# A MIXED METHODS APPROACH TO THE ETHICAL GOVERNANCE
# OF AUSTRALIAN NATIONAL SPORTING ORGANISATIONS

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This paper describes the mixed methods approach adopted for exploring the ethical governance of Australian national sporting organisations. Both quantitative and qualitative research methodologies were employed using survey questionnaires and focus groups.

## DEFINITIONS

The following definitions will assist the reader in understanding the ethical governance context in which the terms listed are used throughout the paper.

**National Sporting Organisations (NSOs)** are the pre-eminent organisations taking responsibility for the development of the sport in Australia. They are accountable at the national level for providing their members with technically and ethically sound sport programs, policies and services (Australian sports commission 2004). Within the context of this report, the 75 NSOs that receive funding from the Australian sports commission were involved in this report.

**Governance** refers to the practices adopted by NSOs to achieve stated performance goals focusing on the behaviour of board members. The key components of governance involve policy formulation, strategic thinking, coordination, monitoring performance and accountability.

**Ethical governance** adds a further dimension to governance within the context of sport that focuses on creating a board culture to allow for robust discussion and candour in debate without the constraints of vested interests. Also ethical governance encourages transparency in decision-making including regular financial reporting and honest dealings with members, players/athletes, participants, businesses, sponsors, governments and the Australian public. The most important elements of ethical governance include developing trust, integrity, fairness and equal opportunities for all. Another way to describe ethical governance is that it encourages behaving respectfully, taking responsibility for corporate decisions made and acting with integrity when considering all issues. Although there are some differences between the terms ethics and morals, they are used interchangeably throughout this paper.

## INTRODUCTION

Sport is an integral part of the Australian national identity, as Martin Flanagan (2001) points out: "Sport, properly understood, provides windows on the society which surrounds it (sic)." Also, sport, "plays a unique role in the Australian psyche" (Cashman 2002, 70). Being a relatively small nation, Australians unashamedly see their athletes as ambassadors and therefore it is important that they compete successfully on the world stage. These societal expectations place significant pressures on the sports governing bodies to improve their performance. In addition, the national government provides significant tax payer monies to the 75 NSOs through the Australian sports commission, which is the statutory authority responsible for funding and development of sport (Australian sports commission 2002). This strong interventionist approach to governance by the Australian sports commission is justified because taxpayers' money is involved; but professor John Bloomfield, a noted sports scientist, warns that: "The relationship between government and non-government sporting bodies will raise issues of power, control, autonomy and accountability in the future" (Bloomfield, 2003, 217). Not withstanding the above caution about intervention, this research makes no apology for taking an affirmative position on sports governance. As Green and Houlihan point out: "The role(s) of the state in relationships with NSOs have received far less attention from sociology of sport scholars (sic)" (Green & Houlihan, 2005, 249). These high expectations by both the Australian public and national government place sporting organisations

under constant public scrutiny and the governing bodies (usually the board of directors) are increasingly obligated to develop high standards of ethical accountability.

While the emphasis in this paper is on the research approach, it is necessary to clarify the underlying ethical philosophy on which NSO board members make their corporate decisions. DeSensi and Rosenberg in "Ethics, morality and sports management" suggest that: "Decision making is rooted in philosophy, specifically in the areas of logic and reason of ethics and moral judgement" (DeSensi & Rosenberg, 2003, 165). Another important element in clarifying the underlying ethical philosophy is to obtain an understanding of the differences between ethics, morals and values. Kitson and Campbell in "The ethical organisation" provide a useful chapter on business ethics which is particularly relevant to the governance of sport and they also consider the fundamental themes of ethical philosophy, namely, utilitarianism, deontology and virtue theory (Kitson & Campbell, 1996, 22). Whereas the sports literature tends to focus on ethical issues surrounding drugs and player behaviour on and off the field, there are growing numbers of sports philosophers such as: (Tomlinsion & Fleming, 1997; McNamee & Parry, 1998; DeSensi & Rosenberg, 2003; Houlihan, 2004; Slack, 2004; Kretchmar, 2005), who are broadening their ethical discussions to include the governance of sport.

While ethical philosophy is important, there must be elements of practical application built into an epistemology that extends the "knowledge-gathering process and is concerned with developing new models or theories that are better than competing models and theories" (Grix, 2001, 27).

## AIM

The aim of this research is to draw the attention of Australian national sporting organisations (NSOs) to the need to develop a board culture that focuses on developing trust, transparency, integrity, fairness and equal opportunities in their decision making processes. In order to achieve this, following research question was addressed: "Can Australian national sporting organisations meet the ethical governance challenges that are being imposed by societal and government pressures?"
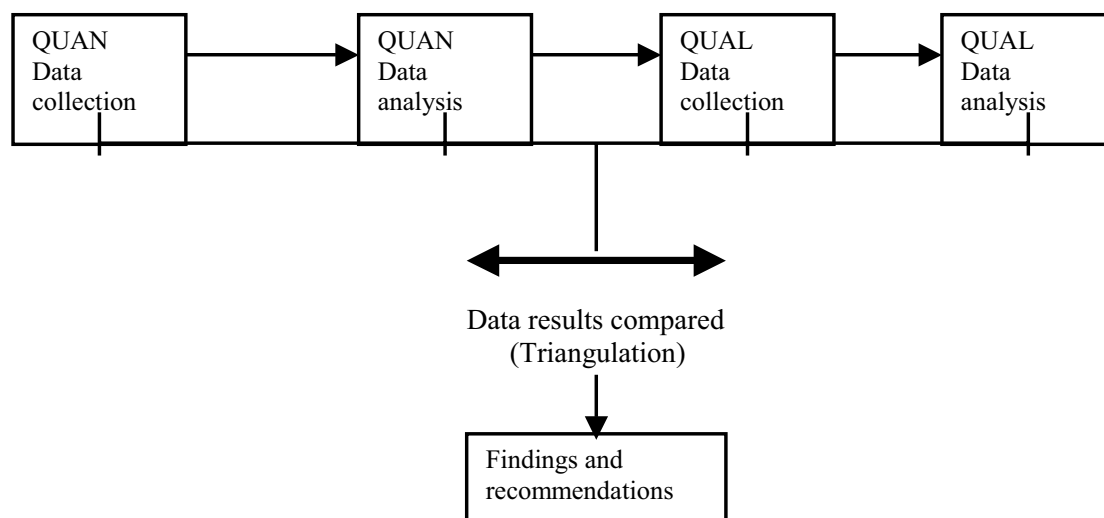
## METHODOLOGY

When dealing with an intangible concept like ethics, there are inevitable difficulties in obtaining measurable data. It is therefore timely to point out that "objectively, social scientists should recognize that research is seldom, if ever value neutral" (von Wright, 1993; Berg, 2004, 2). This project describes how ethical governance can influence corporate actions of NSOs. While ethics are inevitably involved in most decision making, some board members consider ethics to be intangible and therefore they insist ethics cannot be measured. In any case, they argue, ethics are a matter of personal choice and therefore not relevant to corporate decision-making. However, Kretchmar points out that: "Ethics is corporate, a product of human consensus" (Kretchmar, 2005, 186). With such a divergence of opinions, particular attention was given to providing a sound philosophical basis from which practical findings and recommendations can be drawn.

A mixed methodology approach was adopted using combined quantitative and qualitative methods of data analysis (Darlington & Scott, 2002, 119). For the purposes of this research, triangulation became a useful method of testing the statistical (quantitative) data gathered from 133 respondents of 61 NSOs against the responses (qualitative) generated in focus group discussions involving 68 participants in four focus groups held in Sydney, Melbourne and Adelaide. Adamson raises concerns about the comparability of data from two different data sources and the difficulties that could arise when there are data discrepancies (Adamson, 2005, 234) and therefore particular care was taken to avoid mistakes in applying both methods.

After considering sequential, parallel and congruent nesting strategies, a sequential triangulated design was selected as the most appropriate methodology because it allows quantitative data from the questionnaires to be collected first, then analysed, followed by obtaining qualitative data from the four focus groups. This data from the focus groups was then analysed and compared by triangulation with the original data collected from the survey questionnaires. The following diagram explains the sequences of data collection and analysis that is adapted from research design: Qualitative, quantitative and mixed methods approaches (Creswell, 2003, 213).

**Fig. 1**
Sequential triangulated methodology

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┌──────────┐     ┌──────────┐     ┌──────────┐     ┌──────────┐
│ QUAN     │ ──► │ QUAN     │ ──► │ QUAL     │ ──► │ QUAL     │
│ Data     │     │ Data     │     │ Data     │     │ Data     │
│ collection│     │ analysis │     │ collection│     │ analysis │
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Data results compared
(Triangulation)

┌──────────────┐
│ Findings and │
│ recommendations │
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Care was taken to ensure that the triangulation analysis was ethically sound and as far as possible it was not biased due to preconceived ideas of the researcher. To ensure that this occurred, names of the sporting organisations participating in the research were not identified: "This means maintaining each participant's dignity, privacy, and confidentiality by not disclosing data to other participants in that company (sporting organisation) or those in other companies (sporting organisations)" (McMurray, Wayne, & Scott, 2004, 236). A confidentiality guarantee approved by the human research ethics committee of the university provided these assurances and it was prominently featured as part of the introduction to the survey questionnaire.

The focus groups were a powerful tool for providing real world practical examples of governance issues faced by NSOs. As Morgan points out: "The hallmark of focus groups is the explicit use of group interaction to produce data and insights that would be less accessible without the interaction found in a group" (Morgan, 1988, 12). Each focus group was organised to provide consistency to allow easier collection and reporting of responses. Adopting a uniform organisational structure for all focus groups enabled a comparison of data from the survey with descriptive data from the focus groups.

**RESULTS**

Having outlined the methodology, only two key results from among a great deal of other data collected is detailed in this paper. First, the present ethical governance issues considered very important are identified and then the governance problems and challenges faced by NSOs over the next three to five years are placed in priority order.

**Confidence levels**

A finite population correction was used to calculate the confidence intervals, using the 133 respondents and the 570 key decision makers involved in the governance of Australian sport at the national level as of the 30th of December 2004. This confidence interval of 95% allows for a more precise estimate of percentages and Fig. 1 contains this information.

**A. Present ethical governance issues of NSOs**

Respondents to the questionnaires were asked to consider the degree of importance given by NSOs to a range of ethical governance issues. The data summarised in TABLE 1 indicates the extremely important ethical governance practices that were raised during the study.

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**TABLE 1**
Ethical governance issues rated as "extremely important"

| Issues | Percent |
|---|---|
| Integrity with sponsors, players/officials and members | 93.2 |
| Equal opportunities for all players, athletes and board members to perform at their highest level | 88.0 |
| Impartiality in making major policy decisions for the good of sport | 88.0 |
| Open dealings with members and athlete/players | 85.7 |
| Codes of ethics that are detailed, understood and enforced | 82.0 |
| Fair administrative practices | 81.8 |
| Strategic plan for the sport containing a section on ethics targeting inappropriate behaviours | 74.4 |
| Encouragement of open debate on contentious (ethical) issues | 57.1 |
| Accessibility of board/committee personnel to members and athletes/players | 46.6 |
| Disclosure of contract details with players (no hidden incentives) | 31.1 |
| Disclosure of sponsorship arrangements | 21.4 |

In addition to the above responses to the questions, the respondents were provided with an opportunity to add comments on other ethical governance issues they felt were omitted or needed further clarification. Three main issues were identified:
- conflicts of interest that included national board members being influenced by state interests,
- board members having vested interests that were not declared, and
- lack of confidentiality because of the leaking of board information to other parties.

**Responses from the focus groups**

An important element of the study was the collection of qualitative data from the four focus groups and a summary of their results is listed below. It should be noted that each focus group provided a voice for specific opinions to be heard and the following key governance issues were identified:
1. **Focus group 1** (consisting of participants in a workshop at the national "Our sporting future forum" in 2005):
    - integrity in financial matters and with sponsors, players/officials and members,
    - equal opportunities for all players/officials and board members to perform to the level of their abilities,
    - impartiality in making major policy decisions for the good of sport,
    - open and fair dealings at all levels linked to transparency in decision-making by boards and the need to develop trust among members,
    - natural justice should apply in all tribunals.
2. **Focus group 2** (officials representing smaller NSOs):
    - conflicts of interest between national and state interests,
    - transparency in decision-making – this also encompassed fair administration and fair processes in selection of athletes and coaches.
3. **Focus group 3** (key women with national experience in sport):
    - integrity of board members,
    - diligence in overseeing all governance matters,
    - fairness in dealings with all levels of sport.
4. **Focus group 4** (board members of a high profile Olympic sport):
    - conflicts of interest at various levels of the sport,
    - equal opportunities for all players/officials and board members to perform at their highest level,
    - integrity in financial matters and impartiality in making policy decisions.

**B. Future problems and challenges facing NSOs over the next 3–5 years**

Respondents were asked to consider future ethical governance problems and challenges faced by their NSO over the next three to five years. TABLE 2 ranks the top nine priorities.

**TABLE 2**
Future ethical governance problems, challenges faced by NSOs over the next 3–5 years

| Future problems and challenges | Percent |
| --- | --- |
| Maintenance of the traditional values of sport such as fairness, honesty, discipline, character building and team spirit | 30.23 |
| Transparent decision-making and fairness in business administration and professional matters | 25.58 |
| Integrity and appropriate governance skills of board members | 12.50 |
| Recognition and management of risk | 8.59 |
| Full disclosure of decisions and actions that affect members and participants | 7.81 |
| Equal opportunities of under-represented populations/people such as women, indigenous and the disabled to participate in sport at the national level as athletes/players, officials and on boards and committees | 7.75 |
| Regular evaluation and monitoring procedures including financial and ethical accountability | 5.47 |
| An enforceable code of ethics or policy specifying the behaviours expected of boards, officials and managers | 5.47 |
| Regular ethical performance reviews of boards and management | 3.88 |

Written comments on ethical governance issues and challenges highlighted strong views by respondents of disabled sporting organisations who stressed the importance of equal opportunities for athletes especially those with intellectual disabilities.

**Other written comments included:**
- consulting outside the board on issues involving national team coaching and funding for especially major events such as the Olympics,
- balancing the rights of elite players to fair remuneration versus the development of the sport, as NSOs become more professional,
- choosing between developing programs for elite athletes/players or community participation,
- providing transparent selection processes for athletes/players,
- controlling the use of drugs in sport,
- enforcement of member protection policies.

**Responses from the focus groups**

The responses to the question on future ethical governance issues raised in the four focus groups are listed below:
1. **Focus group 1** (consisting of participants in a workshop at the national "Our sporting future forum" in 2005):
   - maintenance of the traditional values of sport, such as fairness, honesty, discipline, character building and team spirit (concern was expressed that threats to the maintenance of traditional values of sport come in many forms and from various societal pressures),
   - transparent decision-making and fairness in business, administration and professional matters,
   - integrity of board members and appropriate ethical governance skills.

2. **Focus group 2** (officials representing smaller NSOs):
   - maintenance of the traditional values of sport (e.g. fairness, honesty, discipline, character building and team spirit),
   - encroaching international sporting governance issues are influencing the ethical governance of Australian sport.
3. **Focus group 3** (key women with national experience in sport):
   - traditional values of sport should be retained and also the provision of a "culture" for each sport,
   - equal opportunities in governance experience especially for women should be developed by all NSOs.
4. **Focus group 4** (board members of a high profile Olympic sport):
   - retain the traditional values of sport (e.g. fairness, honesty, discipline, character building and team spirit),
   - transparent decision-making and fairness in business, administration and professional matters.

**DISCUSSION**

TABLE 1 reveals survey results for the top 11 ethical governance issues that are considered extremely important by board members and key officials of NSOs:
- Assuring integrity in dealings with sponsors, players/officials and members was identified by 93% of respondents. This high rating was also duplicated in the responses from focus group discussions. The lower and upper 95% confidence limits of 89.5% and 97.0% provided an excellent indicator that key decision-makers in NSOs would generally support this best practice.
- Equal opportunity for all players, athletes, officials and board members to perform at their highest level

was identified by 88% of respondents. This issue was supported by strong comments from one of the focus groups in particular that suggested there were biases at board level (cronyism), a lack of gender equity and a lack of fair and open selection policies.

- Similarly each of the next five issues had varying confidence limits that indicated a reasonably high level of responses having a 95% confidence level. These were:
  - impartiality in making major policy decisions for the good of sport,
  - open dealings with members and athletes/players,
  - codes of ethics that are detailed, understood and enforced,
  - fair administrative practices,
  - a strategic plan that targets inappropriate behaviours both on and off the field.

- It was acknowledged that board members would have inevitable conflicts of interest and the focus group participants in particular felt that these should be identified. An example of a typical conflict of interest was when state interests influence the decision making of board members at the national level. Although some NSOs were changing from the traditional federal organisational structures to more business-oriented boards in order to address potential conflicts of interest, there was a reticence among smaller NSO boards to completely change their structures. Some NSOs considered that a balance between a federal and a completely independent-type of hybrid structure might be possible.

- There was an ambivalent response to disclosure of contract details and sponsorships with surprisingly low responses (between 21% and 31%). Yet when best practices from the business sector were considered, respondents rated this ethical issue highly (81.8%) in favour of disclosure of financial and other information. Some NSOs with large sponsorship support and player contracts were not in favour of disclosing this information because of business confidentiality. They thought the question assumed a biased ethical position, while smaller NSOs with little or no outside financial assistance did not have a problem with financial disclosures related to player payments or sponsorship details.

**C. Future ethical governance problems, challenges faced by NSOs over the next 3–5 years**

The responses to questions about future ethical governance problems, challenges and priorities faced by NSOs over the next three to five years were mainly positive. There was optimism that although significant and complex governance problems exist, sport will rise to future ethical governance challenges.

- By far the highest priority emerging from both the questionnaires and focus groups was to maintain the traditional values of sport. These values were identified as fairness, honesty, discipline, character building and team spirit. It was also evident from written responses and the animated discussions in the four focus groups, that a balance is needed between traditional values and the changing business oriented structures. A related comment was that "character building and team spirit should be part of the board culture".

- Another high priority was transparent decision-making and fairness in business, administration and professional matters.

- Two focus groups representing mainly the larger NSOs specifically raised the need for fairness and openness in dealing with international governance issues. It seems that Australian NSOs are increasingly influenced by global governance decisions over which they seem to have little control. This highlights concerns that the major decisions formerly taken by NSOs are becoming globalised by undemocratically elected world sporting federations or world event organisers (Olympics and Commonwealth Games).

**CONCLUSIONS**

The following recommendations arising from the research were considered to be practical and achievable and the ASC along with sport industry leaders should note the key ethical governance issues and act accordingly by establishing clear operational procedures to enable the adoption and promotion of the ethical governance practices identified below:

- retain the traditional values of sport, which include fairness, honesty, discipline, character building and team spirit,

- maintain board integrity in financial and other dealings with sponsors, players/officials and members,

- provide equal opportunities for all players, athletes, officials and board members to perform at their highest level,

- establish procedures for board members and key officials to declare their conflicts of interests,

- disclose financial and other relevant information so that it is easily understood by members,

- uphold the independence of board members from external influences (for example, unfair advantages that could be given to favoured individuals or to groups that supply services and equipment),

- develop transparent decision-making protocols to ensure that boards are fair in their business-dealings, administration and other professional matters,

- address ethical governance issues (such as unfairness or inequality of opportunity) that occur because of

global influences and which might threaten Australian sport.

## ACKNOWLEDGEMENTS

## CONFIDENCE LEVELS

This confidence interval of 95% allows for a more precise estimate of percentages. Each TABLE included the percentage and the number of missing or invalid responses (an invalid response is a number that doesn't correspond to a possible answer such as "yes" or "don't know"). The percentages were therefore calculated as the frequency divided by the number of valid responses (that is 133 minus the number of missing/invalid responses) multiplied by 100.

**TABLE 3**
Ethical governance issues rated as "extremely important"

| Ethical governance issue | Frequency | Percent | Lower 95% confidence limits | Upper 95% confidence limits | Missing/invalid responses |
|---|---|---|---|---|---|
| Integrity | 124 | 93.23 | 89.49 | 96.97 | |
| Equal opportunities | 117 | 87.97 | 83.12 | 92.82 | |
| Impartiality | 117 | 87.97 | 83.12 | 92.82 | |
| Open dealings | 114 | 85.71 | 80.50 | 90.93 | |
| Codes of ethics | 109 | 81.95 | 76.23 | 87.68 | |
| Fair administration | 108 | 81.82 | 76.07 | 87.57 | 1 |
| Strategic plan (ethics) | 99 | 74.44 | 67.94 | 80.93 | |
| Encouragement of debate | 76 | 57.14 | 49.77 | 64.51 | |
| Accessibility of board | 62 | 46.62 | 39.19 | 54.05 | |
| Disclosure of contracts | 40 | 30.77 | 23.87 | 37.67 | 3 |
| Disclosure of sponsorships | 28 | 21.37 | 15.25 | 27.49 | 2 |

**TABLE 4**
Future ethical governance problems, challenges faced by NSOs over the next 3–5 years

| Future problems and challenges | Frequency | Percent | Lower 95% confidence limits | Upper 95% confidence limits | Missing/invalid responses |
|---|---|---|---|---|---|
| Maintenance of traditional values of sport | 39 | 30.23 | 23.36 | 37.10 | 4 |
| Transparent decision-making and fairness in business, administration and professional matters | 33 | 25.58 | 19.05 | 32.11 | 4 |
| Board members with integrity and appropriate ethical governance skills | 16 | 12.50 | 7.55 | 17.45 | 5 |
| Recognition and management of risk | 11 | 8.59 | 4.40 | 12.79 | 5 |
| Full disclosure of decisions and actions that affect members and participants | 10 | 7.81 | 3.79 | 11.83 | 5 |
| Equal opportunities for under represented populations/people | 10 | 7.75 | 3.75 | 11.75 | 4 |
| Regular evaluation and monitoring procedures including financial and ethical accountability | 7 | 5.47 | 2.06 | 8.87 | 5 |
| An enforceable code of ethics or policy specifying the behaviour expected of boards, officials and managers | 7 | 5.47 | 2.06 | 8.87 | 5 |
| Regular ethical performance reviews of boards and management | 5 | 3.88 | 0.99 | 6.76 | 4 |

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## ETICKÁ KONTROLA
## NÁRODNÍCH SPORTOVNÍCH ORGANIZACÍ:
## AUSTRALSKÝ POHLED
(Souhrn anglického textu)

Tento příspěvek popisuje výzkumný projekt zabývající se etickou kontrolou australských národních sportovních organizací podporovaných Australskou komisí pro sport. Jde rovněž o téma disertační práce.

Za účelem vyzdvižení významu etických otázek v národních sportovních organizacích ukazují tři příklady řadu otázek, které se v průběhu výzkumu objevily.

*Klíčová slova: etika, vláda, kvantitativní, kvalitativní, smíšené metody, cílová skupina, sekvenční vyměřování, Australská komise pro sport.*

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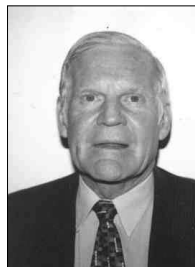
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