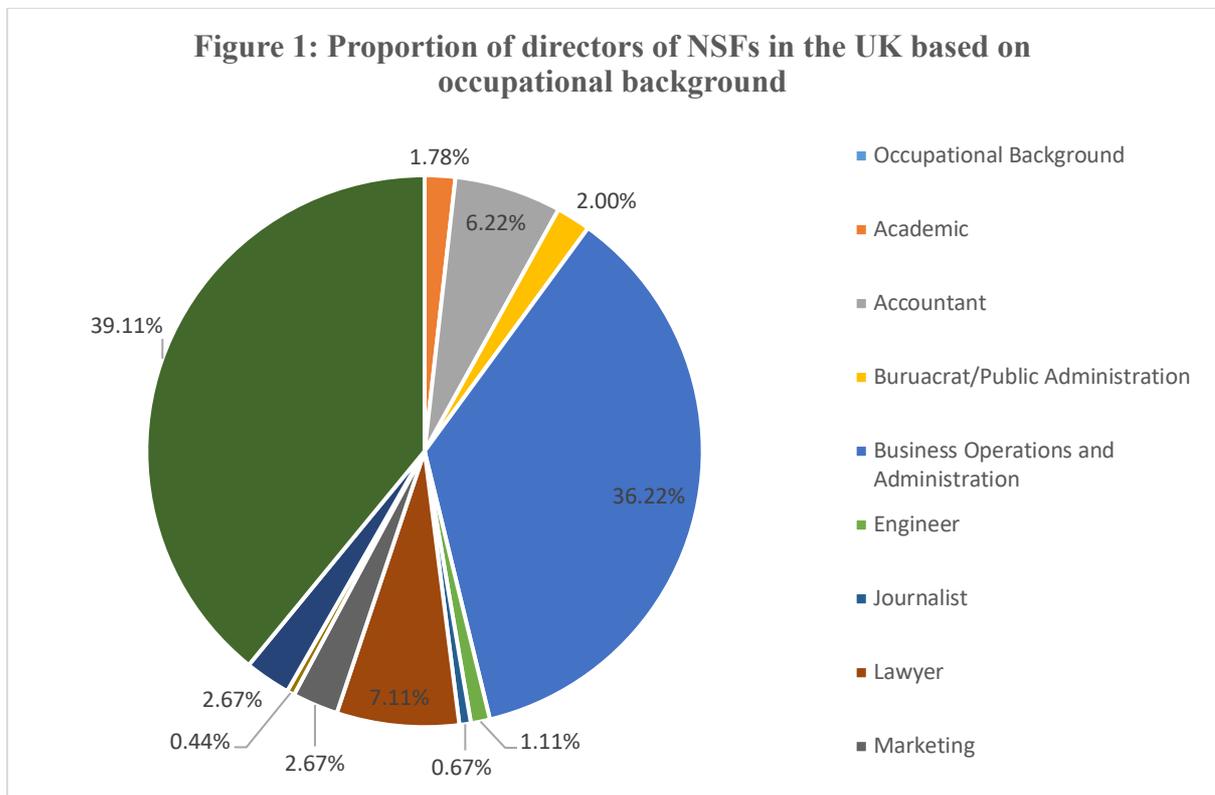
²² Jeffrey L. Callen, April Klein & Daniel Tinkelman, Board composition, committees, and organizational efficiency: The case of nonprofits, 32 *NONPROFIT AND VOLUNTARY SECTOR QUARTERLY* 493 (2003).

²³ McLeod, *supra* note 4 at 4.

²⁴ Joshua McLeod, *Role of the board and directors: Board structure and composition.*, in *ROUTLEDGE HANDBOOK OF SPORT GOVERNANCE* 243–254 (David Shilbury & Lesley Ferkins eds., 1 ed. 2019).

challenges that the boards might face.²⁵ For example, it would be very difficult to imagine any professional sporting body operating in the present circumstances, without both the traditional sporting experts who understand the physiological demands of a sport, as well as experts in public relations, marketing, financial accounting and a various other professions.

According to the data collected, the largest proportions of directors on UK NSF boards comprise professionals with either a background in Business Operations and Administration or from a sporting background (coded as “Sports/Athlete/Coach”), as is exhibited by the Figure 1.



²⁵ *The state of sports governance – Are you leading or lagging?* SPORT BUSINESS CENTER, <http://www.sportbusinesscentre.com/wp-content/uploads/2018/03/FINAL-REPORT-the-state-of-sports-governance.pdf> (last visited Feb 1, 2022).

While it is easy to understand the benefits of having adequate athlete representation as members of the boards,²⁶ it is also important to remember that the commercial business aspects of sports organizations require specialized knowledge in order to be managed effectively.

However, a dominance of any one professional background within the boards might result in compromising the independence of these boards²⁷ as well as potentially suffocating the diversity of thought and experience, by enforcing a uniformity of experience and problem-solving skills that individuals with similar professional training and backgrounds would most likely possess.

Diversity of thought and perspectives can prove to be an integral part of a successful board as the 2006 research conducted on the Squash New Zealand Board indicates.²⁸ The study also suggested that the diversity of professional backgrounds within a board, allow for individual members to be more receptive towards criticisms, without feeling personally challenged or questioned on their professional competencies.

As a general trend, the UK NSFs maintain a healthy occupational balance, however it is important that all NSFs continue to actively work towards ensuring that they have a board with mixed skills, backgrounds, and perspectives. This balance does seem to be ignored in certain boards such as the Royal Yachting Association, which has seven members out of a total of eight with a business background as well as the Football Association in which five board members have a business occupation out of a total of ten members.

4.2.2. NON-TASK RELATED DIVERSITY

Diversifying sports boards is crucial as it broadens opinions, creates empathy resulting in improved performance and effective functioning of the organization. Several reports, including by McKinsey (2015) and Harvard Business School (2016), show that

²⁶ Lucie Thibault, Lisa Kihl & Kathy Babiak, *Democratization and governance in international sport: Addressing issues with athlete involvement in organizational policy*, 2 INTERNATIONAL JOURNAL OF SPORT POLICY AND POLITICS 275 (2010).

²⁷ McLeod, *supra* note 24.

²⁸ Lesley Ferkins, Gael McDonald & David Shilbury, *A model for improving board performance: The case of a national sport organisation*, 16 JOURNAL OF MANAGEMENT & ORGANIZATION 601 (2010).

companies that are in the high quartile for racial and ethnic diversity are 35 % more likely to have financial returns over their industry mean.²⁹ Companies with higher gender diversity are 15 percent more profitable.³⁰

i.) Gender diversity: Numerous research has shown the importance of gender diversity on sports boards for good governance practices, as well as reduction in organizational problems.³¹ In the UK, there is a target of a minimum of 30 percent from both genders on their sport boards by the Code for Sports Governance.³² This requirement has indeed increased the presence of women in sports boards,³³ but as it can be seen in the figure the addition of women, only seems like a formality in many cases. Women board membership has exceeded the 30 percent mark by only 6 percent, and has remained largely static for most sporting federations.³⁴ For example, The Football Association has a total of 10 members, only three are female, in British Karate Federation out of 13, our data suggests there are only two women.

There are very few NSFs that ensure an equal gender balance such as Pentathlon GB which has five males and five females, British cycling has a total of six women and seven men. However, several federations have more female than male directors; for instance, in England Netball, there are nine females out of 12 total board members, in British Disabled Fencing there are three women out of four total members. One could conclude that in part, the percentage of women on NSF boards in the UK may be either because of the ‘30 percent rule’ or in exceptional circumstances, the number of female board members may exceed the number of male board members where the sport is considered as ‘women’s sport’ such as netball. Further, an analysis of the present data shows that the majority of the more senior executive positions are held by men and women occupy a significantly

²⁹ Sport England, *Diversity in Sport Governance*, <https://sportengland-production-files.s3.eu-west-2.amazonaws.com/s3fs-public/diversity-in-sport-governance-full-report.pdf> (last visited Feb 1, 2022).

³⁰ *Id.*

³¹ McLeod, *supra* note 4 at 5.

³² Sport England, *supra* note 13.

³³ Women in Sport, *BEYOND 30% Female leadership in sport* WOMEN IN SPORT (2017), <https://www.womeninsport.org/wp-content/uploads/2017/10/Women-in-Sport-Beyond-3025-1-1.pdf?x99836> (last visited Feb 1, 2022).

³⁴ *Id.*

lower number of leadership positions.³⁵ For instance, 71.4% of NSF chairs were male (25/35).

The high proportion of women directors relative to other nations is commendable; however, placing women directors at a position of ‘members’ and limiting the percentage of women to the criterion of 30% will arguably be insufficient to achieve true balance as the power to effect real change in sport may still lie with the majority (in this case, the male-dominated opinions and perspectives).

Associations such as Women’s Sports Foundation, the Canadian Association for the Advancement of Women in Sport, and Womensport Australia have confirmed that there is a considerable irregularity between males and females regarding the issue of gender diversity in the administration of sports federations.³⁶ The Wall Street Journal coined the term ‘glass ceiling’, to indicate the obstacles that prevent women and minorities from reaching the higher positions in the hierarchy of corporate organizations. Research has proved that irrespective of the efforts to foster diversity in sports boards, women face the glass ceiling impact with respect to top administrative positions to date.³⁷

Observing the effect of mandated gender quotas in corporate boards can be a point of reference that can help gauge the impact of similar mandates on sporting boards as well. The strongest challenge to the efficacy of these gender quotas stems from the perception that any mandatory compliance with the quotas would come at the cost of the meritocracy.³⁸ Many a times these quotas have been unsuccessful in actually increasing female representation because of practices such as nepotism and targeted appointments of the same set of women in multiple boards which can render this system futile.³⁹

These practices of limiting the benefit of the quotas to a limited few ‘insiders’ or the female relatives of influential stakeholders makes their presence on these boards seem

³⁵ *Id.*

³⁶ Katie Simmons, *Women in Top Management Positions in the Sport Industry: Breaking Down the Barriers and Stereotypes*, SPORT MANAGEMENT UNDERGRADUATE (2011).

³⁷ *Id.*

³⁸ Siri Terjesen & Ruth Sealy, *Board gender quotas: Exploring ethical tensions from a multi-theoretical perspective*, 26 BUSINESS ETHICS QUARTERLY 23 (2016).

³⁹ Barnali Choudhury, *Gender Diversity on Board: Beyond Quotas*, 26 EUROPEAN BUSINESS LAW REVIEW 229 (2015).

illegitimate and wrongfully gained. This undermines the purpose of gender quotas and hinders the appointment of well-qualified women who could bring valuable perspectives to these boards.

ii.) Other Minority Groups: There is also a greater need for larger representation outside the male-female divide such as people who have a disability, LGBTQIA+ community, and BAME (black and minority ethnic) community. According to the 2011 census, BAME communities forms 14.5% of the total population but the community only accounted for 5.2% of the board members in the NSFs.⁴⁰ Two-thirds (approx. 64%) of the NSFs had no BAME members.⁴¹ There are some improvements, but the progress has been slow. There has been an appeal to the government to create a target of 20% for the BAME communities in the sports boards which was also duly acknowledged by the government.⁴²

Similarly, only around five percent of board members had a disability or identified themselves to have a disability, while there is approximately 22 percent of disabled people in the country.⁴³ There has been a slight improvement from three percent in 2016 to 5 percent in 2019 but a long way to go. While this is outside the scope of the present study, diversity with respect to sexual orientation and ethnicity is an important aspect of promoting good governance in sport in the UK to ensure inclusivity in sport.

5. CONCLUSION

The aim of this study was to provide empirical evidence and analyze board size and diversity within UK NSFs. Studying data related to sport boards is an effective way to evaluate the lacuna between administrative functions and the performance of athletes. Sports is already a popular field, but it is only expected to increase which in turn will push more people to join the profession in different capacities and the root of the

⁴⁰ Diversity: UK sport and sport England launch review into board make-up, BBC SPORT (2020), <https://www.bbc.com/sport/53379903> (last visited Feb 1, 2022).

⁴¹ Sport England, *supra* note 29.

⁴² Sean Ingle, *Sports organisations 'should have 20% BAME Board Members' to tackle racism* THE GUARDIAN (Jun. 12 2020), <https://www.theguardian.com/sport/2020/jun/12/sports-organisations-bame-board-members-systemic-racism-sporting-equals-arun-kang>.

⁴³ Sport England, *supra* note 29.

profession rests with the composition and structure of the sports boards and their functions. There is a need for a conducive environment where a diverse range of people from different backgrounds and orientations can participate and contribute to the governance and administration of sport. Awareness about the diversity benefits or the governance code is not enough, the people on boards and beyond need to embrace, practice and celebrate diversity