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**What is the role of an independent non-executive
director on the board of a National Governing Body of
Sport?**

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Abstract

Governance in National Governing Bodies (NGBs) of sport has never been as much under the spotlight of public opinion as it is today. This paper is focused on board level governance of NGBs in sport, and more specifically on the role and value that independent non-executive directors (INEDs) can potentially bring to the governance of these organisations. INEDs have become more significant in the last twenty or so years in corporate organisations, at least as a partial antidote to the corruption and poor governance which was burgeoning in the late 1980s, and this fashion has also spread to non-profit organisations. However, despite this growth in importance, little understanding exists on what INEDs bring to the boardroom table, particularly in the context of the sport industry. The primary research which was carried out for this research, namely a series of semi-structured interviews with prominent INEDs in major team sport NGBs based in the UK, focused on trying to identify the role and value that such INEDs can deliver as part of their role on the board of an NGB. The results of this research demonstrate that it has become clear that INEDs have the potential to play a significant role in increasing the quality of governance in NGBs and in providing assurance to stakeholders that an organisation is well governed. It follows from this that recruitment of INEDs is an important topic itself, and should be taken as seriously as the recruitment of a senior staff member such as the Chief Executive.

1. Introduction

For many years, national sports governing bodies of sport (NGBs) were allowed by society to operate in their sphere of influence with little interference from outside. An NGB would be able to remain free to set rules, organise and regulate competitions, and resolve disputes between members without the glare of publicity. In recent times however, the role and scope of sporting NGBs has grown into areas other than their historic core business; examples of this would be seeking and using government funding for matters such as health, education and social development. This may well be a by-product of the move away from 'big government' as outlined by Cornforth who states that the growth of the non-profit sector is "stimulated in part by the contracting out of public services and the desire of governments to see voluntary and nonprofit organisations play a greater role in public service delivery" (Cornforth, 2012, p1116). In addition, western society is now much more open and transparent, with many organisations being subject to increased outside pressures from campaigners and indeed the general public. In very recent times, this has become a prominent issue for FIFA with two of their major sponsors, Visa and Coca Cola, calling for an independent body to reform FIFA's governance in the wake of the corruption crisis brought to a head by the arrest of several executives in Zurich in May 2015 (Ziegler, 2015).

This all serves to increase focus on the quality of governance of sporting NGBs. Governance itself can be defined as "the system by which companies are directed and controlled" (Tihanyi *et al*, 2015, p1). This definition, although designed for a corporate organisation, can equally be applied in the non-profit and sports sectors. The subject of governance itself has been propelled up the public agenda in the past 20 or more years, fueled in the first place by a number of corporate scandals such as Bank of Credit and Commerce International, Blue Arrow, Guinness, Maxwell Communications and Polly Peck (Boyd, 1996). In the UK, the first response to these negative corporate events was the setting up of the Cadbury Committee in 1992, chaired by Sir Adrian Cadbury. The publication of the Cadbury Report (Cadbury, 1992) was a seminal moment in corporate governance for the UK and indeed other countries, providing as it did a number of recommendations such as the separation of Chairman and Chief Executive Officer (CEO) roles, a more active role for auditors, and a greater role for non-executive directors.

Cadbury was followed in the UK by further studies, namely those produced by Sir Richard Greenbury, Sir Ronald Hampel, and latterly by Derek Higgs. Each of these reports built on the recommendations of Cadbury with a view to enhancing the confidence shareholders might hold in the management which was charged with controlling and directing enterprises on their behalf. Greenbury focused on the introduction of remuneration committees following 'public disquiet with the unprecedented pay increases which senior executives in the privatised utilities paid to themselves' (Clarke, 1998). Hampel continued by focusing on the implementation of the previous two reports, and recommended that non-executive directors should make up at least one third of the membership of any board (Hampel, 1998). Higgs reviewed the roles and effectiveness of non-executive directors (Higgs, 2003) and made further recommendations for the Combined Code (now the UK Corporate Governance Code, published by the Financial Reporting Council), going as far as to suggest that non-executive directors should make up at least half of any board. Business outside of the UK was also not immune to poor and often fraudulent management being carried out in the name of shareholders; in the USA, Enron, Tyco and WorldCom were high profile corporate scandals. US legislators took a different but perhaps complementary approach to tightening governance with instruments such as the Sarbanes-Oxley Act of 2002 which laid down new standards of transparency for publicly quoted companies in the United States. Sarbanes-Oxley contained mandatory obligations which companies needed to adhere to, whilst the Cadbury approach was perhaps more understated in a British way, asking companies to comply with the Cadbury recommendations or explain why they had not done so.

Within the subject of governance, the role of the board of directors, the individual company director and the CEO are some of the most significant areas for scholars to focus on, and a number of theories have been postulated which aim to characterise and explain the role of these groups or individuals in looking after shareholders' interests. There is also a move to widen the scope of responsibility of corporate leaders such as these to consider and respond to the needs of other stakeholders rather than just the shareholders or *in absentia* owners of the company. These theories will be discussed in the next section. What is common however, is the need for boards of directors to increase the external levels of trust in their activities and decisions, and as O'Neill stated in her Reith Lecture on Trust and Transparency this should come from active enquiry rather than blind acceptance (O'Neill, 2002). This would indicate that the role of a non-executive director is anything but passive.

In the eyes of company legislation, all directors are essentially equal, with no distinctions being made between those who may have executive powers within the company, and those who are non-executive (Companies Act 2006). However, in any board of directors, there are differences in power, influence, will and skill (Pettigrew and McNulty, 1995) and these differences can have a significant bearing on the direction and performance of the company. In a sporting NGB of times gone by, this may not have mattered; however in the modern era, the direction and performance of the NGB company has taken on a significance well beyond its original remit. Boards of directors have taken over from councils and committees in many NGBs, and the ranks of these boards have been supplemented by *independent* non-executive directors (INEDs) who bring different skills and experiences to the board table from those directors who have been immersed in the sport. Walters *et al* offer in their 2010 review of UK NGBs a checklist of possible characteristics for good governance (Walters *et al*, 2010, p4) - the presence of at least one INED on every sporting NGB is considered to be good practice.

This research seeks to identify the role of such INEDs, suggests what they might add to the governance of a sporting NGB, and draws some conclusions as to their value to the organisation. Much research is available on the fact that INEDs have been added to boards in recent years, however little if any of this body of work has looked at how these INEDs carry out their tasks and how their presence has improved (or not) corporate governance. For this reason, it was decided that the primary research for this project would be a series of qualitative interviews with practising INEDs, with the aim of identifying the different ways in which they can potentially contribute to the board. The article reviews the available literature on corporate governance in general and INEDs in particular, then details the results of the series of interviews held before drawing some conclusions on the role and value of INEDs, particularly in relation to NGBs.

2. The role of the Independent non-executive director: a literature review

In this literature review several distinct but linked areas relating to the role of INEDs on boards of directors will be covered, all of which will inform the research to be carried out in this project. It is sensible to start in the corporate world, discussing Cadbury and its successor reports, as this is where INEDs started to become more prominent in recent times. Looking at boards of directors themselves, as agents for the owners of an

enterprise, and the relationship between the board and the management team, is also important as this gives the opportunity to describe the various ways of interaction that are common in real life situations. This is also where the main theoretical underpinnings of this subject lie, with several theories about the direction and management of an enterprise worthy of analysis. Organisations are complex beings, made up as they are at any moment in time of the sum of human interactions of all employees, suppliers, customers etc, and are hard to theorise into mono variable models, however some of the theoretical models in use are useful to explain in part how businesses function.

Following on from this, there is a growing literature in applied research around INEDs on boards. This itself can be split into two broad areas. Firstly, the applied research around INEDs themselves within corporate boardrooms, and secondly the growing literature concerning the professionalisation of sporting NGBs and the use of INEDs within such organisations. The available work in both of these categories will be reviewed. Finally, it will be noted that although the bodies of literature are growing in this area, there seems to be little if any work available on the role and value of an INED on the board of a non-profit or sporting NGB. Several studies in this field have looked at how boards operate when INEDs are present and part of the board team, however none seem to delve into the actual role and value of the INED itself as part of the board.

2.1. Cadbury et al - reviews of corporate governance in the UK: 1992-2003

A number of high profile corporate failures and scandals which followed the corporate boom of the 1980s caused government and/or regulators to shine a spotlight into the boardroom in order to facilitate change, improve transparency and reduce the risk of future failures. Prominent examples of failure in the UK include Maxwell, Polly Peck, Guinness and Bank of Credit and Commerce International, all mentioned by Boyd in his early post Cadbury paper on ethics and corporate governance (Boyd, 1996, p168). The Cadbury Committee itself was the UK establishment's first attempt to respond to the already mentioned trail of corporate failure; it was set up in 1991 by the Financial Reporting Council, the London Stock Exchange and the accountancy profession (Boyd, 1996, p170). Chaired by respected industrialist Sir Adrian Cadbury, it produced a significant report in December 1992 which created a code of best practice for companies with regards to governance (Cadbury, 1992). Although the code itself has been strengthened significantly in the time which has elapsed since, almost a quarter of a century on from this report, Cadbury remains the starting point for any analysis of modern corporate governance in the

United Kingdom. This is confirmed by a number of researchers who root their own work back to the base laid down by the Cadbury Committee including Clarke (1998); Vinten who claimed that the Cadbury Code 'established itself as a world leader' (2001, p5); and Jones and Pollitt who stated that 'the (Cadbury) report is internationally recognised as having been seminal in the development of corporate governance in the UK and elsewhere' (2003, p4). Not all countries reacted to corporate failure in the same way, for example the later US response to American corporate failures such as Tyco and Enron was to legislate clearer responsibilities for directors of companies in the Sarbanes-Oxley Act of 2002 which among other matters created a series of criminal penalties for corporate mismanagement.

Included in the Cadbury Committee recommendations were matters such as separating the role of the Chairman and Chief Executive, having a minimum of three outside directors on a board, and that at least two of these three non-executives were to be considered independent from the company. Independence from a company itself is an interesting point; according to Boyd, Cadbury defined it as being 'independent from management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement, apart from their fees and shareholding' (Boyd, 1996, p171). The later Higgs Review extended this definition of independence to state that a non-executive director is considered independent when 'the board determines that the director is independent in character and judgement, and there are no relationships or circumstances which could affect, or appear to affect, the director's judgement' (Johansen and Østergren, 2010, p531).

Although INEDs had been around well before Cadbury, this was the first time that a prescriptive recommendation had been made as to their use, and it was as a direct response to the corporate failures of the previous decade, suggesting that Cadbury saw the use of INEDs as at least a partial antidote to these failures. Clarke commented that Cadbury saw the presence and use of INEDs as a way of broadening the strategic view of boards, keeping their sights on the interests of the company, having an awareness of the world outside, and finally in appointing, monitoring (and possibly replacing) the Chief Executive (1998, p119). Early commentators however suggested that this would be a fool's errand, with Boyd quoting various others as describing outside directors as 'decorations on a christmas tree', or 'management's pet rocks' (Boyd, 1996, p174). This was a popular view of INEDs prior to the above mentioned series of failures and the work which has carried out since then.

Cadbury was followed by a number of other relatively high profile corporate governance reviews in the UK in the next decade or so, all of which built on the foundations of Cadbury in terms of aiming to strengthen public confidence in the governance of companies. Greenbury was the first in 1995, and offered the introduction of remuneration committees made up from the non-executive members of the board; this was a response to the soaring salaries given to executives within the recently privatised energy utility companies, and effectively added another string to the bow of the INED on the board (Greenbury, 1995). This was followed in 1998 by the Hampel Report, which was commissioned to review the implementation of both Cadbury and Greenbury. Hampel further strengthened the role of the INED by suggesting that INEDs should be at least one third of corporate boards, and that the key board committees of nomination, remuneration and audit should be made up largely from INEDs (Clarke, 1998, p118). To close the decade of significant spotlights shining on INEDs, the Higgs Review of 2003 covered the role and effectiveness of INEDs. Higgs went as far as to say that at least half of the members of the board, excluding the Chairman, should be INEDs (Higgs, 2003, p5), which moved on the Hampel recommendation from just five years earlier and as mentioned already, brought in a tougher definition of what independence should look like. As can be seen from this summary, in eleven years, the role of the INED had moved considerably up the corporate governance agenda to a place where INEDs were seen as significant providers of assurance to a range of stakeholders, not just the shareholders of the company, but government agencies and even the public. As an adjunct and support to this, the Sunday Times Non-executive Director Awards are now in their ninth year and have been described as a 'salute to the guardians of the company jewels' (O'Connell, 2015).

2.2. Theoretical perspectives

Theoretical models to understand the role of the board stem initially from the separation of ownership and control of the corporation (Berle and Means, 1932). Once the separation of ownership from control is deemed possible, it is necessary to consider how in theory the enterprise can be governed and managed, and how the owner's interests are protected. This has led to the development of a number of theories which purport to describe the way in which boards of directors interact with management in furtherance of their respective roles. The predominant model amongst the mono variable theories of corporate governance is Principal-Agent (or just Agency) theory. This was first brought forward by Fama and Jensen (1983) and suggests that there will be a divergence of interests

between the owners (principals) of a corporation and the managers (agents) who look after the daily operations, and who may well take decisions in furtherance of their own interests, rather than those of the owner. This model suggests that directors should and do have a 'controlling or constraining' role in relation to management, ensuring that conformance to the owner's wishes is paramount (Coule, 2015, p77). Yeh and Taylor also indicate that the board of directors 'is a mechanism to monitor managerial behaviour and to assure that managerial activities are aligned with the principals' interests' (Yeh and Taylor, 2008, p39). Thus agency theory suggests that directors have a primary role as police officers, ensuring that managers (in whom there is a low inherent level of trust) do not use corporate resources for their own specific ends.

Stewardship theory on the other hand makes an assumption that there will be a high degree of congruence between the interests of directors and manager, and that these interests will normally be more aligned. This theory was first developed by Donaldson and allows for more of a partnership approach between directors and managers with the focus of board members work being more on 'performance than conformance' (Hung, 1998, p105). Coule indicates that stewardship theory 'assumes board members and managers either share interests', or that 'the agents will at least be motivated to act in the interests of the principals' (Coule, 2015, p77). Cornforth is positive about stewardship by stating that this theory 'assumes managers want to do a good job and will act as effective stewards' (Cornforth, 2001, p3). Stewardship theory therefore would seem to be a description of a desirable situation in a company - where the ambitions and activities of both directors and management are mostly aligned and where the focus of these main actors is on performance of the company rather than just conformance to a set of rules or procedures. Boards and management are effectively on the same team under the stewardship theory model. Stewardship theory is often seen as an appropriate way of describing and understanding governance in a non-profit organisation, which is perhaps an appropriate point in the context of the research for this project.

Another mono variate model of governance is the so called managerial hegemony model, which takes us further along a spectrum of the relationships between directors and management within an enterprise. Managerial hegemony dates back to Berle and Means (1932) who suggested that although shareholders might still legally own corporations, they no longer have the means to effectively control them, as a new managerial, professional class has taken over this function (Cornforth, 2001, p5). Managerial hegemony suggests

that the board do no more than 'rubber stamp' decisions made by management. A study by Mace in 1971 suggested that boards 'did not get involved in strategy except in crises' (Cornforth, 2001, p5). Hung classes this possibility as boards having a 'support role' for the professional classes who run organisations where all strategic decisions are 'dominated and pre-empted' by the professional managers (1998, p107). Boards of directors operating primarily under this model would hardly be acting as Cadbury *et al* recommended - there would appear to be a lack of independent thought and challenge being brought to bear, and an assumption that boards do not have a role in challenging managerial views.

The resource dependency model looks outside the corporation and suggests that organisations are interdependent with their environment, and make decisions based on what resources they are able to obtain to further their aims. Under this model, the role of the board in governance terms is to 'reduce uncertainties' within the market by creating 'influential links between organisations' (Cornforth, 2001, p4). Here we have a situation where board members will be chosen for their networking abilities, and they will focus on ensuring that their organisation both has access to available resources, and is able to adapt to the changing circumstances around it. This is a model which attempts to reflect as close as possible the real life of a company in terms of it ebbing, flowing and flexing in response to its own wider ecosystem.

Finally, stakeholder theory suggests that organisations should be responsible to a range of groups, rather than just the legal owners (Hung, 1998, p4). Fassin builds on the original 1984 work of Freeman in relation to stakeholder management by indicating that stakeholder management is a two way street, and whilst the decisions of a firm can affect stakeholders, in turn the way various stakeholders treat a firm can have a significant impact on that firm (Fassin, 2012, p83). Stakeholder theory has become very fashionable in the modern literature and is likely to become even more prevalent in future with the growing impact of social media and open communication networks, suggesting that where an organisation draws its boundaries with regards to various stakeholder groups will be considered and taken account of in relation to governance decisions.

The main difficulty with all of the above models is that businesses are too complex to have their governance concepts and practices distilled or shoe-horned into one simple, single variable model. A board of directors who operate consistently on the agency model, or the

managerial hegemony model, just to take two examples, will almost certainly prove to be resource inefficient and will perform in a sub optimal manner due to the lack of teamwork between directors and managers displayed in either model. Consequently, a number of authors have suggested a 'pluralist' or 'paradox' perspective is worthy of consideration where two or more seemingly contradictory models are at work at the same time (Cornforth, 2001; Coule, 2015). Cornforth argues that examining mono variate theories together and identifying the tensions or paradoxes that boards of directors face is valuable (Cornforth, 2004, p11). An example of this is the tension between agency and stewardship theory which offer the conflicting opportunities for board members to focus on conformance or performance of the organisation.

Managing paradoxes can mean 'embracing and exploring tensions rather than choosing between them' (Cornforth, 2004, p21). There is support for this multi-theory argument also from Hung, who indicates that his typology of boards only ever explains the role of a board in a particular role, not the multiplicity of roles the board has to perform (Hung, 1998, p108). Coule also relates to these 'pluralist' theories when stating in a study of non-profit governance that a 'pluralist logic appears to create space for broad accountability to multiple stakeholders' (Coule, 2015, p75). Wide or even multiple accountability is clearly something to be striven for in non-profit organisations, but also as per Fassin earlier, is increasingly so in corporates also, so that they can gain 'broad acceptance and legitimacy in society' (Coule, 2015, p93). The paradox idea of multiple theories is much more likely to be reflective of real life boards where members need to adapt to changing business and environmental circumstances, and may need to play more to the conformance, performance or other agendas at different times.

In summary, there are many models which seek to explain how boards operate in organisations, however no single model provides clarity on the role of a board or the directors who make up a board. The next section will consider the evidence on how directors have been seen to actually operate in the boardroom.

2.3. INEDS in the boardroom

It has been noted in the above sections why INEDs are important, and the theoretical bases on how boards can and should operate have also been covered. It is now time to turn to see what happens in the boardroom, and a number of useful studies have been carried out in this area. Post Cadbury, the trend in UK companies has been to separate

the roles of Chair and Chief Executive (a main Cadbury recommendation) and to increase the number of INEDs on a board (eventually Higgs recommended more than half of the board should be INEDs).

Pettigrew claimed that there was a 'dearth of descriptive information about the conduct and performance of part time directors' (Pettigrew, 1992) - however it should be remembered that this was in pre-Cadbury times, and significant research has been carried out since then. Later on, the same author suggested that 'knowledge about the structure and composition of boards exceeds knowledge about their behavioural dynamics' (McNulty and Pettigrew, 1999, p49). This was undoubtedly true at that time, and possibly so even today, as once the boardroom door is closed, what goes on behind is possibly more of an art than a science. Parsons and Feigen (2014) allude to this when quoting a CEO of a private equity firm who stated that 'the best boards have a certain magic'.

An early post Cadbury study asks the basic question 'what do boards do?' (McNulty and Pettigrew, 1996, p161) and indicates that the answer includes selecting and monitoring the CEO, supervising top management, determining strategic direction, leading on ethical and legal conduct matters, establishing vision and mission, ensuring shareholders are rewarded and deciding on the use of resources. There are many ways of describing this board 'to do' list, but most researchers include the above items in one form or another. This study also indicates that part time chairs and INEDs claim to contribute to some significant tasks within a company, such as developing strategy and the make-up (appointment, selection and removal) of board members (McNulty and Pettigrew, 1996, pp165-166). This is done by converting their sources of power into influence. Quoting Bertrand Russell, Pettigrew and McNulty suggest that the 'fundamental concept in social science is power, in the same sense in which energy is the fundamental concept in physics' (Pettigrew and McNulty, 1995, p851). In the context of a boardroom, power is not absolute but relative - it can be gained and lost in several ways, based on circumstances, available information flows, and/or relationships for example.

Chairs tend to exercise their power by using the authority of their position, whilst INEDs rely more on building alliances, personal knowledge, expertise and experience - which would presumably be how they made it into the boardroom in the first place. In terms of sources of power, McNulty and Pettigrew indicate that traditionally, INEDs are seen as lacking in power compared to in house or executive directors through a reduced

information flow (McNulty and Pettigrew, 1996, p162) - this certainly fits into the managerial hegemony model, however it is for INEDs to resolve this through demanding the right information at the right time - and of course in a company which operates more to a partnership or stewardship model, this is what will happen.

There can also be differences in 'skill and will' (Pettigrew and McNulty, 1995, pp 865-868) between INEDs which affect their ability to make a difference in the company they are serving. Both of these factors are required for INEDs to make their presence felt, just being there is not sufficient. To take one example, if INEDs wish to contribute to the initiation of discussions, shaping of strategic options or decision making regarding strategic directions within a board, in other words expected board functions, they need to use their experience and expertise (skill) and be willing to make telling contributions to the debate (will) - McNulty and Pettigrew found that INEDs *were* able to make contributions to the furtherance of a company through will and skill (McNulty and Pettigrew, 1999, pp 47-74). This finding tended to negate the earlier wisdom which suggested that INEDs were merely impotent wielders of rubber stamps as found in earlier studies (McNulty and Pettigrew, 1999, p57). Another early post Cadbury study confirmed this point, suggesting that Chairs and Chief Executives were keen to ensure that their INEDs had a range of useful attributes, such as accessibility, commitment, problem solving ability, flexibility, empathy, rapport, and any relevant special skills (Kearns, 1995, pp 346-353). From the above, it is evident that there is a valuable role for INEDs on boards, at least in the modern era and with enlightened Chairs, Chief Executives and management teams. The likely consequence of this is that companies can, should and possibly are moving away from the 'agency' model where conformance is the watchword, and the board role is purely to police management. Equally, good INEDs will not be satisfied with a managerial hegemony approach to business affairs where the Chief Executive treats the board as a rubber stamp.

Moving to consider more how INEDs should actually operate in their role, Roberts *et al* (2005) carried out a significant qualitative research project on behalf of Derek Higgs for his 2003 report, the outcomes of which suggested that INEDs help organisations to get beyond the agency view of governance theory. They found that board effectiveness was determined in large part by the relationship between the INEDs and the executives, and that the theoretical strictures of agency versus stewardship are not reflected in real life situations (Roberts *et al*, 2005, pS5). This research generated a series of three axes

which are at first glance valuable as a guide for INEDs as they describe well what an INED should be and how they should operate. It is suggested that in order to develop good accountability in their role, INEDs should be, 'engaged but non-executive'; 'challenging but supportive'; and 'independent but involved' (Roberts *et al.* 2005, pS6). Engaged but non-executive indicates that INEDs should know about the business but not try to run it on behalf of the Chief Executive. Challenging but supportive suggests that INEDs need to regularly ask the hard questions of the Chief Executive but once that is done and the debate has been settled, they should support the management team to deliver the agreed outcomes. And finally, independent but involved means that INEDs should resist any temptation to 'go native' within their business, whilst on the other hand they should not stay aloof and distant. The concept of INED accountability was one which Roberts *et al* coined to break through the traditional view of INEDs as either monitors or collaborators (Roberts *et al*, 2005, pS6), and it would seem to offer a more mature and realistic picture of what INEDs are meant to do and be in relation to their appointment at a particular company. Interestingly, there was a suggestion that the work of the INED is 'almost completely invisible to all but fellow board members, and as a result poorly understood' (Roberts *et al*, 2005, pS11) - this may well be true, however this particular research seems to have captured well the essence of INED work, and in turn contributes significantly to understanding how effective boards operate, which Forbes and Milliken in 1999 described as 'among the most important areas of management research' (Roberts *et al*, 2005, pS17).

To take the debate one stage further on the actual role of INEDs on boards, it is also worth considering here one of the other recommendations in the Higgs Review, which was that there should be more than 50% INEDs on a board, *excluding* the Chair. McNulty *et al* review the various chair models (full versus part time, insider versus outsider, executive versus non-executive) and suggest that full time executive chairs have a greater influence in strategy and resource dependence tasks, whilst part time INED chairs are better able to influence monitoring and control tasks (McNulty *et al*, 2011, p91). This view emanates from a research study of 160 FTSE 500 chairs, however it would seem to be too simple, neat and tidy to describe an outcome where chair power and influence degrades in a linear fashion from executive insider chair to INED outsider chair. It would almost follow from this analysis that chairs should be executive and full time in order to exert the most influence on a company, and yet we know that if INEDs are doing their job well, they will (including when they are in the chair) ensure that they have the information needed, build the correct relationships with other INEDs and the Chief Executive, and exhibit the right

behaviours, to create success for their company. Therefore it could be said that the human characteristics of specific INEDs are likely to be at least if not more important than the structures in which they are asked to operate.

2.4. INEDs on non-profit and sporting boards

The final section of this review will cover the research into board governance as far as it has been applied to the areas of non-profit and sporting governance. Most if not all of the points made by Cadbury *et al*, and most of the research noted above in relation to the ways boards actually operate was originally aimed at corporates. Nevertheless, as sporting NGBs take on more tasks, are allocated more public funds, and generally become bigger businesses themselves, much of the theory should also in practice be applied in this industry. Just because an organisation is not set up to make profit is not an excuse for it to be badly governed - many sporting NGBs today turn over millions and in some cases hundreds of millions of pounds and they should expect to be held to similar standards as those applied to profit seeking companies.

One of the earliest studies of governance in non-profit organisations was carried out by Inglis (1997a) who almost 20 years ago now looked at the interactions between volunteer board members and the paid staff in Canadian NGBs. Whilst this work does not explore the concept of INEDs on NGB boards, it is valuable in that it begins to outline the declining role of the volunteer board member and the rise of the paid staff (increasing influence of the Chief Executive and staff team) over time. Inglis (1997a) suggests three 'archetypes' for NGB design. These are the 'kitchen table' where volunteers control everything, the 'boardroom' where (often after government influence) there is a focus on elite development, policy formulation and specialism within the volunteer roles, and finally the 'executive office' where paid staff are taking more control over the NGB (Inglis, 1997a, pp 15-16). Inglis points out that there is 'limited research... that explores and substantiates the dynamics of the relationship' between the volunteers and paid staff who share leadership in NGBs (Inglis, 1997a, p17) and also notes that the 'volunteer board and paid executives must work together to define the best ways of achieving objectives' (Inglis, 1997a, p18) - this is more than tacit support for the stewardship model of governance. Inglis also found that different types of board members (presidents, volunteers or CEOs) reported varying views of the influence they believed they had on different tasks in the organisation, with the CEOs indicating (and the presidents and volunteer board members agreeing) that they felt they had more influence in most areas than either the presidents or

the volunteer board members (Inglis, 1997a, p26). Inglis also drew upon the same base research to shed some light on what non-profit boards actually do in the changing world where paid staff were gaining influence over time, and suggested a theoretical perspective containing four roles - mission, planning, 'executive director' (hiring and managing the CEO), and community relations (outreach in many ways), focus on which would help the various players better define their contributions and influence (Inglis, 1997b, pp160-176).

Kikulis (2000) takes this analysis a little further by introducing the idea of 'sedimentation' where in the case of NGBs the concept of volunteer control is institutionalised over time and generations (many NGBs are now over a hundred years old, and until recently changed little throughout much of their life). Kikulis also refers to 'erosion' of such control and practices, embodied in the rise in influence of the paid executive or CEO to the detriment of the level of influence of the volunteer board member, despite resistance to such change from the volunteers (2000, pp 293-320). This work is key as it begins to explain the move away from the traditions of volunteer led governance in NGBs towards a more professional environment. Whilst this work does not cover INEDs specifically, it is germane in that this transfer of influence over time opens the way for further assurance to be given by NGBs through the arrival of INEDs to provide a third force on the board as well as volunteer (sport) members, and CEOs.

In further connected research around boards of NGBs, Ferkins and Shilbury (2010) focus on what boards can do to develop their strategic capability, which they considered to be an important aspect of the role of such a board. Their earlier work indicates the strategic role and performance of boards is a 'weakness in many sport organisations' and that 'the strategic role of the board is underdeveloped in the sport management and governance literature' (Ferkins *et al*, 2005, p195). They also suggest that the governance literature to date does not 'fully encompass the diversity that exists within the sport setting' (Ferkins *et al*, 2005, pp 195-196), which is another way of saying that NGBs are different from profit seeking companies, and that governance research in sport needs to be cognisant of this. In a further paper, the same authors bemoan the situation that 'no studies exist in sport governance on the strategic contribution of board members' (Ferkins *et al*, 2009, p246) and they use an action research approach involving New Zealand Football as a case study to formulate ideas around the shared leadership needed between board members and the CEO and the need for boards to step up on strategic processes.

They test the theoretical frameworks covered earlier in this literature review and postulate that 'stewardship theory has the most potential to frame the complex dynamics' (Ferkins *et al*, 2009, p270), in other words that if board members and CEOs work together to drive NGBs forward, more positive outcomes will likely be reached. Although they do not make the point explicit, they also indicate that there is a need for greater commitments of time and expertise, which 'has implications for current expectations of volunteer board members' (Ferkins *et al*, 2009, p273) and suggests an opening of the door to INEDs with specialist skills and experiences. Similarly, Shilbury and Ferkins also noted in relation to New Zealand Football that 'as the culture of a strategic plan became ingrained in board meetings, the intellectual commitment required from board members rose quite sharply' (2011, p119). They believe that more research in this area might 'tease out a better understanding of the need for balance between elements (such as between those identified as performance and conformance)' (Ferkins and Shilbury, 2012, p78); again this is an area where INEDs can provide value, drawing on the earlier thoughts of Roberts *et al* on being 'engaged but non-executive, challenging but supportive, and independent but involved'.

Ferkins and Shilbury eventually describe an emerging model for NGB governance which they call 'board strategic balance' (2015). One element of this model is an increasing contribution from part time board members, along the 'will and skill' axis put forward by Pettigrew and McNulty and covered earlier in this review. Again although this does not mention INEDs specifically, it suggests that board strategic function will be improved with greater contributions from board members, and this would suggest there is an attraction here to INEDs who can provide the will and skill sometimes missing in the board members who come through the ranks of the sport itself. Ferkins and Shilbury (2015) also in recent work start to focus on the broader accountability concepts highlighted by Coule (2015) and Fassin (2012) in that they introduce the notion of 'salient stakeholder' (meaning that not all stakeholders are equal and some require more focus than others in governance terms) and offer the thought that 'stakeowners' (the legal stakeholders, often members in NGBs) have a significant responsibility not to 'hold back' any moves to better governance (Ferkins and Shilbury, 2015, pp 93-108).

Finally in this area, Hoye and Doherty indicate that relatively few studies have taken place into the board performance of sporting NGBs and suggest a number of areas for future research (Hoye and Doherty, 2011, pp 272-285). They indicate that the 'importance of

individual factors (such as board member motives and skills)' is an area worthy of interest, however they do not go as far as to say that INEDs could be part of the solution. Taylor and O'Sullivan (2009) do go further than this and bring much of the aforementioned corporate research to bear in that they make a number of recommendations for the boards of sporting NGBs. They recommend a move away from the representational nature of NGB boards towards relatively small boards which reflect the business need of the NGB, the separation of the Chairman and CEO role, and the presence of (more) INEDs on such boards (Taylor and O'Sullivan, 2009, pp 681-693).

Even so, given the amount of research already completed, there seem to be very few, if any, papers on the specific role of INEDs within NGBs even though the increasing use of INEDs in profit seeking companies would be a good barometer of their likely value in NGBs too. It is hoped that the new research carried out for this project will shed some further light on the role and value of INEDs within sporting NGBs.

3. Research methodology

The aim of this research was to capture the experiences and perceptions of the role of the INED and to better understand the potential contribution they can make to the board of an NGB. Given there is little academic research on this in the context of the sport sector, this research was by its nature exploratory although it is framed by previous research setting out the roles of the INED. The aim of this research was therefore not to develop generalized conclusions but it was felt that the insights provided would potentially mean that the findings are transferable to other NGBs.

3.1. Data collection

It was decided to seek and obtain new data from at least six NGBs, split between football and other major team sports in the UK. The sampling approach used was a 'purposive or judgemental sampling' (Saunders *et al*, 2007, pp 230-232) as the organisations to be part of the research pool were chosen for a purpose (mainly, that they were significant and particularly informative NGBs governing major UK team sports), rather than chosen in a random or other fashion. The organisations chosen by purposive sampling were as follows:

Table 3.1. Sample organisations chosen for this research

Football	Other team sports
Football Association (FA)	Rugby Football Union (RFU)
Scottish Football Association (SFA)	Rugby Football League (RFL)
Irish Football Association (IFA)	England and Wales Cricket Board (ECB)

The main data collection used qualitative, semi-structured interviews, with one INED from each of the NGBs chosen. The interviews with specific INEDs were all arranged by personal contact, four through direct contact, and the other two from connections of the author who knew the first choice interviewees. All of the first choice interviewees agreed to take part in the research process. In addition, an interview was conducted with the President of the United States Soccer Federation (who was also a member of the FIFA executive committee). The author had met the individual briefly before, and he agreed to help by discussing the importance of governance and the role of the INEDs at the United States Soccer Federation, CONCACAF and FIFA. Details of the interviews are listed below:

Table 3.2. Interviewees

National Governing Body	Name	Position	Date of interview	Face to face or telephone	Location
Rugby Football League	Brian Barwick	Chairman	27/05/2015	Face to face	Twickenham
Football Association	Greg Dyke	Chairman	28/05/2015	Face to face	Zurich
Scottish Football Association	Barrie Jackson	INED	30/05/2015	Face to face	Glasgow
Rugby	Miles	INED	24/06/2015	Telephone	N/A

National Governing Body	Name	Position	Date of interview	Face to face or telephone	Location
Football Union	Templeman				
Irish Football Association	Dr Leslie Caul	Chairman	01/07/2015	Face to face	Belfast
England and Wales Cricket Board	Jane Stichbury	INED	06/07/2015	Telephone	N/A
United States Soccer Federation	Sunil Gulati	President	22/07/2015	Telephone	N/A

As noted above, all of the interviews took place in a period of seven weeks in 2015, and each interview followed the same basic script of questions. These questions were developed from key themes that were identified in previous literature on the role of INEDs. They focused on the following four areas: the contribution that INEDs make to the board; their importance to the board; board composition; and the role of INEDs in developing and monitoring NGB strategy. All interviewees were given a copy of the questions in advance, and all agreed that their responses could be quoted, if necessary. The interviews were all recorded with approval from the interviewees, contemporaneous notes were also taken, and the each interviewee was given the time and space to expand on their answers to the questions as they saw fit. This sometimes gave rise to supplementary questions to tease out the interviewees' views further, and the interviews ranged from 29 to 58 minutes in length averaging out at 40 minutes each. The combination of notes and interview recordings were later reviewed in detail to provide insights which could be combined and written up. Each interviewee also gave permission for their name to be quoted in the research paper.

3.2. Data Analysis

As mentioned above, the key themes from the literature review served as a framework for structuring the interview process. The analysis of the interviews was therefore structured around the aspects that INEDs can potentially bring to the board. These aspects that emerged from the interviews align with some of the prescriptive literature on the importance of INEDs, and included the following: INEDs provide a more varied skill set; INEDs help to provide balance on NGB boards; the improvement of board behaviour; INEDs can support the strategy process; INEDs provide objectivity if chairing the board. The fact that the interviewees were all INEDs themselves is a clear limitation in the sense that they may clearly be more positive towards their own positions and towards the role of the INED, demonstrating an element of self-serving behaviour in the interviews. Whilst it is recognized that a more rounded understanding and analysis would have also involved interviewing CEOs and executive board members to get their perceptions of the role of the INEDs, the fact that this research is based on the perceptions of INEDs at some major UK NGBs provides us with some insight into the role; an issue that little previous research on sport governance and boards has focused on.

4. Research Results

In this section the results from the seven semi-structured interviews with INEDs already in situ at a range of significant sporting NGBs in the UK will be noted and analysed. Similarities will be sought in relation to different NGBs based on the presence and reflections of the INEDs who sit on those boards. The aim is to explain and develop these thoughts in terms of board membership numbers, board behaviours, strategy setting and monitoring, and working with the Chief Executive to jointly take the business forward.

4.1. INEDs provide a more varied skill set

Starting with a clear view from the representatives of all NGBs involved, all of the interviewees agreed very strongly with the need to have INEDs on the boards of NGBs. One interviewee noted that there is by its very nature a lot of self interest in sporting bodies such as NGBs, where board members try their best, however cannot help but act representationally, based on which part of the sport they grew up in or represent. They argued that the presence of INEDs is a necessary counterweight to this tendency, usually bringing less vested views as well as a range of skills and experiences not likely to be found in the sporting director on the board (the 'will and skill' suggested by Pettigrew and McNulty (1995)). Another interviewee was even more adamant on this point, suggesting

that a fundamental problem in NGBs occurs if all of the board members come from the sport itself. In this situation, they suggested that they will only ever represent their constituent parts, rather than look after the organisation as a whole, and that conversely, INEDs will usually think of the whole organisation rather than any one part. Interestingly, one of the interviewees gave an example of this very point, from their prior experience as Chief Executive of an NGB. At this stage, neither the Chairman nor the Chief Executive had a vote, and there were no INEDs on the board. They recalled that in this situation, the board often voted along representational lines on a matter and so a deadlock was reached, with no constitutional way of resolving an issue.

Further to the need for INEDs, one interviewee was of the view that INEDs in NGBs are just as important as they have come to be in companies, and that they improve the governance of any organisation. This would bear out the views of Cadbury and all successors who have paid such great store to INEDs. They pointed out that introducing INEDs in their NGB came about as a result of a review of governance and that although they were the first INED on that particular board, another would be joining him in the summer of 2015, reducing the number of 'office bearers' (in this case a Vice President drawn from the ranks of the sport) by one. They pointed out that talent was brought into the board from other sources than the sport by INEDs, a comment which was echoed by another of the interviewees, who added that INEDs provide challenge and balance not likely to be found in the sporting directors. This interviewee also added that some sporting directors are so 'embedded' (similar to the 'sedimentation' idea put forward by Kikulis (2000)) based on their history and experiences that INEDs are the only realistic vehicle to provide such challenge and balance. He further noted that the presence of INEDs on NGBs was if anything more critical in the current environment due to the lack of history of INEDs being part of NGBs compared to their presence in companies.

Several interviewees brought forward the point that INEDs can generate a wider perspective of society and the good of the country. One was of the perhaps Kennedy-esque view that INEDs will be able to think about 'what the NGB can do for the country, not just about the sport in question'. They also noted that the value of a specific INED will relate to the experiences, skills, contact and possibly even the 'assurance value' carried in from other experiences which can be given to significant stakeholders. One of the interviewees argued that adding INEDs to the board of their organization was '*one of the best things the organisation had ever done*'. Their particular board has 15 members (itself

quite a large board), with 3 INEDs, all of whom (currently) come from very strong backgrounds. They noted that whilst the board members from the sport itself are respectable people, the INEDs bring significant extra value and new perspectives to the board via their experience and different characteristics.

It was also stated that INEDs can help to ensure that board is equitable and diverse, another necessary element of corporate makeup in these times. Korn Ferry's 'Class of 2014' report indicates that this view on this issue is being taken seriously by corporate boards with 39% of first time NED appointments at FTSE 350 companies in 2014 being female, up from 28% in 2013 and just 11% back in 2017 (Frith, 2015). Another interviewee agreed with this sentiment, stating that INEDs bring in the public/social interest angle to the NGB in question, while another believed that a wider value of INEDs on NGBs was to provide a 'peer review' to the organisation from someone at the same or a higher level, who is not embedded in the business itself. They also noted that it is important for the NGB itself to consider what it wants from an INED before recruiting, which requires a degree of organisational 'self awareness'. It was emphasized that an NGB should recruit INEDs based on perceived skills gaps, rather than on a random basis.

4.2. INEDs help to provide balance on NGB boards

Moving to the issue of how many INEDs should be on the board of an NGB, there was a variety in the answers, however there was also some consensus. One of the interviewees was of the view that any board (not just an NGB) should be as small as possible but should take into account the breadth of experience needed to run the business in question. They did not see the need for extra bodies to be on a board to fill out the table, but that in NGBs, care needed to be taken to provide the right balance between sporting directors, staff (executive) directors and INEDs. Their view was that no more than 4 INEDs should be needed on an NGB board, although the specifics would depend on the nature of the body involved; those NGBs with a higher public affairs interest or a higher risk would possibly benefit from having greater numbers of INEDs. This is despite the current (post Higgs) view that in a company, the INEDs should be at least 50% of any board, excluding the Chair. They also noted that balance was important - not in this case the balanced view brought to the table by the INED, but a balance around the boardroom of the NGB between INEDs, sporting directors and the staff. Another interviewee agreed with the need for a minimalist board where possible, and noted that NGBs should strive to ensure they do not end up as public sector type 'representational' boards where every

vested interest needs to have a seat. He also suggested that if their organisation was really committed to better governance it would move from the current complement of eleven members (including three INEDs) to seven or nine, with the reductions coming from the sporting directors and not the INEDs. Also on this note, they pointed out that smaller boards offer easier routes for members to make constructive challenges, and are in all ways easier to manage than large boards.

On the numbers question, one interviewee stressed that they would like to see more than one INED on any board, as they are likely to be less influential around the table if they are singular and can be isolated. In addition, they believed that appointing a single INED can smack of tokenism, although this approach can also be a good starting point and may result in further INED appointments. They also referenced their own experience on a public sector board of a Hospital Trust in which they chair in the National Health Service, where by statute the INEDs should outnumber the executive directors. Interestingly they noted that the NHS board model has a significant difference to a company or sporting NGB in that the INEDs are mandated to hold the executive directors to account.

Two interviewees took the view that having a majority of INEDs compared to sporting directors on the board of an NGB would be a desirable outcome although as one immediately pointed out, the 'vested interests' would not let this happen and that the current split on the board of their organisation between representative directors and the INEDs was a good place to be. The board in which one of the interviewees chairs has the possibly unusual (for now, at least) situation for an NGB that the INEDs (of which there are four, including the Chair) actually outnumber other board members, who again unusually, are all executive directors. This setup is very similar to the NHS one outlined above, but of course in different circumstances.

4.3. The improvement of board behaviour

Another key question in the research was aimed at identifying how the presence of INEDs affected board behaviour. One interviewee was of the view that INEDs managed to catalyse more fair and open debates around significant issues which was of great value, with another interviewee agreeing with this, suggesting that INEDs in their experience significantly reduced the level of emotion at NGB board meetings, and managed to head off any potential 'arm wrestling' among the factions from sporting directors. They offered the view that the INEDs also raised the standard of debate, and they naturally understand

that they are not there to manage the business, unlike many sporting directors. Another interviewee was cautiously optimistic in their analysis of this matter, indicating that the quality of debate depended on all board members, but agreed that if the rigour of selection and attractiveness of the position in the first place brought the right INEDs in, board behaviours would be improved. This is a key point for NGBs, with one interviewee stating the need to ensure that INED selection is carefully managed. Sporting directors tend to be elected to their position, often from a pool of wider Council or Committee members, and therefore the quality of board members cannot easily be regulated. Careful recruitment and selection of INEDs was seen as a good prescription for better overall governance. Another interviewee added in this area that a corporate like 'nominations committee' could prove beneficial for an NGB, where even potential sporting directors are sifted and assessed for quality, rather than their election by the rest of the NGB being left purely to chance or constituency power. A further interviewee offered a similar thought in that corporates often have significant and important standing committees handling matters such as remunerations and nominations, and that perhaps NGBs should follow suit. This would perhaps lead to a situation where sporting directors were sifted for quality and suitability rather than just being elected to their position regardless of aptitude.

One interviewee added that INEDs often ensure that the important matters of fairness, equality, diversity, process and indeed governance itself are given a fair hearing at board meetings, and that INEDs will often put forward alternative points of view which would not be heard based on the experiences of the sporting directors. Again, this is a significant 'value added' point for INEDs. This point was also discussed with another of the interviewees when it was noted that INEDs improve the actual governance of meetings, and can even model appropriate board behaviours to other members, which the sporting directors might not have significant experience of. One interviewee was in full agreement that INEDs tend to improve the behaviours of board members (they believed that there was 'more restrained behaviour' due to the presence of outsiders) and the quality of board debate, suggesting that (again if the selection processes are good) the INEDs on an NGB board will tend to have much higher and broader levels of commercial experience than the sporting directors on a board, and that crucially, they are 'pleased to participate'. This latter point indicates that usually INEDs on an NGB are offering their time due to a deep love for the sport involved, and therefore want to enjoy their participation rather than join in begrudgingly. This point was also made by another of the interviewees who mentioned that INEDs brought a common ambition to an NGB board, something which the sporting

director often cannot manage due to their constitutional baggage. It was also added that INEDs tend to be more used to dealing with management from their other experiences, and consequently are more naturally aware that they are not management themselves, however they usually do understand that (part of) their role is to challenge and support management.

4.4. Supporting the strategy process

Taking this matter of INED led quality a step further, the interviewees were also asked about the contribution that INEDs make to a significant board role such as setting strategy and monitoring the progress of NGB strategy. One cautioned that the 'I' word (independent) can tend to be over used, and that some boards can sit back and let the INEDs do all the heavy lifting; therefore they cautioned that with limited time availability among other things, the INEDs on an NGB cannot be seen as the panacea to board strategy. Having said that they agreed that a well-informed INED will bring a wider perspective to matters like strategy formulation as opposed to lower level issues, and that this is valuable board work. This in fact echoes the earlier point made by Carver (2005) who suggests that boards need to use their means to strive for ever higher ends, rather than focusing on smaller matters. They also added that good INEDs can help guide the board in an overall sense, in this matter helping the Chair who of course has this formal responsibility. Again, sporting directors may well not have the skill set and experience to be of help in this area. One of the INEDs interviewed stated that in the board of their organisation, strategy development was not coming forth from the executives, and hence it was down to the INEDs to drive this forward. Another was somewhat in line with this view, in that they suggested that the strategy development work in an NGB should be starting from the Chief Executive with INEDs (and other board members possibly to a lesser extent) playing a supporting and challenging role. Their view was that NGBs do not pay nearly enough attention to matters like strategy development and progress monitoring, and that INEDs can increase the focus significantly by ensuring that less important matters do not take up valuable time. Another interviewee noted in this area that the INEDs played at least a reasonable part in strategy development at their organisation, particularly in relation to annual strategy days which are part of their calendar of meetings. They also stated that many organisations (not just NGBs) tend to be institutionally 'siloes' and that INEDs played a significant role in breaking down silo barriers, given that they generally bring no intra-company allegiances to the board table. Furthermore, they suggested that INEDs on an NGB board could have good 'non-threatening' relationships with the Chief

Executive, although the direct reporting relationship was Chair to Chief Executive, and felt that this informal relationship would also help 'open up' the NGB to better outcomes.

Another interviewee was more forthright on this subject, suggesting that the right experiences brought to the table by good INEDs would have the effect of turning implicit conversations in key areas such as strategy development, progress monitoring and managing the Chief Executive, into explicit conversations and consequent actions around the board table. Their view was that in the last 30 or so years, issues such as business values, strategic and operational planning had come much more to the fore in business leadership debate, and that INEDs would bring NGBs up to speed with this debate better than sporting directors might, in other words it is more likely to find these skills and experiences outside the company than inside. They suggested again that the best guarantee for an NGB board to be governed well is to ensure that high quality INEDs are selected in the first place. Another of the interviewees agreed with this analysis, stating that INEDs were in general much better at board strategic tasks, and that INEDs made the board as a whole more capable in this area of business. They added that the impact of good INED contributions to significant matters such as strategy development was an overall 'upping the game' of the board as a whole and a consequent increase in the intellectual credibility of the board.

4.5. INEDs and the role of the chair

In terms of having an INED actually chair the board of an NGB, there were somewhat mixed views. Three interviewees, who all chair their respective NGB boards, were of the opinion that having an INED Chair is a very positive development. One of these noted that they started as an INED before being elected Chair, and that chairing requires a skill set which is different from being just a board member, given that managing/steering the board itself, and often being the line manager for the Chief Executive, are key responsibilities. They suggested that it is possible to find the appropriate Chair skill set from around the sporting directors at the board table, but it is much more likely that these extra skills and experiences will be found in the INED complement. They also suggested that chairing is not usually an executive position, although in sport, there tend to be many powerful executive chairs. Another agreed that it was much more likely that one would find the appropriate experience and skills from INEDs, and added that in their opinion, an NGB Chair should be chosen from the INEDs so that the Chair is not beholden to any of the constituencies or special interest groups which bring many of the sporting directors to the

table. Another of the interviewees was of the view that it is highly valuable and significant for an INED to be Chair of an NGB, noting that the Chair needs an empathy for the sport.

On the other hand, one of the interviewees argued that all things considered, and bringing both his corporate and NGB experience to bear, the Chair should come from the sport itself. They stated that this had been the subject of some debate at their organisation, but that the consensus at the moment was that 'sport should be led by sport' and that INEDs can and should play more of a supporting role than a front and centre role. They were also of the view that whoever was selected as Chair, the Chair/Chief Executive dynamic was very significant, and that this was perhaps easier to have clarity on in a corporate organisation, where the goals are presumed to be clearer than in an NGB, which by necessity has a wide range of objectives. Another interviewee tended to concur with this, noting that on balance it was a good thing for the sport to have someone from the sport as the Chair figurehead. They mentioned that having a Chair from the sport itself ensued that endless networking contacts would naturally be available, and that having an independent Chair was more important in the public sector; although they agreed that as NGBs become more connected to public sector bodies for matters such as funding, the possible increased assurance provided by an independent Chair might be valuable. It was noted by one of the interviewees that there could be differences on the board with regards to the Chair of an NGB being from the INEDs. Their view was that if an organisation such as an NGB was completely committed to good governance, it would follow the current UK Corporate Governance Code (Financial Reporting Council, 2014) and select an independent Chair, however they also noted that in the general NGB world, that would mean finding an appropriate role for the person who currently chairs the NGB board, often the President of the sporting body, and that this would require sensitive positioning.

5. Discussion

One of the key issues to have emerged from this research is that INEDs can help facilitate or ensure a better balance between the easier tasks which a board might find attractive, such as ensuring the Chief Executive conforms to policies and rules, and the more expansive but challenging tasks such as driving innovation and performance within the organisation. Particularly in NGBs, the research shows that board members may well choose to focus on conformance as this is easier to delineate and determine, and board members' collective skills and experience might not give them the confidence to push on

to embrace matters of vision and performance, which Carver (2005) would class as higher order ends. This is potentially problematic as it essentially results in a dichotomy between the conformance role and the performance role of the board; an issue that Roberts *et al* (2005) state is unhelpful in understanding the role of boards. INEDs can ensure that they bring the skills and experience to the debate to ensure that such matters are on the board agenda, and that they are given sufficient time for discussion. Whilst this might seem to be a benefit which is hard to quantify, it is nevertheless a significant one, given that the effective functioning of the board can be driven in a positive sense by such actions from the INEDs. Related to this, this research suggests that INEDs operating in a proper manner, using appropriate skills and experience, and in partnership with the rest of the board, can steer NGBs (and other organisations) away from the twin theoretical threats of the agency or managerial hegemony models of governance. As noted earlier, the agency model assumes a lack of convergence between the aims of directors (acting as agents of the owners) and management and steers directors again toward focusing on conformance whilst the managerial hegemony model assumes completely neutered boards of directors who do nothing more than rubber stamp the views and directions of management. Neither of these models would suggest a board of directors is operating in the most beneficial way for the organisation they represent, and INEDs can ensure that boards do not fall towards either of these extreme mono variable models of governance. In contrast, INEDs can through the use of their skills and experience nudge the operation of a board of directors more towards the stewardship model, where a partnership is developed and nurtured between the board and management (often represented at this level by the Chief Executive) to the benefit of all, where both conformance and performance matters are health with openly and in a balanced manner.

To take the above point further, it can also be concluded that INEDs contribute more given their wider experience (particularly in an NGB situation) to key board matters such as strategy development, progress monitoring and relationships with management such as the Chief Executive. If selected wisely for their appropriate contextual skills and experience, INEDs will almost certainly (again in the NGB context) have wider and deeper experience of key business matters than their fellow sporting directors, and can therefore ensure that important board matters are given due prominence and are debated in a thorough manner (again, this guards against a managerial hegemony situation where directors are simply told what the organisation strategy should be by the Chief Executive). INEDs will also in general have a higher degree of experience in dealing with

managements of companies where they have had other INED or even executive roles, and will be better at guiding the board to govern rather than manage (e.g. Roberts *et al* 2005) in terms of being challenging but supportive, independent but involved, engaged but non-executive.

Another issue that this research has raised is in regard to the role and value of INEDs on the board of a sporting NGB is that INEDs can catalyse a general increase in performance from other board members; typically the sporting directors who have grown up with the sport and who have been elected to their positions regardless of skills or experience. The virtuous circle of ensuring that matters such as strategy development, progress monitoring and partnering effectively with the Chief Executive are debated regularly and vigorously at the board table will make everyone involved in the process (INEDs and sporting directors alike) more adept at handling these types of discussions and increase the overall level of competence of the board as a whole and individual directors. Also, (and again going back to the stewardship model), INEDs also help to bring about a 'shared leadership' model in an NGB, as noted by Ferkins and Shilbury (2009). With good INEDs in place on a board, the gap between sporting directors and management (where there can be a level of distrust on both sides) is often bridged to ensure that all contributors to high level governance in an organisation work well together, and focus on higher end means.

For all of the above reasons, it is suggested that following in the footsteps of Cadbury (and other significant thought leaders), and taking into account the theoretical issues around governance, it should be seen as good practice to ensure that the boards of sporting NGBs contain one and preferably more INEDs. Selected wisely and integrated well into the board by the Chair (who may well also be an INED), good INEDs will be one of the most important components to ensure that the board of a sporting NGB carries out its mission as well as it possibly can.

All of the points above when taken together contribute strongly to the final substantive issue that this research has raised, which is that if INEDs are of significant value to corporate organisations, whether in the sporting NGB world or the wider context, the selection process for any such company in relation to INEDs is of paramount importance. No longer is an INED meant to be a decoration for the boardroom and the company notepaper, INEDs when present are an integral and possibly one of the most important catalytic components of high level corporate governance for an organisation, and INED

recruitment in any company should be treated as seriously as recruiting for a Chief Executive or other senior position. Skills, experience, cultural fit and the make-up of the rest of the board should always be taken into account when recruiting an INED for a board position. If INEDs are to make a positive difference to a board by encouraging better behaviour, debates, contributing to strategy discussions and the like, it is essential that appropriate INEDs are selected for the position in question, rather than adopting a one size fits all approach.

6. Conclusion

This research project has aimed at getting 'under the skin' or perhaps 'inside the boardroom' in terms of what an INED actually brings to an organisation. It has responded to the calls for a better understanding of what actually goes on in the boardroom (e.g. Roberts *et al*, 2005) whilst in addition, the project has sought to tackle the information void generated by the dearth of previous qualitative research on INEDs. It has argued three things: firstly, INEDs span the various theoretical models of governance and if utilised properly, can ensure a balance between the conformance and performance elements of the role of the board. Second, INEDs can catalyse a general increase in performance from other board members due to the skills and experience that they bring to the board. These potential benefits are by no means automatic however: they are dependent upon the selection of an appropriate person for the role. As a result, the third issue from this research is that selection process for any NGB in relation to INEDs is of critical importance in order for an NGB to realise these potential benefits. This research has focused on INEDs in the setting of sporting NGBs, however the conclusions may well resonate with other non-profits, and indeed with corporate organisations. It was in the corporate world that INEDs originally became a significant part of organisational governance and yet there has been little written on why it is that so many stakeholders choose to rely on the presence of INEDs around a boardroom table.

7. References

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