BATTING ABOVE AVERAGE: GOVERNANCE AT NEW ZEALAND CRICKET

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Abstract

The study examined the independent board structure adopted by New Zealand Cricket (NZC) and issues of board process including board roles, calibre and structure. Data collection consisted of in-depth semi-structured interviews of NZC senior management/board members, supplemented by archival document review and analysis. The findings, although not generalisable across the whole non-profit sport sector, supported the literature on the roles and calibre of board members in an independent board structure. Due to increasingly professional operations and growth of commercialisation in sport, expertise in commercial aspects was noted as required. Given the majority of non-profit sport organisations’ federated structure, collaborative governance theory appears to be an area of future research when evolving from a delegate to independent or hybrid governance model.

Keywords: Sport Governance, Non-profit Sport Organisations, Board Calibre, Roles and Structures

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1 Introduction

Effective governance both within the corporate and non-profit sectors has attracted the attention of many policy makers, legal officials and government agencies, with academics supporting the need for further research into their structure, design and purpose (Cornforth, 2012; Ferkins and Shilbury, 2015; Hoye and Doherty, 2011; Taylor and O’Sullivan, 2009). The growth in scholarly work within this area is unsurprising and reflective of that increase in attention (Cornforth, 2012). High profile governance scandals, including those in non-profit sport organisations, have focused public attention on governance practices, and organisations of all types have sought to reform their practices and policies to align with what may be regarded as ‘best practice’.

1.1 The challenge: to bat above average

New Zealand Cricket (NZC), the national sport organisation (NSO) for cricket in New Zealand, is one such non-profit sport organisation. NZC has been heralded as leading the non-profit sporting world in governance practices and their now esteemed position is largely the result of the widespread consultation and adoption of the resulting report’s recommendations (see Hood, 1995) of an independent review committee headed by Sir John Hood, then CEO of Fletcher Challenge and later Vice-Chancellor of the University of Oxford. After challenges to their governance and board structure, being considered underperforming and not relevant to the stakeholder base, there was a demand for change, especially to the governance of the game (Hood, 1995). Specific concerns were: inappropriate governance structures, a large board with too many subcommittees, sub-optimal board composition, mistrusted board processes, unevenly distributed voting power, and unclear management roles and responsibilities leading to low staff moral and poor teamwork (Hood, 1995). Therefore, the purpose of the report was to identify strategies and structures for the management and administration of NZC and scope issues which would be considered in the redrafting of their constitution in 2013. Board Chairman Peter McDermott affirmed the call for a major review of the organisation “from the way the board is appointed, from the way voting rights are apportioned, to the relationship between the board and the management office, to the constitution itself” (Boock, 1995, p. 17). He also noted concerns with the “work being handled by elected board members – or in other words amateurs – with the associated risks of conflicts or vested interests” and the “history of communication difficulties between the board and management” (ibid, p. 17). These were all challenges to be addressed in the review: “new governance structures are needed...no longer possible to run sports industries with amateur and parochially influenced governance structures that may have served them well in the past” (Hood, 1995, p. 3).

A key recommendation from the Hood Report was that NZC implement an independent board structure with “the appropriate mix of business management, media and marketing, strategic, cricket playing and cricket administrative experience” who were not “representatives of particular provinces or other sectional interests” (ibid, p. 4) that could lead the organisation forward in an increasingly changing and
professional era. The constitution revamp eliminated the board nomination practice to a process whereby a national campaign called for applications from potential board members who possessed relevant business expertise and experience. This position has attracted the attention of many sporting bodies, including the International Cricket Council (ICC), who have sought to use some of the relevant practices implemented by NZC in their own governance reforms.

1.2 Sport organisations and governance needs

NZC and other non-profit sport organisations are central to the development of participation in sport and fostering the development of sport in general within their jurisdiction (Leberman et al., 2006). These entities not only nurture participation, but are also responsible for coaching development, staging events and competitions, volunteer training and other important aspects of sport management and development. Expectations, and even demand, of sport stakeholders necessitate an increased need for professionalism in a sport organisation’s daily operations and with this professionalism comes the need for board members’ proficiency in required business-like skills to meet and exceed stakeholders’ expectations and demands, and to lead and govern the sport organisation into the future. Hoye and Cuskelly (2007) suggest that the board is a central feature in the successful governance and performance outcomes of these organisations. Hoye and Doherty’s (2011) review of literature on non-profit sport board’s performance, also notes the importance of having effective structures and governance systems in place to achieve desired performance results, suggesting that the major issues related to governance within non-profit sport organisations centre on their board.

They also identify several directions for future research. One of these is the need for more research focused on board structural factors like composition (calibre and skills of members), position (paid and voluntary) and size. One research question they suggest is, “What impact do [sic] board structural variables such as subcommittee structures, board size, or the presence of externally-appointed board members have on board performance?” (p. 282). They continue to say that this topic was “particularly salient given, for example, the importance government agency guidelines place on having externally-appointed board members as opposed to board members directly elected from the organization’s membership” (p. 282).

More specifically, these researchers voice the role of the board, the calibre of board members and the election or appointment processes of the board, as forming the most contentious issues within non-profit sport organisations in relation to governance. Although some scholarly work has previously focused on these areas, this paper will use NZC as a case study to illustrate these contentious areas, and explain why the organisation is regarded as exemplifying ‘good’ corporate governance processes within the non-profit sport sector. Characteristics of ‘good’ governance have been identified as being transparent, accountable, representative, effective and possessing foresight (Tonn et al., 2012). The impact of these new developments in the practical setting has consequences for how non-profit sport organisations appoint board members and how scholars currently theorise sport governance. This study attempts to fill part of this void by addressing board composition and the presence of externally appointed board members thus taking an initial step to address Hoye and Doherty’s (2011) research questions.

The next section reviews the extant literature on the roles, calibre and structure of non-profit sport boards, which is followed by the method section which explains the choice of the case study methodology and the data collection and analysis. The findings and discussion section follows with the research participants’ commentary in relation to NZC’s board processes. The concluding parts of the paper discuss implications and directions for future work in the area based on the experiences of NZC.

2 Literature review and theoretical framework

Extensive research has been undertaken on governance and boards in general (e.g., Ferkins et al., 2005; Ferkins and Shilbury, 2012; Forster, 2006; Hoye, 2004, 2006a, 2006b; Hoye and Auld, 2001; Hoye and Cuskelly, 2003, 2004, 2007; Hoye and Doherty, 2011; Mason et al., 2006; O’Boyle and Bradbury, 2013; Papadimitriou and Taylor, 2000; Papadimitriou, 2007; Shilbury and Ferkins, 2011; Shilbury et al., 2013). This paper contributes to this literature by providing insights into board processes, including a discussion of board’s restructuring and subsequent appointments’ process. Cornforth (2012) claims that this is the most needed area currently leading research. Within this paper ‘board process’ refers to the issues of roles, calibre and structure, and how they can impact on the overall performance of a sport organisation. Each will be discussed in the following sections. Therefore, the overall aim of this paper is to examine the independent board structure adopted by New Zealand Cricket and to provide insights into the major challenges of this approach.

2.1 Definition of terms: corporate and sport governance

Contemporary sport organisations’ administrative and daily operations require increasingly specific expert knowledge. The skill sets of managers and governors are being evaluated to ensure those in positions of authority are proficient in using the various management techniques required to perform well within today’s sporting environment. This often requires adaptation of existing techniques, such as corporate governance which is applied in traditional
business practices, to the sport setting. According to Tricker (2012), corporate governance can be defined from operational, relationship, stakeholder, financial and societal perspectives. Sport borrows aspects from the operational perspective including, but not limited to, Sir Adrian Cadbury’s view of “the system by which companies are directed and controlled” (Cadbury, 1992, p. 15; Tricker, 2012, p. 29) in that boards are responsible for governing a company, or (sport) organisation, and shareholders for overseeing board appointment, satisfying “themselves that an appropriate governance structure is in place” (Tricker, 2012, p. 29) with a key strategic role of obtaining “above average performance” (ibid). Corporate governance can be summarised as envisioning the organisation’s direction, setting strategy, developing policy and enhancing accountability in order to guide decision-making and performance outcomes, which are all characteristics synonymous with effective sport governance.

The difference between the corporate and sport worlds is that corporates are for-profit organisations who protect and enhance shareholders’ value while sport organisations may be for-profit or non-profit. Likewise, a sport organisation’s role is to protect and enhance shareholders’ value but they also have a duty to provide community services such as sporting activities. For this reason their governance styles vary due to their operating environments.

The literature provides a wide variety of definitions in relation to governance in general (Cornforth, 2012) and sport governance specifically. A single definition of sport governance is yet to be established, suggesting that the issue of governance within any organisation is a multi-faceted concern. Hums and Maclean (2004) define sport governance as “the exercise of power and authority in sport organisations, including policy making, to determine organisational mission, membership, eligibility, and regulatory power, within the organisation’s appropriate local, national, or international scope” (p. 5). In contrast, sport governance has also been described as “the structure and process used by an organisation to develop its strategic goals and direction, monitor its performance against these goals and ensure that its board acts in the best interests of the members” (Hoye and Cuskelly, 2007, p. 9), while Shilbury et al. (2013) say, “To govern is to steer an organisation, and to make decisions that are consequential, strategic and impactful” (p. 1).

Yeh and Taylor (2008) bring together a number of these definitions within the literature (see: Cornforth, 2012; Ferkins et al., 2005; Hoye and Cuskelly, 2007; Hums and Maclean, 2004; Slack and Parent, 2006) to summarise sport governance as the provision of a clear direction that aligns with the mission and vision for the organisation; the delegation of power that is critical in order for each area of the organisation to operate and achieve results at the desired level; regulation is required to establish clear rules, guidelines and procedures for members and governed entities to adhere to; and the concept of control, like direction, is to ensure that any decisions and activities undertaken by the board are strictly aligned with the overall objectives and best interests of the organisation.

Merging the definitions provided above of governance in sport, it is clear that the role of the board is to act in the best interest of the organisation and its stakeholders, which presents the challenge of how to ensure the board is fulfilling its role within the organisation (Hoye and Cuskelly, 2007). In order to address this challenge it would be beneficial for board members to have appropriate previous experience and knowledge of how these unique entities operate, combined with expertise to address the various performance pressures and challenges that they face. In order to fully understand how board process impacts the issue of governance in a sport organisation, it is essential to conduct an analysis of existing research.

2.2 Role of the board

A board is considered the central feature of the governance system and structure in a sport organisation (Hoye and Cuskelly, 2007) thus the role of the board has significant influence on governance, direction and performance outcomes (Sherry and Shilbury, 2009). Therefore, government sport agencies and academics have attempted to develop governance guidelines in order to help non-profit sport organisations implement effective systems to improve their governance capacity. These agencies include the Australian Sports Commission (ASC), Sport NZ, known as Sport and Recreation New Zealand (SPARC) until 1 February 2012 and UK Sport, who have all realised the need to define the role of the board within these entities in order to implement effective governance systems and structures.

From an industry perspective, the ASC (2005) describes the role of the board in terms of having a legal, strategic, financial and moral function. In addition to this, the ASC suggests the board has the responsibility of recruiting the CEO, conducting analyses of organisational and financial risks, and being accountable to stakeholders through periodic reporting. Scholars such as Walters et al. (2011) suggest non-profit sport organisation boards “consider their most important roles to be financial, strategic and legal” (p. 14).

SPARC (2006) provides a more vague definition of the role of the board advocating that it involves advancing and protecting “the long term interests of the organisation as a whole, which it holds in trust” (p. 19). UK Sport (2004) also provides fundamental roles of non-profit sport organisation boards which are to: “(1) set the organisation’s strategic aims; (2) provide the leadership to put those aims into effect; (3) supervise the management of the entity; and (4) report to members on their stewardship” (p. 6).

However, little research has been conducted providing empirical evidence of these roles (Inglis, 1997; Shilbury, 2001) until recently when the role of
non-profit sport boards became popular on the research agenda (Ferkins et al., 2005; Hoye, 2007; Yeh et al., 2009; Yeh et al., 2011).

Inglis’ (1997) formative research of board member roles in non-profit sport organisations, identifies four different functions: (1) Mission – ethics within the organisation, not deviating from agreed direction, developing policy which relates to the overall vision; (2) Planning – strategic planning, risk management, financing, staffing, compliance with relevant legislation; (3) CEO – recruitment and retention, assessing performance, establishing joint leadership; and (4) Public Image – establishing ties with the community, sourcing funding and sponsorship, ensuring relationships with the general public and stakeholders are positive. Arnwine (2002), commenting on the roles of boards within the non-profit sector, similarly lists the primary roles of a board as establishing policy, strategic decision making, financial oversight, building community relationships and monitoring the organisation’s endeavours, which are in line with Inglis’ findings.

Yeh et al. (2009), following Inglis’ 1997 findings in unitary board systems (a single governing body), identify board of director roles and board of supervisor roles in the dual board system (two-tier governing bodies) of Taiwanese non-profit sport organisations. They found board of director roles to include managing the vision and purpose of the organisation, undertaking board functions, people management, increasing revenue, and stakeholder management; and board of supervisor roles to include monitoring outcomes, and board duty and process. Shilbury’s (2001) study of board roles in Australian State Sporting Organisations, using a modified version of Inglis’ (1997) survey, had similar findings with the most essential roles relating to the board’s duties of strategy planning and development, and financial management including budget allocations.

Given the diverse roles and skills that are required of board members within contemporary non-profit sport organisations, supported by the extant literature, it appears that a major challenge in the board process is to ensure that the calibre of board members, as discussed in the next section, is as high as possible.

2.3 Calibre of the board

Sherry and Shilbury (2009) state that sport organisations are now seeking calibre board members with diverse skills, quality attributes and extensive experience. However, Thiel and Mayer (2009) argue that recruiting competent board members with these skills, attributes and experience is challenging as generally “the best proof of a candidate’s qualification for an honorary post is longstanding membership” (p. 92) and not the specific skills they possess.

There is also an emerging trend among non-profit sport organisations of adopting smaller professional boards made up of individuals with these defined skills to ensure that board composition directly aligns with the organisation’s performance challenges. Due to these emerging trends and the move towards the professional era, the need for larger boards (described as having more than 10 members) and the negative attributes associated with their size such as contention, fragmentation and factions between members, and difficulties in cohesion, in-depth discussion, decision-making and communication (Goodstein et al., 1994; Yeh and Taylor, 2008), are being minimised. Findings in Taylor and O’Sullivan’s (2009) study of the structure of sport boards in UK national governing bodies (NGBs) support smaller board sizes, stating that optimal board size is between five and 12 members. Hoye (2002) reinforces this as he determines small boards with an optimal size of seven to be more effective than boards with larger numbers. Yeh and Taylor (2008) believe reported literature on board size to be inconsistent and controversial without a consensus. Some research findings on non-profit organisation board sizes recommend larger board sizes of 10 to 15 members (Zahra and Pearce, 1989), but it is necessary to note that larger board sizes may have been appropriate at the time.

There is suggestion that board calibre is related to organisational performance. The calibre of board members in terms of their knowledge of both sport and business is seen as an important factor in facilitating board effectiveness and potentially organisational performance and success (Papadimitriou, 2007; Papadimitriou and Taylor, 2000). This has been further highlighted by Bayle and Robinson (2007) who state “the system of governance, most notably…the main unpaid executives (volunteer leaders), are one of the keys to a NGB’s success” (p. 258), supported by Ferkins et al., 2005; Hoye, 2006b; Hoye and Auld, 2001 who agree that governance can impact organisational performance. In addition to this, Hoye and Doherty (2011) concur that “expectations of board performance are tied to how well a board undertakes its role” (p. 274).

Bayle and Robinson (2007) and Herman and Renz (2008) also suggest that board performance is directly related to organisational performance. In addition, Hoye and Auld’s (2001) empirical research measuring performance in non-profit sport organisation boards and also distinguishing between ineffective and effective boards, applied a specific board performance scale, Self-Assessment for Non-Profit Governing Boards Scale (SANGBS), developed by Slesinger (1991). This scale has also been used in later studies by Hoye and Cuskeley (2003, 2004) and Hoye (2004, 2006b). As such, there appears to be a positive link between the calibre of the board and overall organisational performance. Managing organisational performance, the ability to maximise the resources (human, physical and financial) of an organisation in search of goal attainment (Madella et al, 2005), is therefore a necessary requirement for a non-profit sport organisation to flourish (Bayle and Robinson, 2007; Hoye and Cuskeley, 2007). Consequently, if suitable systems of governance are
adopted, evidence suggests that the level of performance may be facilitated.

Although there has been little research analysing the relationship between board independence and organisational performance in non-profit sport organisations, Winand et al. (2011) suggest non-profit sport organisations’ board members’ roles, articulating vision, networking with influential decision-makers, innovative and resourceful capacities, and strategic planning, are key factors relating to organisational performance. Within the traditional business environment Dalton et al. (1999) and Zahra and Pearce (1989) found board independence to be effective in some areas of organisational performance with a positive relationship identified between board independence and financial performance.

Other studies have also analysed issues that are directly associated with the calibre of non-profit sport organisation boards. These studies largely focus on the internal workings of the board in relation to the division of authority between the board and the CEO (Hoye and Cuskelly, 2003), the relationship between staff members and chairpersons of the board (Hoye and Cuskelly, 2003), the relationship between board chairpersons, board members and staff (Hoye, 2004, 2006b) and issues of board cohesion (Doherty and Carron, 2003). In exploring the composition (calibre) of the board and the recruitment and induction of board members, Hoye and Cuskelly (2004) state:

> Board members who do not possess appropriate skills, who are unsure of their role due to the absence of individual role descriptions, or have not been adequately orientated to an organisation, may find it difficult to contribute optimally to the board and thereby impact negatively on board [and organisational] performance (p. 95).

A lack of proper board process and governance structure may ultimately result in shortcomings within the organisation due to such factors as inadequate strategic planning and policy making. Aside from these internal problems that can arise from ineffective governance practice, external consequences such as withdrawal of funding, sponsorship, and membership, and possible intervention from external entities such as government sport agencies may arise (Hoye, 2006b; Mason et al., 2006; O’Boyle, 2013; Yeh and Taylor, 2008). Therefore it must be asked, how can a non-profit sport organisation ensure that its board members have the appropriate skills to carry out their roles effectively?

### 2.4 Board structure: ensuring the existence of high calibre board members

Ferkins et al. (2005) note that there has been little focus on the study of sport board structure and composition in the literature. This is supported by Hoye and Doherty (2011) who in their review of non-profit sport board performance state that “No studies were identified that examined elements of board structure” (p. 280). The only early literature found on the topic was Amis and Slack’s 1996 study on the size-structure relationship of voluntary sport organisations. Taylor and O’Sullivan (2009) considered their research examining board structure of UK national sport governing bodies as “breaking new ground” (p. 685). They agreed with Ferkins et al. (2005) that board structure and composition had not been explicitly researched and felt there was still much to debate over the most suitable board structure for non-profit sport organisations.

Within this board structure and composition dialogue is the increasingly important issue of the election/appointment of board members who are “charged with steering an organisation to achieve its charter” (Shilbury, 2013, p. 37). There are essentially three models that these organisations may employ to elect/appoint board members: the traditional delegate model, the hybrid model and the independent model, each of which will be discussed below.

The traditional delegate model sees representatives from particular clubs/regions/stakeholder groups being elected to a board (Shilbury and Kellett, 2006) to represent the views of the clubs’/regions’/stakeholders’ interests. Shilbury and Kellett consider this model “cumbersome and time consuming” (p. 276). It has been heavily criticised because of instances of blatant parochialism where boards did not act in the best interest of the sport.

A further criticism has been that the skills (calibre) of elected board members within the delegate model can vary from year to year depending on who has been chosen to lead the organisation at board level, potentially jeopardising the entity’s overall performance (Hoye, 2006a). There is no guarantee that individuals with the appropriate skills will be elected and therefore the model may put an organisation at risk of having a board that does not possess the necessary competencies to fulfil their various governance functions (Arnwine, 2002). In addition, these individuals commonly serve terms of up to three years and may be re-elected for consecutive terms. This problem arises from structure in that many board bylaws do not consider term limits or tenure (Arnwine, 2002). Therefore, it is possible that a board in a non-profit sport organisation may consist of individuals, charged with leading and governing the performance of the entity for many years, may not have the necessary skills or relevant competencies to carry out that function. The traditional delegate model, which has been and still is in place within many sport organisations, is slowly becoming redundant and a greater involvement of independent board membership is more evident than ever before largely through the hybrid model.

Ferkins and Shilbury (2012) suggest that a hybrid model of sport governance be initially introduced to be followed over time by the adoption of a completely independent board structure. This model is essentially a melange of the delegate system and the independent structure whereby up to half the members, independent directors, are appointed and the remainder are elected from regional affiliates. Ferkins
and Shilbury (2012) state, “Board composition of this nature is considered to be ‘hybrid’ which allows for the democratic ideals of an election process to remain, supplemented by individuals chosen for their professional expertise, as well as ‘outsider’ perspectives” (p. 72) aiding in more independent and best interest sport decisions.

The independent model consists of a board that does not contain representatives who have current direct involvement in other bodies (clubs/regions/etc.) within a sport, and thus do not represent a specific alliance, such as those from affiliated regional associations. The independent model generally consists of a board that has “people appointed or elected on the basis of industry and business skills and experience” (Hoye, 2006a, p. 135). The logic behind an independent board is that it will represent the best interests of the sport itself, and not the interests of an affiliated association as in the traditional delegate model, removing the issues of parochialism that have been a criticism of some sport organisation boards in the past. Furthermore, this model ensures transparency in decision-making and decreases real or perceived challenges related to conflicts of interest and allows enhanced independence, improved accountability, skilled people involved in governing the sport, and selection of individuals to the board based on merit and their specific competencies in areas relevant to challenges the organisation faces (Hoye, 2006a).

A challenge to the implementation of the independent board is that some sport organisations may be wary of a backlash from current board members when the independent board structure is suggested over the delegate system. The major benefit of the adoption of an independent board is that it can be ensured that appropriate knowledge and expertise is present within the board in order to deliver on strategic imperatives; a situation which cannot always be guaranteed with the election of a delegate board.

3 Method

The following section outlines the methods used in this research. It summarises the characteristics of the case study method, including interviews and archival document analysis, and justifications for application. It also details the selection of the research participants and the data collection process.

3.1 Case study methodology

This research required an insightful and detailed description of characteristics associated with NZC governance practices. Case study methodology provides the vehicle to obtain the inductively determined research outcomes. Key characteristics of case study method include in-depth analysis of the organisation and the primary use of interviews and document review for data gathering purposes. Edwards and Skinner (2009) refer to the value of the case study method and argue for its increased adoption within sport management research, particularly within studies that analyse selected sport management practices like sport governance. The use of the case study is also advocated by a host of other scholars (Caza, 2000; Sharpe, 2006; Stevens and Slack, 1998) as an effective means of analysing issues within the sport management field.

However, findings and results from qualitative investigations can be difficult to manage and generalise. It is not suggested that findings from the current study are generalisable across the entire non-profit sport sector either in New Zealand or elsewhere. Nevertheless, this study is consistent with a constructivist perspective (Guba and Lincoln, 2004; Misener and Doherty, 2009; Patton, 2002; Schwandt, 2001), which values multiple individual perspectives in order to develop understanding of governance practices within non-profit sport organisations, mainly those operating at the national level within their respective countries. Using a singular case study perspective, it may indeed be possible to establish conceptual and empirical patterns that are transferable to non-profit sport organisations within similar settings in other parts of the sporting world (Frisby et al., 1997; Kemmis, 1980; Misener and Doherty, 2009).

Case studies represent an intensive, holistic view and analysis of an organisation’s environment, activities and operations (Merriam, 1988; Misener and Doherty, 2009; Stake, 2003). For this reason, the case study method allows for the investigation of a range of variables that impact upon the focal organisation’s ability to perform at its optimum level. Case study method is challenging and time consuming but equally rewarding due to the richness of data uncovered. Consequently, advancement in theory and practice in relation to effective governance within the non-profit sport sector can be achieved through studying governance practices within NZC using this method.

3.2 Data collection

The methods used to collect data consisted of in-depth semi-structured interviews supported by document review and analysis. Interviews were deemed to be the most appropriate data gathering method due to the nature of the information being sought (Boyce and Neale, 2006). In the case of this New Zealand Cricket study, purposive sampling (Patton, 2002) of senior management figures (n=2) and board members (n=4) was used to select relevant interview participants. The Chief Executive Officer (CEO) and Chief Operating Officer (COO) were interviewed first, followed by four members of the board. Purposive sampling provides an opportunity for comprehensive study of the phenomena in question (Stake, 2003). These individuals were invited to participate in an interview, with each interview lasting between an hour and 90 minutes. Follow-up interviews were also conducted with two of the participants after initial transcription and analysis to clarify ideas and to return to particular emergent themes for additional information. It became apparent that a sufficient number of interviews had
been conducted when data saturation was reached during this phase of the data collection process. The researchers deemed that saturation was achieved when common themes and participant views were repeated within a minimum of five out of six interviews.

The researchers allowed for time between each interview for transcription and partial analysis. The time between interviews also allowed for the researchers to examine emergent themes and prepare a revised line of questioning for subsequent interviews where new questions were posed. All participants gave their consent to take part in the study and to have their views published as part of this research. Participants’ views in this paper are presented as (P1) – (P6) to recognise their contribution to the findings.

Document review and analysis relating to governance practices such as NZC’s constitution, strategic plan, board minutes, annual reports and independent reports were also used as a data gathering technique. The COO of NZC was asked to provide documentation relevant to the line of questioning so as to support analysis of the overarching governance themes being examined in the interviews. This documentation was then scrutinised by the research team and triangulated with the results of the interviews to ensure that the findings of the data gathering process were considered valid.

3.3 Analysis

All interviews were transcribed verbatim and transcripts were subject to an interpretive analysis process. The software package NVivo was used for the initial coding phase. An emergent coding scheme was created based on the major themes raised throughout the interviews that were consistent to addressing issues of governance within the organisation. The analysis followed Guba and Lincoln’s (1989) criteria for authenticity, which is consistent with constructivist epistemology (Cummins and O’Boyle, 2014; Misener and Doherty, 2009; Schwandt, 2001). The process of triangulation followed, including participant-checking by sending the transcripts back to interviewees for verification and clarification. Multiple data sources allowed for reliable interpretation of the data (Guba and Lincoln, 1989; Misener and Doherty, 2009) while providing converging lines of inquiry within the case (O’Boyle, 2012, 2013; Yin, 2013).

4 Findings and discussion

4.1 Role of the board

The literature suggests the board has the responsibility of recruiting the CEO, developing strategic vision, conducting analysis of organisational, legal and financial risks, and being accountable to stakeholders (ASC, 2005; SPARC, 2006; UK Sport, 2004; Walters et al., 2011). The role of the board, in terms of these functions, has been supported in the NZC case study with one participant claiming that the role of the board within the organisation encompasses “stewardship of the game...setting strategy, and risk mitigation of financial, legal and reputation [sic]” (P2). Another adds that one of the major aspects of the board’s role is to “ensure conformance with all relevant legislation including health and safety, and employment law….combined with ensuring financial viability and long-term financial success” (P4). Ultimately, board members within NZC, and similar non-profit sport organisations, have a variety of roles within the organisation in which they govern. The roles described by the NZC interview participants concur with the ASC’s, SPARC’s and UK Sport’s guidelines, as presented in the literature review.

Inglis’ (1997), Shibury’s (2001) and Yeh et al.’s (2009) propositions of board members’ roles including managing the sport organisation’s vision and purpose, board duties and processes, stakeholder management and strategic planning, for example, are also reflected within the views of the participants in the NZC case study. However, a notable absence from the above scholars’ propositions is the business ethos of the ability to deal with commercial pressures affecting the organisation, which has been highlighted by three of this study’s participants. One participant specifically states, “The emergence of a more professional era and the growth in the commercialisation of sport has resulted in the board’s role becoming more diverse” (P1) thus entering into new areas of expertise required by non-profit sport organisation boards. Leberman et al. (2012) say that due to the professionalisation of sport “there is a clear need for a business orientation” (p. 10) and the management of commercial aspects is one such orientation.

Two significant points worth noting in relation to Inglis’ (1997) research are that the perceived performance of the board varies greatly between members of the board and employees within the sample organisations, and that major differences in board roles and perceived performance are noted between male and female members. Inglis concludes that “understanding additional explanations for varying perceptions of the roles by gender should be a focus for further research” (p. 174). Interestingly within this study, the perceptions of the role of the board remained consistent among the mixed gender population.

4.2 Calibre of the board

The calibre of the NZC board, and similar sporting entities, is an increasingly important focus for many as the performance of non-profit sport organisations comes under increased scrutiny. Given the diverse skills, quality attributes and extensive experience that are required of board members within contemporary non-profit sport organisation, as supported by extant literature and illustrated through the participants of this research, it appears that a major challenge in the board process is to ensure that the calibre of the board is as high as possible. “To overcome this challenge and given the need to professionalise” (P5), and
following the 1995 Hood Report’s recommendations, NZC reduced their board size from 13 to eight members and adopted an independent board structure comprising members with both sport and business specific skills (P5). In regards to calibre, one interviewee suggested that “board members must now have strong skills in a specific area of specialisation, be that legal, strategic, financial, commercial or sport specific to be a constructive addition to the board team” (P3).

Participants in this study also suggest that the calibre of the board can have a direct impact on overall organisational performance with different participants making the following statements in regards to NZC: “Having the right board with the right skills is key to an organisation’s success” (P6); “New Zealand Cricket is regarded as punching above its weight…I think a lot of that has to do with the strength of our board” (P4); and “Financially we benefited hugely after the Hood Report in 1995 with the move to an independent board. With the process being developed even further now to ensure high calibre directors, I think we will benefit even more” (P1). The calls for greater transparency, accountability and professionalism within the sport sector and its governance have resulted in a desire to appoint boards who have the necessary skills, such as those outlined by the participants above, as well as those described in the literature including moral functions, stakeholder management, and accountability as examples.

4.3 Board structure: ensuring the existence of high calibre board members

NZC’s board appointment process, seeking members with required and relevant skills, is increasingly regarded as ‘best practice’ within sport governance at a national governing body level. An increasingly important issue within contemporary non-profit sport governance is the election/appointment of board members. The traditional delegate model had been in operation within NZC prior to 1995. As noted, Shilbury and Kellett (2006) thought the traditional delegate model to be “cumbersome and time consuming” (p. 276), as well as parochial with the board lacking the best interest of the sport. It is for these very reasons that following the Hood Report in 1995, NZC made an initial move to reform its board appointment processes to incorporate independent board members. The independent model, which few organisations have been able to implement, ensures transparency in decision-making and decreases some of the real or perceived challenges (Hoyle, 2006a).

NZC’s completely independent board model consists of board members who do not have current direct involvement in other major cricket associations or districts, and thus do not represent a specific alliance. In regards to NZC’s board selection process, one respondent states that to ensure that the specific competencies and skills are brought to their board, “A skills’ matrix is developed following consultation with all six major associations on what they perceive to be the major issues facing the organisation and the skills that are required on the board to meet these challenges” (P5). This skills’ matrix is re-evaluated each year by the membership of the organisation. Another participant adds that, “We are very focused on getting the right mix of people…the types of skills, experience and capabilities we want on our board” (P1).

Although all six participants within the NZC study agreed that an independent board was the most appropriate model for governing such an entity, a number of participants stressed the importance of the appointment process. Initially, following the Hood Report (1995), NZC’s six major associations nominated potential directors who were required to be voted in by members at the Annual General Meeting. One participant suggested that “this put a filter in the system that was not required and potentially limited the scope for attracting the highest possible calibre of individual” (P4). Following the redevelopment of the constitution in 2013, a new appointment process was adopted that removed the nomination process and instead implemented an appointments’ committee who would merit-select directors following a wide-ranging national recruitment campaign. This new appointments’ committee consisted of the NZC President, chairpersons from three of the six major associations, and a representative from Sport NZ. The chairpersons from the other three major associations rotate onto the appointments’ committee each alternate year. All candidates were shortlisted and interviewed to ensure their competencies matched with the aforementioned skills matrix. As three of the five individuals on the appointments’ committee are chairpersons of major associations, members still have the majority vote as the ‘owners’ of the organisation. NZC also introduced remuneration for board members for the first time in its history following review of the constitution with one interviewee claiming “remuneration is appropriate given the time commitment required, the calibre of individual we are seeking and it also establishes an additional level of accountability” (P3).

The independent board adopted by NZC is widely regarded as a major positive development in sport governance but it does have its limitations. A limitation faced was the potential backlash from the then current board members. One respondent said NZC overcame this issue by redeveloping the entire constitution of the organisation through consultation and engagement with all member associations:

A drafting committee was established involving the major associations who took ownership of the new constitution and were able to provide constant feedback on its development. As a result, the new constitution and the new process for appointment of board directors were approved unanimously by the members (P6).

Furthermore, participants claimed communication between the affiliated bodies within cricket was an issue of concern. The independent board model removes direct lines of communication...
that are present within delegate models through regional representation. This was supported by one respondent who commented, “The removal of delegates from the board can potentially alienate the wider membership of the sport” (P2) if the board is not successful in maintaining and strengthening these imperative relationships. In seeking to remedy this situation, another participant said, “Communicating decisions that are made at the board level to other federated bodies within the NZC network and establishing new lines of communication is a current focus of the new board” (P4).

A positive relationship between board independence and financial performance was found by Dalton et al. (1999) and Zahra and Pearce (1989). This finding is supported by the NZC case study as one of the positive impacts of the independent board in relation to revenue generation. A number of participants claimed, and one in particular, that the new board composition had a “direct positive impact on revenue generation” (P2). Document analysis of NZC’s annual reports further confirmed this statement.

4.4 Implications for practice and research

At the forefront of governance challenges for sport organisations from NSOs to International Federations is the attempt to move from the delegated board to the independent board model. This has also been highlighted as an issue in corporate governance reforms (Adamson, 2012). Sport organisations could accomplish the shift by moving directly to the independent model or by taking the hybrid route as an initial step as suggested by Ferkins and Shilbury (2012). The challenge here is for representatives of clubs or regional sport organisations who sit on national boards to shift their mind set and to realise the greater good and best interests of the sport from a whole-of-sport perspective.

Another potential concern with the dawn of the independent board model is the placement of the CEO as a board member. If one of the major roles of the board is to appoint and monitor the performance of a CEO, it does not appear healthy that this individual would sit on the board and be considered a voting member. It is acknowledged that CEO input and feedback is essential in the decision-making process at the board level, but it is also argued that CEO input should be limited within the decision-making process at this governance level.

Given the increasing movement towards adoption of the independent board structure, an emerging trend is that sport organisations are embracing a board with reduced numbers and specific roles with the appropriate blend of knowledge and professional expertise to ensure that board composition directly aligns with performance challenges. For instance, in relation to the case study presented, NZC moved from a delegate structure with 13 board members to an independent structure with eight members. While this is not an enormous transformation, some boards have existed with up to 30 members but when restructured to an independent board model reduced to less than 10. In the smaller scenario, all board members are required to be actively involved in their duties and cannot passively assent to decisions because of the size of the group. Also, with a reduced number of board members becoming the norm in sport organisations it is critical that decision-making be effective and efficient. Parker (2012) reported that corporate boards were experiencing a “consensus culture” allowing them “to hide from making tough decisions” (p. B1). This is a warning to sport boards not to fall into the same trap.

Current thinking within sport governance typically adapts theoretical and conceptual models from more established fields of inquiry; primarily those within the commercial and non-profit literature (Ferkins and Shilbury, 2010). Theoretical frameworks including agency, institutional, resource dependence, stakeholder, network and stewardship have all been applied in this way within previous studies (Dickson et al., 2005; Henry and Lee, 2004; Hoye and Cuskelly, 2007; Mason et al., 2006; Soares et al., 2010). However, a notable absence from the relevant theoretical suite that has yet to be applied within the non-profit sport sector, and appears to be most relevant within the NZC case study, is the area of collaborative sport governance.

4.5 Future research

In line with previous adapted frameworks from more mature areas of inquiry, future research could present a contingency model of collaborative governance (Ansell and Gash, 2008), derived from the extant non-profit literature and amended to fit the non-profit sport domain, as a solution to some of the challenges sport organisations could face when evolving from a delegate to independent or hybrid model of governance. An important criterion to consider would be the existing relationship between the autonomous bodies as boards attempt to facilitate collaboration between these entities. The benefits of an independent board over a delegate model in relation to collaborative governance could be explored as the delegate model of board composition that exists in many non-profit sport organisations has often resulted in an adversarial approach to governance (Shilbury et al., 2013) that can create tensions between entities within the network.

When assessing the calibre of the board, further consideration could also be given to leadership capabilities that best facilitate a collaborative approach (Shilbury et al., 2013). Finally, how independent boards can develop trust with affiliated bodies is an important area for examination in future research as trust has been noted as being an integral component within the collaborative process (Ansell and Gash, 2008; O’Boyle and Shilbury, 2013; Shilbury et al., 2013).
5 Summary and conclusions

This study explored board process; that is, board roles, board calibre and predominantly board structures and composition, through the eyes of a New Zealand Cricket case study. The study analysed NZC’s adoption of an independent board looking to provide insights into the challenges of board process, in line with calls made by Hoye and Doherty (2011) for increased research on board structure factors. The focus of this study was on NZC’s approach and path to restructuring and the ensuing benefits gained from the experience.

This study adds to the understanding of some of the complex issues faced by non-profit sport organisations in relation to their governance in an effort to give focus to what is currently unfolding in the practical sport governance setting. It is shown that an independently appointed board, made up of individuals with the appropriate skills as opposed to predominantly elected board members from within the sport whose skill set cannot be guaranteed from one year to the next, is seen as an effective way of improving governance standards within these unique entities. The benefits include increased revenue generation, the creation of a skills’ matrix to aid in the appointments’ process, gaining a board of high calibre directors with the right skill mix, introduction of remuneration for board members, recognition of the need for increased consultation and engagement with member districts and associations, and finally, and perhaps most importantly as mentioned, an organisation who is “punching above its weight” (P4).

The findings also provide support to the literature on board roles and the calibre required of board members in an independent board structure. One finding not yet reported in the literature is the need for commercial expertise within a board member’s skill set. In sport’s now professional environment, commercial business acumen has been noted as a skill requirement of paid staff but it is now seen as a necessary skill of board members as well.

New Zealand Cricket was not satisfied with mediocrity and considered both the internal and external environments when the need for change was realised. NZC’s objective review and acceptance of the hard core facts of their situation, allowed for a restructure from the traditional delegate model to the independent model resulting in positive outcomes for the organisation, although limitations were noted. The first is a backlash from board members who were no longer needed due to the adoption of an independent board with the new members being appointed based on their skill set. The second limitation was the challenge of keeping clear and open lines of communication with stakeholders, i.e. NZC’s major associations and districts.

An identified area for future research is the application of collaborative governance theory to NZC and importantly, other non-profit sport organisations existing within a federated model. This research could encompass the benefits of an independent board model over the delegate model in relation to collaborative governance, the leadership capabilities that best facilitate the collaborative approach when appointing board members and the creation of a contingency model of collaborative governance applicable to the non-profit sport sector.

To close encapsulate this paper, the following quote by Adamson (2012), who reviewed corporate governance trends and reforms, summarises some of the trends and challenges heading into the twenty-first century that corporates, and both non-profit and for-profit sport organisations, will face and perhaps offers areas for additional future research.

Companies and their boards will increasingly be asked to reduce potential conflicts of interest and diversify the competence and demographics of boards….rules and policies are being created that mandate or encourage the separation of CEO and Chair board roles, promote independent directors, and ensure greater gender diversity on boards (pp. 552-553).

Findings from this study may not be generalisable across the entire non-profit sport sector in New Zealand or elsewhere. Arnwine (2002), summarising ‘good’ non-profit board governance features states, “If boards understand their roles and responsibilities, have a proper structure including well-chosen members, exhibit appropriate behaviors, and know what is expected of them, they can live up to the challenges of the future...” (p. 22). The same can be said for non-profit sport boards and hopefully sport organisations can learn from NZC’s journey.

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