

# **BOARD COMPOSITION IN BRAZILIAN SPORT FEDERATIONS: AN ANALYSIS OF SIZE, DIVERSITY AND OCCUPATIONAL BACKGROUND**

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## **1. INTRODUCTION AND BACKGROUND**

### **1.1. SPORT GOVERNANCE**

Providing a definition of ‘governance’ is not a straightforward task since the concept may vary depending on the researcher’s agenda or the object that is studied.<sup>3</sup> In the present study, governance is seen as a range of norms and patterns of conduct that intend to guide the internal relationships of sport organizations, as well as the interactions between said entities and its stakeholders to reach better outcomes.

The idea of governance is inherently linked with notions of transparency and accountability, which enable the institution “under compliance” to have an administrative practice that is both financially healthier and more professional. Upholding these principles not only enhances the management of resources, but it also makes the organization more attractive to investors and potential partners.

Sport governance has been gaining increasing relevance in recent years, especially in light of high-profile frauds and cases of corruption involving important sport entities, such as “FIFA

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<sup>3</sup> Arnout Geeraert, Jens Alm & Michael Groll, *Good governance in international sport organizations: an analysis of the 35 Olympic sport governing bodies*, 6 INTERNATIONAL JOURNAL OF SPORT POLICY AND POLITICS 281 (2013).

gate” and doping scandals at the Russian Olympic Committee, for instance. Since then, the necessity of adopting compliance practices in sport entities has become more urgent.

In this context, attempts to establish universal principles of good governance in sport have proliferated, such as the standards established by International Olympic Committee in 2008. In addition, in countries such as the United Kingdom and Australia, domestic regulations have been enacted with the aim to define common good governance models that should be followed by all national sport organizations in their territory.

In Brazil, the requirement for a minimum pattern of good conduct regarding sport entities was duly summarized in a document published by the now defunct Ministry of Sport,<sup>4</sup> which reunites elements of compliance in many laws from the nation’s juridical order, such as “Pelé law” (Lei 9.615/98), renowned as the main Brazilian sport legislation, and the “Statute of PROFUT” (Lei 13.155/15), which relates to fiscal governance of national soccer clubs.

It is noteworthy that there is not any specific regulation that commands the national federations in Brazil to comply with minimum standards of good governance. Such obligation, however, derives from articles 18 and 18-A of the “Pelé law”.<sup>5</sup> In practical terms, when those entities want to claim any financial resources from the federal public administration (for instance, those deriving from the “sport incentive law”, that finances most of the Olympic sports in Brazil), they are required to comply with minimum standards of transparency and organization for approval of the Special Secretary of Sports. The Special Secretary is responsible for certifying the compliance of the entities with said articles of the “Pelé law”, in the terms of an administrative regulation (“Portaria 115/2018”).

A crucial good governance standard for national sport federations is to ensure that the board of directors has an appropriate composition in terms of its size and diversity. The specific aim of the present research paper is to critically analyze the composition of boards of directors of national sport federations in Brazil, therefore making it possible to identify the profile of the members who are currently forming these boards. As such, the research team analyzed data collected throughout the year of 2021 that identified the boards of these sport federations with

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<sup>4</sup> ‘Portaria nº 115/2018’ (Translated freely: ME Ordinance No. 115 of 2018). It should be noted that, in 2019, the Brazilian Ministry of Sports ceased to exist, being incorporated by the Ministry of Citizenship.

<sup>5</sup> Translated freely: “Art. 18. Will only benefit from tax exemptions and transfers of federal public resources from the direct and indirect administration, pursuant to the item II of art. 217 of the Federal Constitution, the entities of the National Sport System that: [...]”; “Art. 18-A. Without prejudice to the dispositions of art. 18, the entities without profit purposes that are part of the National Sport System, referred to in the sole paragraph of art. 13, can only receive funds from the federal public administration if: [...]”

regards to their size, diversity of composition, and it further identified the professional qualifications of those who occupy these board positions.

## **1.2. LITERATURE REVIEW – BOARD COMPOSITION**

The board of directors is the apex decision-making body in a sport organization and is tasked with providing oversight of and direction to the management. Each sport federation, whether local, national, or international, has its own particular way of organizing its board. This is natural, given the particularities each sport provides. The board is also responsible for reporting to stakeholders of the sport federation, directing and planning its institutional activities, risk management, defining the internal way of control and regulation, and representing the federation in legal, administrative, and commercial acts, among other functions.

To optimize governance effectiveness, it is essential for a board to have specialized skills and competencies. When dealing with larger and more complex federations, this requirement is particularly important. After all, the board is the body that oversees administrative capability, and thus it is important that each member of the board can concentrate his or her efforts on a specific aspect of the entity's activities.

One common way to measure the level of good governance in sport federations is by analyzing the diversity and size of their boards, because these two aspects translate the quality of critical thinking and debate that is being nurtured within the boards and how this will directly affect the sport entity itself, as well as all those involved.

Diversity within the board leads to several benefits, such as a variety of opinions and ideas, more effective choices, and a greater inclusion of social groups to the entity's target audience. Different points of view within the board of directors of the sport federation could translate to more powerful and efficient governance standards. This aspect of diversity can be measured by multiple social standards such as gender, social class, ethnicity, education level and occupational background.

In this context, specialized studies recommend that such committees should be composed by between five and 12 members, since such quantity range translates to a balance that results in the peak of the entities' effectiveness proposed by governance theories.<sup>6</sup>

In Brazil, there is no legislation that sets up a minimum or maximal size for sport federations boards, nor a discrimination of who should occupy the positions in said boards. This may be due to the fact that they have the legal nature of civil societies, therefore being self-regulated in most internal aspects. With this being the case, a pertinent research endeavour is to measure and analyze these aspects of board composition in the Brazilian sport context, and that is the purpose of this study.

There are several laws concerning sport governance in Brazil. Its domestic law provides guiding principles under Article 2 of "Pelé law", which sets out requirements with respect to financial and management transparency, and best practices in sport administration and social responsibility for sport federations.

This legislation also sets out the requirements that sport federations must comply with in order to access public funding. For instance, under 18-A of the "Pelé law", national sport federations must, among other obligations: (i) be transparent in administration, including supplying due information about financial issues; (ii) supply reports concerning the management of the entity's resources; and (iii) follow general compliance guidelines, duly developing their social object.

Under the legislation, all sport federations must organize themselves consistently with democratic principles, including requirements, for example, for the participation of athletes on executive committees of the national sport federations, as well as a transparent electoral process.

Finally, the Statute of PROFUT (Lei 13.155/15) invokes rules about fiscal responsibility and financial accounting for Brazilian football clubs, which often suffer from multi-million-dollar debts. The goal of this statute is to ensure the long-term viability of the nation's most widely practiced sport, football.

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<sup>6</sup> 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

## 2. METHODOLOGY

Inspired by the study developed by McLeod, Star and Shilbury (2021) on board composition in national sport federations,<sup>7</sup> this research was developed by researchers from the Faculty of Law of the University of São Paulo. Mirroring the research conducted by the McLeod et al. (2021), the present study covers three aspects of board composition: board size, gender diversity and occupational background of directors of Brazilian sport federations.

The first step of the research was to assess how many sport federations exist in Brazil and list them, so that the data analysis could be as close as possible to picturing the current situation of all the Brazilian national sport federations. Afterwards, each researcher involved in the work was randomly given an equal number of such federations to investigate and collect each of its respective board composition statistics.

The next step was to populate an Excel sheet with information about the board size and data on its respective members, such as their gender and occupation. At this point, the research was mainly based on the federations' official websites, which generally provides an updated record of their organizational structure and competencies,<sup>8</sup> followed by a search of each name in media platforms and social networks – Facebook, Instagram, LinkedIn, Twitter, among others – to detect the background information desired.

Some federations' websites had a lack of information, with almost no, or very limited, information available. This was particularly the case in lesser practiced sports that have smaller federations, which would not be able to collect any government funding, thus did not have any incentive to comply with its governance recommendations. In those cases, information regarding board composition had to be searched by other means, such as online newspapers that mentioned their elections. Using this method, we were able to find data with respect to the occupational background of 332 directors (63.24%) of the total sample.

After compiling the data in Excel, graphics indicating the gender rate and the percentage of professional occupation of the members of each federation were presented and compared to other countries involved in the study. As a final step of the research, a critical review of the data collected was prepared, which is presented by this article.

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<sup>7</sup> *Id.*

<sup>8</sup> An obligation derived from art. 11, item IV, of 'Portaria nº 115/2018', the forecited administrative regulation that certifies compliance of the entities to provide them public funding.

### 3. RESULTS

The first noteworthy finding is that, out of the 68 national sport federations analyzed, only three boards have 50% or more female representation. In a country that has a history of sexism in sports,<sup>9</sup> that unfortunately is not surprising, but sounds an alarm over a situation that can and should be improved.

The vast majority of Brazilian sport federations present a significant female minority, which is especially observable in larger boards. For instance, the Brazilian Football Confederation has 23 members on its board, among which only eight are women. Another example in this sense is the Brazilian Karate Confederation, that presents only five women on its board which composed of 29 members.

The most negative and alarming result collected in this research is that 34 of the Brazilian sport federations – that is, exactly half of the entities analyzed – have no women at all in their respective boards. The Cycling Federation, the Volleyball Confederation, and most martial arts federations, such as Jiu-Jitsu, all feature such undesirable record.

In fact, only three of the boards analyzed are represented by 50% or more women. Two of them, however, present only two members in their composition (the Brazilian Weightlifting Confederation and the Brazilian Confederation of Gymnastics – the latter being the only entity with 100% women representation in its board). The other 31 boards are composed 40% or less women, 17 of them not even reaching 20%.

Therefore, this research has concluded that the boards of the Brazilian sport federations do not feature gender diversity in their composition, demonstrating that, in general, women either have a minimal percentage of participation or are not present at all.

Another significant finding is that 12 of the federations analyzed have more than 12 members on their committees, and 21 have less than five members. As such, almost half of the Brazilian national federations analyzed (33 out of 68) have boards sizes that do not fit in the ideal range presented by specialized researchers.

The results also showed an impressive oscillation between the number of board members among the many federations studied. The largest board detected was the Brazilian Karate Confederation with 29 members. On the other hand, results showed three federations had only

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<sup>9</sup> Women's football, for instance, was prohibited by law (Art. 54 of the 'Decreto Lei 3.199/41') until as recently as 1979 and was only thoroughly regulated in 1983.

one assigned board member. Although two of them represents lesser-known sports (foosball and “no holds barred” fighting), the third instance comes in of the most popular sports in Brazil: Jiu-Jitsu (a phenomenon that could be explained because its entity is a confederation, which usually leads to a board with less members).

Also, 25 of the 68 federations have five or less board members and 18 of them have 10 or more. Curiously, the most common number of board members is seven, as precisely 10 federations amount to such figure. Seven board members represents a good size for effective governance: there usually is not an excess of functions and people nor is there unnecessary expenses paying multiple honorariums or salaries, in the case of remunerated boards. In addition, this number is usually enough to avoid lack of personnel related problems, something smaller boards tend to suffer from.

In terms of occupational background, of the data available, this study shows that professionals who work directly with sports (i.e., coaches, athletes, or former athletes) and Business Operations or Administration make up most of these committees, with 34.64% and 26.81% respectively.

Having such a high percentage directly related to sports tends to be a good sign of governance, because people that are most affected by board decisions are involved in the process of taking them, being listened to, and participating. A federation without sports related occupants in its structure would arguably be more inclined to decisions that harms the athletes’ interests, which is a problem we have seen across global sport. It should be noted that, although such a statistic in Brazil is reasonable, it is slightly below other countries such as the United States of America (35.56%), the United Kingdom (35.7%) and Australia (28.13%), meaning there is room for improvement.<sup>10</sup>

The second largest portion of occupation comes from business and administration professionals (26.81%). This occupational specialism is vital to the wellbeing of any kind of entity, since they are experts in managing, and that being so, can present a technical knowhow to better direct decisions and assess their consequences. As such, it is constructive to present a reasonable quantity of said class of experts.

It is interesting to acknowledge that the third largest group of professionals occupying sport boards in Brazil is lawyers (15.36%), which represents the highest percentage of such

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<sup>10</sup> McLeod, *supra* note 6.

occupation among all countries researched. In relative numbers, that also represents roughly double the second highest country in terms of board membership by lawyers, the UK (7.11%). Such number could be put into perspective when considering another interesting statistic: Brazil has over 1,500 law courses, which is more than all of the rest of the world combined.<sup>11</sup> Further, there is a general cultural belief in the country that, whatever business is being ran, they should always consult a lawyer – something that is observable via the present research, in which there usually is at least one such professional among every board.

Finally, it should be noted that there is a low percentage of bureaucrats/public administrators, elected politicians and military personnel among Brazilian boards (all three categories combine for 6.02%). That represents an important indication of independence between sports organizations and the government. The autonomy of the directing of sport entities is of such importance that is guaranteed by the very letter of the country's Constitution, in its article 217, item I.<sup>12</sup> Thus, this finding represents a positive portrait, inasmuch as the government is relatively separated from the administration of the national sport federations.

#### 4. CONCLUSION

The objective of the present study was to collect data and assess the composition of the boards of directors of the national sport federations in Brazil. Hence, this article contributed by adding new insights into the inner workings of these sport committees, presenting relevant information on the theme of international sport law and governance. From the observation of the data collected, it is noted that the absence of gender diversity is a recurrent aspect in most of the boards of the Brazilian sport federations: only 4% of them display 50% or more women, and half of them present the extreme value of 0% female participation.

Furthermore, in terms of occupational background, there could be higher participation rates for sports/athletes/coaches and business/administration personnel. In addition, while the high involvement of lawyers might not be something inherently harmful, it highlights the country's cultural tendency that could be mitigated. It could likewise be concluded that the constitutional

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<sup>11</sup> Hyndara Freitas, *Brazil has more than 1500 law courses, but only 232 have satisfactory performance*, JOTA (Apr. 04, 2020, 10:10 AM), <https://www.jota.info/carreira/brasil-tem-mais-de-1-500-cursos-de-direito-mas-so-232-tem-desempenho-satisfatorio-14042020>

<sup>12</sup> Translated freely: "Article 217. It is the duty of the state to foster the practice of formal and informal sports, as a right of each individual, with due regard for: I – the autonomy of the directing sport entities and associations, as to their organization and operation [...]"

intention to guarantee the sport entities autonomy is being followed, inasmuch as there is a low participation of militaries, bureaucrats and elected politicians. Therefore, the inclusion of women and the increase in participation of sports/athletes/coaches and business/administration professionals in the sport federations could be seen as guidelines to achieve a more democratic environment in national federation boards, being more adequate to the principles of good sport governance.

Despite all the difficulties that the present article presented, it provides empirical evidence, which allows for further studies to be conducted in this field. In this regard, researching more aspects of diversity, such as ethnicity, age and regional heritage from the board members, among other aspects, could be highly relevant to draw a better picture of the situation, even though it should be acknowledged that such studies might be particularly difficult to conduct, given the lack of accessibility of such information. Nevertheless, there should always be an effort to achieve more complete and critical analysis to better assess and develop solutions to such problems.

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