An analysis of systemic sport governance structures in Australia

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Abstract

This article compares the Federated Model (FM) and the Unitary Model (UM) of sport governance, focusing primarily on the Australian sporting landscape. While the FM is characterised by decentralised power distribution, local responsiveness and decision-making independence from regional affiliates, the UM encompasses a centralised administration system, common strategic alignment, and enhanced efficiency. Through a multi-dimensioned analysis considering power distribution and strategic direction, collaboration and cohesiveness, and efficiency and productivity, the UM emerges as potentially better suited to modern sporting bodies due to streamlined resource management and centralised financial control, sponsorship, and marketing efforts. However, implementing governance change in sport is a challenging endeavour, particularly in tradition-based sporting nations like Australia. Thus, the One Management Model (OMM) is examined as a middle-ground solution combining the benefits of both approaches. Ultimately, sport governance requires continuous adaptation, accountability, and a tailored approach based on the needs of each sport, and the socio-political landscape in which it operates. Experienced sport business leaders recognise that no one-size-fits-all governance structure exists.

Keywords

Sport governance, federated model, unitary model, one management model.

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1. Introduction

This article aims to compare the two major models of sport governance, the Federated Model (FM) and the Unitary Model (UM). It commences by defining these and summarising the key aspects of their historical background, philosophy and current trajectory, before examining their strengths and weaknesses concerning three main categories within the context of National Sporting Organisations (NSO): 1) power distribution and strategic direction, 2) collaboration and cohesiveness and 3) efficiency and productivity. Moreover, it discusses the suitability of the models in adapting to today's fast-paced, interconnected and changing sporting business landscape, and finalises with some concluding remarks. Despite the relevance of governance as a global practice in sport, this article focuses primarily on analysing the Australian sporting landscape and various relevant case studies are examined. To maintain an industry perspective of sport governance practice, the analysis contemplates insights and observations from well-respected Australian sport business leaders.

2. Defining the models

The systematic or federated nature of sport governance has its roots in the traditional approach to how sport has been managed predominantly in decentralised countries (i.e., Australia and Canada), in which NSOs are responsible for controlling sport within their boundaries whilst collaborating with international federations.[2] This business structure can be defined as a complex interconnected network of organisations seeking to allocate resources, exercise control, and coordinate activities.[3] In sport, the FM involves NSOs governing a network of regional, state and local legally autonomous entities functioning as separate businesses, thus creating various layers of administration.[4] Sports operating under this model are characterised by a 'bottom-up' direction to funding, whereby each tier of administration collects fees from members and shares a portion of these with the upper tier.[5] Moreover, the delegate representative structure of board composition is a crucial aspect of the FM, as it

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[2] Australian Sport Commission (2015).

[3] Shilbury et al. (2013).

[4] Ibid.

[5] Australian Sport Commission (2015).

involves the appointment of board members who act as delegates aiming to represent the interests of their respective entities.[6]

Conversely, a unitary governance system (e.g., used in China and Ireland)[7] typically encompasses a national government exercising authority over all regions within a country, whilst granting limited powers to the constituent regions or states.[8] In a sporting context, the NSOs oversee all state member associations which function as its branches, and the state committees are limited to performing an advisory role whilst providing local guidance.[9] Under this model, the NSOs' members may vary from individual entities to clubs or affiliated competitions, and there is an absolute lack of a board at a regional or state scale (at least in a decision-making capacity).[10] Additionally, the UM adopts a unified structure in which core sport management processes such as strategic planning, reporting, finances and commercialisation are centrally unified, hence minimising inefficiencies and resource duplication.[11]

The next section of this paper aims to compare both governance models concerning the advantages and drawbacks highlighted by numerous sport academic experts. The analysis is organised within three main managerial perspectives (power distribution and strategic direction, collaboration and cohesiveness, and efficiency and productivity), illustrated through the discussion of relevant industry case studies.

3. Comparing the models

3.1. Power Distribution and strategic direction

Federated and unitary models of sport governance offer unique strengths and weaknesses for sport organisations regarding strategic planning, power distribution and decision-making. In the FM, regional bodies hold significant autonomy with decision-making power distributed

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[6] Shilbury et al. (2013).

[7] McKeag et al. (2023).

[8] O'Boyle and Shilbury (2016).

[9] Australian Sport Commission (2015).

[10] O'Boyle and Shilbury (2016).

[11] Australian Sport Commission (2015).

across multiple levels of each organisation. This decentralised structure fosters a greater sense of local control and responsiveness to regions, allowing for more tailored programs and approaches that cater for local needs.[12] In contrast, the UM of sport governance concentrates power at the national level, with strong and centralised NSOs responsible for decision-making across the country. With power centralised in one entity, regional diversity and local demands may be overlooked, and decisions may not sufficiently incorporate local communities' unique perspectives.[13] This becomes particularly relevant in geographically extensive countries like Australia, in which exerting control of a sport in remote territories without the support of power delegation seems an arduous task. Moreover, the elimination of advisory regional councils might go against the democratic constitutions on which sporting networks are based potentially becoming a detriment in facilitating grassroots consultation and engagement.[14]

Regarding strategic planning, the FM has been historically known to struggle with the challenge of establishing a shared strategic direction among its affiliated bodies. According to Ferkins and Shilbury (2010), usually, entities within a federated system develop their own strategic plan, which may be loosely linked to the national governing body's overall strategic direction, but not always wholly aligned with national objectives.[15] Developing and implementing strategic plans is considered one of the essential tasks for NSO board members, and the UM appears better positioned to effectively oversee this process.[16] This can be attributed to a natural optimisation in the decision-making process in unitary models of sport that comes as a result of power centralisation and the removal of added layers of bureaucracy.

3.2. Collaboration and cohesiveness

As the sport industry professionalises over the years with volunteer decision-makers and full-time paid staff competing for a balance between sport commercialisation and community participation, the need for collaborative governance has increased. Shilbury and Ferkins (2015) stated the FM based on delegate decision-making, despite having all constituted entities sharing

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[12] O'Boyle and Shilbury (2016).

[13] Ibid.

[14] Ibid.

[15] Ferkins and Shilbury (2010).

[16] O'Boyle and Shilbury (2016).

a commitment to developing a sport within a nation, is packed with tensions.[17] They also highlighted genuine cooperation is often absent despite the foundational principles indicating this as essential to appropriate sports governance practice, and indicated its absence might give rise to distrust, fragmentation, and even legal disputes. This lack of cohesiveness among the sporting network can be explained due to the affiliated entities' capacity to operate independently and prioritising represent their regions' interests rather than those of the sport as a whole.[18] Similarly, the fact sport is a uniquely passionate industry with decision-making processes driven by passion adds to making cohesiveness uniquely challenging within federated models. Research has unveiled that passion holds a vital place as an emotional factor affecting the functioning of sport boards and can potentially lead to disruptive effects on cohesion and conflict, ultimately impacting federated models and the ability of entities to collaborate.[19] Bowls Australia (BA) and Touch Football Australia (TFA), two NSOs embedded within the federated Australian sporting culture, are two excellent examples to illustrate the dynamics mentioned above.

Shilbury and Ferkins (2015) developed an 18-month case study aiming to explore the relevance of collaborative governance within a traditional Australian NSO such as Bowls Australia (BA). The discussion paper highlighted the regional affiliates' lack of alignment and unwillingness to implement BA's strategic vision and policies implemented in the early 2010s seeking a transformation from an old amateur version of the sport to a more contemporary and professionalised approach.[20] Despite BA's long-term strategic plan, it was evident to the researchers that the professionalisation of the sport was not being comprehended and executed at the same pace across the sport due to the contrasting visions among the different state member associations regarding how bowls should be developed in their regions. Consequently, BA's board of directors were subject to an intervention designed to enhance a more collaborative culture among its members, as discontent and resentment were perceived as major cultural barriers that were preventing them to achieve its urgent organisational transformation.[21] Such intervention was predominantly performed through educational

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[17] Shilbury and Ferkins (2015).

[18] O'Boyle and Shilbury (2016a).

[19] Zeimers et al. (2022); Zeimers et al. (2023).

[20] Shilbury and Ferkins (2015).

[21] Ibid.

workshops aiming at shifting from old governance structures and behaviours to a more whole-of-sport and collaborative approach to decision-making.

Similarly, O'Boyle and Shilbury (2016a) conducted a sport governance research case study examining governance practices from 21 state and national level organisations from Touch Football Australia's (TFA) sporting network. TFA affiliate board members disclosed that before this organisation transitioned to a UM in 2005, conflict and absence of unity were constant barriers to collaboration within the governing body and most of the affiliates would rather manage their affairs as an independent entity.[22] The study also encountered that despite the existence of collective policies and processes defined by TFA's national entity, regional members developed over the years their own regulations as the national entity's vision was not aligned with theirs. This lack of alignment caused numerous instances of problematic interactions between regional affiliates and the national body of touch football in Australia, ultimately jeopardising the development of the sport in the country.

In contrast, the UM of sports governance promotes greater cohesiveness due to the centralised nature of the decision-making process. Since there is a single governing body, policies are implemented coherently and equitably across the sport, leading to greater cooperation and common goal alignment.[23] Furthermore, eliminating a board's authority at the state level will inevitably strip board-to-board tensions, especially in situations where trust is low, and past conflicts have limited the progress of the sport.[24] This change may indirectly enable NSO boards to solely concentrate on fulfilling their mandated strategic roles, while the CEO and top management team can focus on managing the sporting network. For instance, TFA executives perceived an overall increase in trust and collaboration among affiliates after the organisation transitioned to the UM in 2005, and disclosed conflict was no longer present in the decision-making process of affairs concerning regional development of the sport.[25]

3.3. Efficiency and productivity

Resources and processes are often duplicated in sporting organisations working under the FM, whereas sports operating under the UM are perceived to incorporate better productivity

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[22] O'Boyle and Shilbury (2016).

[23] O'Boyle and Shilbury (2016a).

[24] O'Boyle and Shilbury (2016).

[25] Ibid.

practices. As a consequence of the 'bottom-up' direction to funding and management within governing bodies administered under the FM approach, core sport management processes such as strategic planning, reporting, finances and commercialisation are inevitably duplicated, reducing the ability of a sport to maximise its revenue and operate as a sustainable business.[26] This limitation has been observed in a variety of national sport contexts beyond Australia, including India.[27] Considerable time and financial resources are invested in the multi-level fee collection and distribution processes within NSOs operating under the FM, hindering organisational efficiency as these efforts could be better employed towards the business's strategic objectives. Consequently, the FM of sport governance fosters an organisational culture in which each layer of administration operates as debt collectors rather than promoters of leadership and support focused on core sport processes. Moreover, the FM can result in role ambiguity within affiliates where it is unclear which entity has responsibility for certain tasks, resulting in inefficiencies and lack of accountability.[28]

On the contrary, the UM of sports governance fosters resource and process efficiency by reducing bureaucratic layers in the decision-making and auditing processes, implementing better practices and decreasing overlaps in roles and responsibilities.[29] As a result, NSOs adopting this model can naturally experience financial benefits, thus guaranteeing the sustainability of their business model. Referring to the example of TFA, affiliate board members assured of being more financially secure and stable with the newly-implemented UM in 2005, and attributed this to cost efficiencies, economies of scale, centralised services, audit removals and collaboration.[30] Additionally, they highlighted the benefits of eradicating the administrative burden in financial processes such as resource allocation and payments, as these were managed directly from TFA's national office rather than separately by each regional association. As representatives from the Victorian regional affiliate of TFA stated in O'Boyle and Shilbury's (2016a) article '*I am here to try to grow the sport, not to look after the finances.*'[31]

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[26] Australian Sport Commission (2015).

[27] McLeod et al. (2021).

[28] O'Boyle and Shilbury (2016).

[29] Ibid.

[30] Ibid.

[31] Ibid.

4. Which model is most appropriate for contemporary sporting bodies?

In the current fast-paced and changing business landscape, contemporary sporting organisations should strive for maximising their productivity and desired outcomes, hence adhering to evidence-based governance structures that best suit this interest is paramount. Sports organisations have recognised the advantages of presenting a comprehensive view of their purpose that encompasses marketing, sponsorships, fundraising, government programs and financial management.[32] Rather than focusing on local interests, successful sports are now developing national sponsorships and marketing campaigns optimising their impact, efficiency and return on investment.[33] This broader perspective also creates opportunities for consolidating procurement related to investment and fundraising. Investors in both the public and private sectors are interested in obtaining a clear understanding of a sport's financial situation which can only be attained through centralising the financial management practice, thus guaranteeing consolidation of financial statements.[34] It seems the UM is better suited to tackle contemporary challenges in sport governance, whilst effectively dealing with the duplication of resources, competing outcomes and lack of collaboration among national and state organisations.

Nevertheless, structural change in governance can present many obstacles, especially in the Australian sporting landscape in which the FM has remained largely unchanged for over 100 years.[35] James Sutherland, CEO of Golf Australia, stated the individuals involved in Australian sport, whether they are volunteers or paid employees, possess a deep understanding of the history and constituents associated with their respective sports, a sentiment that creates a substantial obstacle to implementing progress and change, especially in respect to structural changes related to governance practices.[36] This can be associated with what academic literature has defined as 'governance rent-seeking', to refer to circumstances where governance structures persist despite evidence showing they have become sub-optimal as the result of the presence and actions of parties that resist change because it would diminish their personal

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[32] Australian Sport Commission (2020).

[33] Ibid.

[34] Ibid.

[35] Sutherland (2021).

[36] Ibid.

benefits derived from control and power of traditional structures.[37] However, Sutherland acknowledges finding a "common ground" among the various affiliates and stakeholders and recognising that the shared objectives and strategies for success in sport outweigh any opposition that may arise during transition periods of shifting from traditional governance approaches to more contemporary ones.[38]

To alleviate the transition toward a full centralisation of management, various NSOs are adopting the One Management Model (OMM), a hybrid governance structure aiming to leverage the benefits of the FM and UM. The governance structure is mainly based on an FM in which centralised services and management structures support the organisation, while state member associations operate independently.[39] As highlighted in 2015 by the Australian Sports Commission Governance Reform in Sport discussion paper,[40]Triathlon Australia (TA) successfully implemented the OMM for the governance of their sport in Australia. The stakeholders at TA have shown genuine dedication to enhancing the organisation and there is a robust alignment across all levels of the NSO. This alignment is demonstrated through practices that have fostered trust, transparency, integrity, collaboration, and recognition schemes within the organisation. As a result of this, TA has achieved several positive outcomes such as adopting a collective targeted investment approach, implementing shared services, developing a unified strategic plan for the sport, establishing more straightforward organisational processes, and adopting a collaborative approach to budgeting, where resources are distributed based on merit to projects that resonate with the paramount strategic priorities of triathlon.

Moreover, to improve efficiency, reduce costs and eliminate inefficiencies associated with managing multiple organisations, Australian Sailing (AS) and state and territory associations agreed to a new national operating model in 2016, known as 'One Sailing'.[41] This new model focuses on three principles: 1) a unified national governance structure, 2) resource management optimisation and 3) an efficient approach to delivering services to clubs whilst implementing national policies. The CEO of AS, Ben Houston, affirmed the implementation of the OMM for

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[37] McLeod et al. (2021a).

[38] Sutherland (2021).

[39] Australian Sport Commission (2015).

[40] Ibid.

[41] Houston (2020).

the governance of AS revolves around building trust through effective communication.[42] AS board president plays a crucial role in this process by consistently engaging with each of the state affiliates' presidents, creating a transparent platform for sharing decisions made by the board and fostering discussions on issues impacting the sport. Through this collaborative approach, the board and state members' presidents work together to develop and execute the sport's strategy.

Furthermore, to ensure good governance and align with contemporary best practices, sporting organisations need to question traditional approaches and conduct comprehensive evaluations of current governance structures to identify inefficiencies and develop strategies for improvement. The optimal sport governance structure varies depending on the needs of each sport, NSO and the socio-political landscape in which it operates, hence each sporting organisation should be accountable for determining what structure is suitable for its sustainability.[43] Sport administration and governance is an ongoing process requiring continual change and adaptation to meet the changing needs of stakeholders,[44] and therefore there should not be a fixed endpoint or a generally accepted best model in sport governance.

5. Conclusion

In conclusion, sport governance is a continuous process that requires constant adaptation to the changing business scenario and demanding stakeholder needs, and sports organisations must be accountable for determining the most suitable structure to achieve their goals. While the FM is characterised by decentralised power distribution, local responsiveness and decision-making independence from regional affiliates, the UM is characterised by a centralised administration, common strategic alignment, and enhanced efficiency. As discussed, the contemporary sporting landscape demands better productivity practices that could be derived from streamlined resource management, collaboration and through the centralisation of financial management, sponsorship programs and marketing campaigns, making the UM as the theoretically better-suited model for modern sporting bodies. Nevertheless, changing governance practices can be challenging, especially in well-established tradition-based

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[42] Ibid.

[43] Australian Sport Commission (2020).

[44] Sutherland (2021).

sporting nations like Australia, wherefore the OMM may offer a potential middle-ground solution combining the benefits of the FM and UM. This is why experienced sport business management professionals have determined there is no optimal sport governance structure as it would vary depending on the needs of each sport, NSO and the socio-political landscape in which it operates.

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