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Adoption of good governance by national sporting associations: a Malaysian perspective.

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Abstract

This study was conducted to determine the extent to which good governance principles are understood and adopted by national sport associations, with a particular focus on Malaysia. The selection of this area is to fill a particular gap in the understanding of how good governance is experienced and where applicable, embraced by national sport organisations, which current literature shows to be dominated by a Western context.

While the origins and contemporary developments of corporate and public governance is influenced heavily by ‘Anglo-American’ thinking and circumstances, the atypical nature of sporting organisations in national contexts suggests that a uniform experience of governance adoption therein to be quite unlikely, thus making this an interesting investigation.

Due to the absence of an overarching theoretical or conceptual framework to understand good governance in national sport organisations, this study uses the inductive methodology of grounded theory, specifically the Gioia method (Gioia et. al., 2013), to empirically establish how good governance is perceived by insider and outsider informants from four different sports in Malaysia. Semi-structured interviews were the primary method of data collection, with documentary analysis as the secondary.

Upon analysis, it was found that there was a basic understanding of good governance amongst the study’s subjects, that this paper contends to be attributable to the unique role of government in the development and delivery of modern sport in Malaysia. The study also found that unlike the West, this historical intertwining between sport and government has allowed Malaysian national sport organisations to be gradually exposed and persuaded on the ideals of good governance, without having gone through a ‘modernisation’ and ‘professionalisation’ phase.

A framework that explores the relationship between the aggregated dimensions of the grounded data was also developed, and explains the adoption of good governance by national sporting organisations as phases of evolution in the Malaysian context. This paper establishes an alternate perspective on how good governance can be adopted in the administration of national sport, that is significantly different than the paths identified in the West, and may help spur similar research elsewhere, particularly in settings with a demonstrable history of government intervention in sport.

Keywords: Sport Governance, Modernisation, Professionalisation, National Sport Associations, Administration of National Sport, Malaysia.
1. **Introduction**

1.1 **Overview**

It is thus undisputed amongst contemporary commentators that the origins of good governance structures and practices is rooted in the framework of the for-profit sector, and that subsequent theoretical contextualisation therefor has also been derived from the experiences and study of mainly large, publicly-controlled corporations (Hart, 1995; Gabrielsson and Huse, 2004; Uhlaner, Wright and Huse, 2007; Wellalage and Locke, 2011). Indeed, the development of the major theories of governance, together with their present derivatives, have all taken place with a view to understand governance in a profit-oriented sector or organisation, and is dominated by the American experience (Wells, 2010; Tricker, 2012).

Parallel with this development of formal corporate governance however, was the gradual creep of market principles in public governance considerations – with a focus on controlling costs, measuring performance and increasing accountability (Ezzamel and Willmott, 1993). It was argued by Ezzamel and Willmott, that the ‘key to improvements in the provision of public sector services is not the imposed substitution of abstract principle of corporate governance by another’ (1993, p.128), but by a more nuanced application of practices that appropriately reflect the relationship dynamics of those who pay for, receive, and provide public services.

This situation was soon mirrored in the voluntary third sector, as noted by Alexander and Weiner (1998), who found that there was financial and competitive pressure to
adopt structures and practices from the corporate sector despite the distinctly different values and organising principles. In the discussion of their findings, they assert that adoption of the corporate governance model over the continued application of the philanthropic governance model would depend on organisational resource availability, and this has largely proven to be accurate in the years since (Du Bois et. al., 2007; Hwang and Powell, 2009; Maier et. al., 2016).

However, the academic literature on both corporate and non-profit governance appears dominated by a Western-centric context (Shleifer and Vishny, 1996; Turnbull, 1997, 2000; Detomasi, 2006; Morck and Steier, 2007; Hasan, 2009), with little available references from non-English speaking countries and cultures in spite of a growing body of work that predict a global convergence of governance concepts and elements (Hansmann and Kraakman, 2000; Yoshikawa and Rasheed, 2009). Turnbull (1997) in particular, highlights the flaws of assuming a 'given state of the world' (1997, p. 186) in which the American context provides a universal reference, and ignoring factors such as culture, perspective and structural variances.

While there are growing inquiries into the impact of differing organisational structures and motives on the key elements of corporate governance such as board roles and shareholder accountability, particularly in the non-profit, voluntary sector (Ostrower and Stone, 2006; Epstein and McFarlan, 2011; Cornforth, 2012; Puyvelde et. al., 2012; Coule, 2015; Tacon, Walters and Cornforth, 2017), there seems to be a noticeable absence of attempts to investigate the determinants for adoption thereof in a non-Western context. This creates a gap in our prevailing knowledge, as the existing works seem to presume a natural progression of acknowledgement,
acceptance and subsequent adoption of good governance in the voluntary sector in the third world, as was the case in the West and other developed economies, without any empirical evidence.

1.2 Research Contextualisation

The dearth of research is arguably most acute in sport as a specific subset of the voluntary sector. Unlike the public or corporate sectors, factors such as the forms of incorporation, funding sources, sophistication of the local sport industry and national aims relating to sport vary significantly from one nation to the next (Hoye and Cuskelley, 2007; Houlihan and Green, 2008). Nonetheless, with conspicuous and successive corruption revelations within bodies such as the Fédération Internationale de Football Association (FIFA) and the International Olympic Committee (IOC), the governance of international sport continues to attract worldwide attention (Ferkins, et. al., 2017).

This is compounded with the inherent interconnectedness of sport via the pyramidal structure of a sports’ professional and social participants, its domestic clubs and associations, its national governing body and its international federation (James, 2010) and the significant intertwining of modern sport and commerce (Houlihan, 2004). However, there has been little research on the isomorphic effects (DiMaggio and Powell, 1983) of governance reform in the corporate and public sectors of a given nation, and of international sporting bodies, on national sport associations (NSAs) of that nation, particularly from a non-Western perspective.
It is therefore contended that this space is worthy of further investigation, with a view to understanding how organisational good governance is adopted in a specific non-Western environment, why it may differ from the Western experience and the significance of local pressures, conflicts and cultures on this process, using NSAs as the research context. For this particular study, the South East Asian nation of Malaysia was selected as the setting of the research, partly due to its status as a fairly advanced developing economy, with an influential British legacy in its political and social institutions while retaining a strong Malay and Asian identity, and partly in consideration of the availability of access to appropriate research subjects.

The main research foci of this study is therefore twofold, namely how good governance is perceived by stakeholders of Malaysian NSAs, and why the development of a relatively comprehensive corporate and public governance framework in Malaysia has not had any isomorphic effects on the working of Malaysian NSAs. As there has been little theoretical development in the governance of sporting organisations in general, this study utilises a qualitative and inductive grounded theory approach with semi-structured interviews as the primary source of data, and organisation-generated documents as the secondary source.

The following chapter will cover a review of the literature on good governance and its development to date, in both the Western and Malaysian contexts, and the regulation of sporting associations in Malaysia. Subsequently, the methodology utilised will be discussed in detail, followed by an analysis of the inducted themes from the data and a subsequent discussion of the findings. It concludes with comments on the proposed direction of future research.
2. Literature Review

2.1 Internationalisation of Corporate Governance

The history of corporate governance stretches back to the inherent conflict derived from the separation of ownership and control of the very first firms (Grant, 2003), but the key period of interest for this study is the advent of the standardised interventions specifically to compel a certain behaviour from corporate boards with an aim to protect shareholder interests, which some writers argue to be 1970s America (Tricker, 2012; Cheffins, 2012). Ocasio and Joseph (2005) notes that the first recorded use of the phrase dates back only to 1972, and discusses the contribution of the American consumer advocate, Ralph Nader, in conceptualising ‘the domain of corporate governance as a prescription for limiting the power abuses of large multinationals’ (2005, p.166-7), thus paving the way for the Securities and Exchange Commission (SEC) series of hearings and studies in the late 1970s that explicitly reference corporate governance as it is understood today.

The meaning of the phrase received additional nuance with the rise of the institutional investor in the following decade, with the California Public Employees Retirement Scheme (CalPERS) being the first major institutional investor to assert their rights ‘to be participants in the dialogue of corporate governance’ (Ocasio and Joseph, 2005, p.169) and facilitating the broadening of the agenda of institutional investors in various ways (Cheffins, 2012). A particularly credible description of the shareholder-centric model of corporate governance is proffered by Shleifer and Vishny (1997, p.737), who claim that it deals ‘with the ways in which the suppliers of
finance to corporations assure themselves of getting a return on their investment', and attribute the differences in governance systems worldwide to the differing ‘nature of legal obligations that managers have to financiers’ (1997, p.750) and the variations in how courts of law interpret and enforce those obligations.

The debate on corporate governance in the United Kingdom was sparked by the tide of deregulation and privatisation in the 1980s (Clarke, 2017), and in response to the 1991 corporate scandals, the Committee on the Financial Aspects of Corporate Governance was launched and the year after saw the release of its report, known as the Cadbury Report, and accompanying voluntary Code of Best Practice. This became the first of many subsequent corporate governance reforms throughout the 1990s, which included the Greenbury Report in 1995, the Hampel Report in 1998, the Combined Code of the Financial Reporting Council in 1998 and the Myners Report in 2001 (Tricker, 2012; Clarke, 2017).

The transformation of the UK governance landscape through ‘a series of quasi-voluntary codes which have specified a range of governance mechanisms ostensibly designed to increase the accountability of senior managers to shareholders’ (Armour et. al., 2003, p.538), in conjunction with the liberalisation of capital markets that permitted European firms access to American equity markets, allowed for the ideas of corporate governance to take root in Western Europe and Japan through cross exposure and shareholder activism (Cheffins, 2012). The novel approach of ‘comply or explain’ that underpinned the UK corporate governance code, was also imitated by many other jurisdictions as it provided the flexibility necessary for rapid adoption (Keay, 2014).
However, Morck and Steier (2007) argue that the exceptional circumstance of ‘Anglo-American shareholder capitalism’ (2007, p.6) – that is characterised by a conspicuously high rate of shareholding dispersal – is not representative of the ‘family capitalism’ system of governance that is more familiar for the rest of the world, in addition to the ‘bank capitalism’ model – prevalent in Germany and Japan – and ‘state capitalism’ models, that typified countries such as Canada, India and other major European economies (2007, p.6-7).

This echoes the thoughts of La Porta et. al. (2000), whose study found the centrality of family control of firms, particularly in Asia, and Armour et. al. (2003), who note how focused the UK model of corporate governance is on the ‘shareholder primacy’ model, to the occasional detriment of other stakeholders. Morck and Steier (2007) also concur with Bebchuk and Roe’s (1999) contention that corporate governance remains subject to conventional historical processes and is ‘path dependent’ for each country, and found ‘no evidence of a uniform natural transition from family capitalism to managerial capitalism’ (2007, p.31)(emphasis added). Despite Hansmann and Kraakman (2001) claiming that ‘the triumph of the shareholder-oriented model of the corporation over its principal competitors is now assured’ (2001, p. 468), Yoshikawa and Rasheed (2009) critically analysed the factors that may drive or impede governance practice convergence and found only minimal support for this ‘end of history’ (Hansmann and Kraakman, 2001). These findings are further supported by Palmer (2011) and Clarke (2016).
The end of the 20th century also saw the 1997 Asian economic crisis ending the decade-long growth run of the ‘Asian tiger economies’, and poor governance within traditional family-controlled companies were largely cited as one of the structural weaknesses responsible for the outbreak of the crisis (Nam and Nam, 2004). A direct impact of the crisis was the imposition of reform agendas, including specific Anglo-American-style corporate governance reforms, as conditions precedent for international financial assistance, but Nam and Nam (2004) highlight the criticisms of such changes as being cosmetic, ‘because embedded institutional and sociocultural norms and values limit the effectiveness of the newly instituted mechanisms’ (2004, p.7).

What is clear at this juncture is that while the general ideas of corporate governance has been widely diffused from its American origins to a largely accepting world over the past four decades, it has developed into two parallel universes depending on local social and political norms, which Clarke (2017) labels as the outsider, market-based systems and the insider, relationship-based systems (2017, p.348). Aguilera and Jackson (2010) convincingly argue that each governance stylisation in fact conforms with the different paradigms of conceptualising the organisation or firm, that underpin the unique empirical realities of different countries.

2.2 Development of Governance Theories

The dominant paradigm underlying corporate governance research remains Jensen and Meckling’s (1976) agency theory (Shleifer and Vishny, 1997; Daily, Dalton and Cannella, 2003; Roberts, McNulty and Stiles, 2005; Puyvelde et. al., 2012), which
was one of the earliest attempts to explain how a firm with self-interested managers who do not bear ‘the full wealth effects of their decisions’ (Daily, Dalton and Cannella, 2003) can continue to exist and flourish. This theory contends that owners (shareholders) act as principals and contract with management as agents to act on their behalf, with the board as the principal’s representatives in ensuring the agents act in the best interests of the owners. This underpins the bulk of contemporary literature, and is the basis for the ‘Anglo-American’, shareholder-protection model of good governance (Clarke, 2017).

One of the earliest alternate viewpoints was the consideration of resource availability as a possible determinant of governance structure and motivation, proposed by Pfeffer and Salancik (1978). They argued that organisational survival relied on its ‘ability to acquire and maintain resources’ (1978, p.2) and that individual board members, especially those with the appropriate skills, were the key resources, who will “come to support the organization (sic), will concern himself with its problems, will favourably present it to others, and will try to aid it” (1978, p. 163). This resource-dependence approach focuses on the role of the board as the organisational link with the outside environment (Muth and Donaldson, 1998; Hodge and Piccolo, 2005).

Next came the development of the stakeholder concept, attributed to both Mitroff (1984) and Freeman (1984), which contends that organisations benefit from understanding the needs and concerns of a broad set of stakeholders rather than from pure shareholder utility maximisation (Hosseini and Brenner, 1992). In a seminal paper, Donaldson and Preston (1995) argued that the if one were to accept,
that sacred as it is, private property rights are not absolute and unlimited, then one must also accept that managers have duties other than being solely agents of the shareowners (1995, p.84), including those with moral interests (or stakes) derived from being a person or group ‘influencing or influenced by’ the firm (Freeman, 1984). Van den Berghe and Levrau (2003) noted how the Anglo-American shareholder-oriented model has tended to exclude the network-oriented model that the stakeholder theory represents, and that rather than reliance on formal rules and regulations to protect shareholders rights, the stakeholder model depends on personal relationships and behavioural integrity as the basis for efficient operations.

The fourth major governance theory was posited as the stewardship theory by Donaldson and Davis (1991), that presumes a firm’s managers as ‘stewards’ who want to work diligently for the shareholder, rather than the rational, opportunistic and self-interested man of neoclassical economics. They further argue that governance structures should be in pursuit of facilitating effective action by the executive, through *inter alia*, the unification of the board chair and chief executive positions. Muth and Donaldson (1998) found support in their research that showed external connections of board members remained integral to firm performance but not so board member independence, which they argued was a separate dimension of board structure.

Lastly, institutional or organisational theory argues that forms and structures result from external pressures that exist within the organisation or institution’s orbit, through a process of continued bureaucratisation that permeated both the state and the corporation (DiMaggio and Powell, 1983, p.147). This homogenisation of organisational forms is described as ‘isomorphism’ by DiMaggio and Powell (1983, p.
and depending on the issues that are of concern i.e. political legitimacy, competitive uncertainty or personnel professionalisation, isomorphism can be either coercive, mimetic or normative in nature (1983, p.150). It has been argued since that previous literature did not fully account for the complex features of institutional environments as a determinant of corporate governance (Burton, 2000; Aoki, 2000; Aguilera and Jackson, 2003), and that institutional theory explains the differences in scope and adoption of corporate governance principles at national levels better than other theories, particularly in countries with a distinctly non-Anglo-American path in their development of corporations (Aguilera and Jackson, 2003, Cumming et.al., 2017).

It can be inferred from the above that the development of theoretical explanations for corporate governance in firms is a mature and well-documented field. That said, the academic impetus of this paper remains largely true at this point, with the preponderance of available literature being not just Western focused, but Anglo-American focused, and that no theories or frameworks for understanding have emerged from an examination of the specific circumstances of non-Western firms or environments.

2.3 Expansion of Good Governance to the Sporting Sphere

The sheer volume of existing literature relating to theories of corporate governance prove too large to have a ‘unifying theory’ (Brown, Beekes and Verhoeven, 2011; Pande and Ansari, 2014), although this has not stopped researchers such as Carver (2010) from advocating for it. The gaps regarding applicability of these theories in
their original forms to the public and voluntary sectors, given their origins to explain governance in corporations, continues to motivate new governance research in non-corporate settings (Cornforth, 2003; Ostrower and Stone, 2006; Houlihan and Green, 2009; Cornforth and Brown, 2014).

In the UK, the start of the 1990s also saw the rise of New Public Management (NPM), an ill-defined term that was underpinned by thinking in new institutional economics to lower cost, measure performance, professionalise management, disaggregate monolithic units, create competition, control output, utilise private sector management styles and increase discipline in resource use (Hood, 1991, p.4-5). Hood (1991) contended that NPM led directly to the ‘successive waves of business-type managerialism in the public sector’, which he further argued was claiming a universality through its portability, ease of diffusion and political neutrality. Subsequent works, such as Hood (1995), Brereton and Temple (1999), Dunleavy et. al. (2005), Grindle (2010) and Wiesel and Modell (2014) acknowledged the extent to which NPM went on to pervade public sector management across the developed world in particular, and explored the post-NPM evolution and proposals for new public governance regimes in light of 21st century developments.

As for the voluntary third sector, research on uncovering its distinctive features and core structural elements go back as far as the early 1980s (Billis, 2010). Salamon et. al. (2000) lists the fundamental characters of third sector organisations as self-governing, not-profit distributing, private and non-governmental in basic structure and voluntary to some meaningful extent (2000, p.4). Rochester (2003) highlighted the ‘heterogeneity of the voluntary sector’ (2003, p.115) and argued that previous
attempts on explaining board failure and success in the third sector as somewhat weak as they tended to treat issues of governance as generic, without accounting for variations in size, function and operating environment. Billis (2010) and Cornforth and Spear (2010) also propose that third sector organisations have since become hybrid organisations, making transitions as they adopt new structures in response to changes in their respective regulatory environment and the organisational mission among others, making a fixed theoretical outlook of their governance rather tenuous.

Glaeser’s (2003) conclusion that ‘[n]onprofit organizations have governance problems that resemble the problems in for-profit firms, but are often far more extreme’ (2003, p.39) provides the particular backdrop for Houlihan and Green’s (2009) work charting the modernisation and reform process of UK sport that essentially began with New Labour’s electoral win in 1997 and resulted in a number of reforms targeted primarily on the boards of national sport governing bodies (Walters and Tacon, 2016). They assert that modernisation had the ‘significant effect of incorporating, within the realm of business, aspects of public and voluntary activity that previously operated under distinct and non-commercial norms and values’ (Houlihan and Green, 2009, p.7), and that the ‘remarkable rise in salience’ of sport to government was the New Labour strategy to utilise sport to deliver policy goals in other sectors such as education, health crime and social inclusion (2009, p.18).

In concert with other factors such as the increase in public funding for sport arising from the creation of the National Lottery in 1994 (Green and Houlihan, 2004) and public failures of sport organisation governance at the local (Grix, 2009) and international levels (Mallon, 2000) it becomes evident why the government had to
ensure that “the organizations (sic) expected to deliver on these policy goals are modern, professional and ‘fit for purpose’” (Houlihan and Green, 2009, p.18).

Similar developments took place in multiple other nations at this time as well, such as the Australian Sports Commission report by Auld (1997) on the professionalism in the management of sporting organisations. In Canada, Macintosh and Whitson’s (1994) comprehensive proposal to transform its sport system partially centred around the professionalisation of national sporting organisations, which they framed mainly in terms of conflict between the paid staff and lay/volunteer members, while Inglis (1997) and Kikulis (2000) pioneered the research on the role of the board in Canadian sport organisations, which Kikulis (2000) places at the top of the ‘hierarchy of authority’ (2000, p.306) as a ‘legitimate solution for the governance and decision-making structure’ (2000, p.307).

Shilbury (2001) argues then that ‘tensions evident in the transition from amateur to professional governance contributed to the need to examine the role of the board of directors in sporting organisations’ (2001, p.253), and this has remained a major focus of the literature since. At present, the body of work dealing with governance in sporting bodies continues to become more diverse, with developments in areas such as board structure (Yeh and Taylor, 2008), board strategic capabilities, (Shilbury and Ferkins, 2011, Ferkins and Shilbury, 2012), gender diversity (Adriaanse, 2016), collective board leadership (Ferkins, Shilbury and O’Boyle, 2017), conflict triggers (Kerwin, Walker and Bopp, 2017) and collaborative governance (O’Boyle and Shilbury, 2016).

Internationally too, global sport organisations proclaim ‘lofty ideals of governance’ (Forster, 2015, p.2) but the bulk of recent commentaries point to a disappointing mismatch between the rhetoric and the actual practice (Forster, 2015; Henne, 2015; Bayle, 2015) and a current situation of flux as these international organisations continue reacting to a multitude of modern threats to their autonomy and ‘hierarchical self-governance structure’ (Geeraert et. al., 2015). In any case, the drive for good governance has been led by the International Olympic Committee through its Basic Universal Principles of Good Governance of the Olympic Movement and Sports Movement (IOC, 2008) and the Olympic Charter (IOC, 2015), but adoption remains quasi-voluntary in recognition of national legal structures of its affiliated National Olympic Committees. Forster (2015) however, rightfully critiques the retention of previous amateur-centric organisational styles at the international level, despite the commercial focus of modern sport.
It can thus be concluded at this juncture that governance, despite its origins in the corporate world, has successfully made the transition as an issue of concern in national and international sporting organisations, and highlights the value of country-specific research, particularly since an overarching framework explaining the applicability of governance in national sports bodies remain elusive. Finally, this paper notes the world-leading codification of sport governance principles for the United Kingdom (UK Sport, 2016) and Australia (Australian Sports Commission, 2012), as persuasive examples for moving forward.

2.4 Contextualising Corporate and Public Governance in Malaysia

2.4.1 Corporate Governance

There are numerous detailed historical overviews of the development of Malaysian corporate law and the colonial influences thereof, by both Malaysian and foreign observers (Hee, 2002; Gomez, 2009; Salim, 2014; Andaya and Andaya, 2017). At the point of independence in 1957, Malaya’s Companies Ordinance of 1946 remained the primary corporate law of the land, which itself was a reflection of prevailing company law in England and derived from the Indian Companies Ordinance of 1866 (Salim, 2014). The formation of Malaysia in 1963 led to the introduction of the Australian-inspired Companies Act of 1965 (Hee, 2002), a law which would remain relatively unchanged until a 13-year consultation process concluded in the passage of a comprehensively amended Companies Act in 2016 (EY Malaysia, 2016).
The ‘transplantations’ of the doctrine of separate legal entities and limited liability (Salim, 2014, p. 2-3), initially forced via colonial law and subsequently through voluntary adoption by the Malaysian legislature, evolved to become one of the best corporate legal regimes in Asia towards the end of the 1990s (Nam and Nam, 2004; Alnasser, 2012; Salim, 2014), with listing regulations requiring independent directors and board audit committees as early as the 1980s (Department of Foreign Affairs and Trade of Australia, 2002, p.143).

The Asian financial crisis of 1998 however, did not spare Malaysia despite the legal framework, and in fact, exposed glaring deficiencies in the protection of minority shareholders (Salim, 2014) caused by an underestimation of the agency problem (Alnasser, 2012, p.269) and the systemic instability of international financial liberalisation without accompanying domestic regulatory responses (Naguib and Smucker, 2009, p.105). Other studies note concentrated shareholding, particularly within family groups (Claessens, et. al., 2000; Haniffa and Hudaib, 2006; Rachagan and Satkunasingam, 2009; Ibrahim, 2016), as a key contributor to the crisis’ magnitude. However, nearly all commentators agree as to the swiftness and breadth of the government response to address corporate governance shortcomings, which some attribute to the high percentage of government-owned and politically-connected companies (Abdul Wahab, How and Verhoeven, 2007; Menon and Thiam, 2013).

This included the formation of a High Level Finance Committee on Corporate Governance and the Malaysian Institute of Corporate Governance in 1998 (Salim, 2014; Ibrahim, 2016), the issuance of a Cadbury and Hampel Report-inspired
Malaysian Code of Corporate Governance (MCCG) (Alnasser, 2012) and the establishment of a Minority Shareholder Watchdog Group both in 2000 (Ameer and Abdul Rahman, 2009), and a revamped Kuala Lumpur Stock Exchange Listing Requirements incorporating mandatory corporate governance elements in 2001 (Hashim and Devi, 2008).

Nonetheless, Salim (2014) convincingly argues that the Anglo-American orientation of both Malaysian corporate law and the subsequent ‘transplanted’ corporate governance foci and mechanisms referenced above remains unsuited for both Malaysia’s concentrated shareholding environment – considering the control vested by such holding as opposed to conventional agency situations with diffuse holding – and the significant role of the state as a major shareholder in many key enterprises (2014, p.11). He further critiques the use of ‘foreign templates’ to guide local reforms (2014, p.16) and the non-consideration of local culture, including the significance of politics in business and government in determining the final contents of the MCCG, a view also previously advanced by Liew (2008, p.478) and Tam and Tan (2007, p.220). Notwithstanding this, there are empirical studies that show a positive relationship between MCCG compliance and firm performance (Che Haat, Rahman and Mahentiran, 2008; Bhatt, 2016; Krishnan and Mohd. Amin, 2017).

Ibrahim’s (2016) paper is the most recent attempt to review the specific literature relating to post-financial crisis corporate governance in Malaysia and makes some interesting conclusions, including the consideration of race, religion and politics by boards when it comes to corporate governance practice, the continued prevalence of concentrated shareholding, and a box-ticking mentality that she attributes to a lack of
understanding on its purpose (2016, p. 378-9). There are also recent works that deal with corporate governance for Malaysian small and medium enterprises (Rachagan and Satkunasingam, 2009; Mahzan and Chia, 2014), and contextualises the most current version of the MCCG (effective 26 April 2017), which now expressly encourages even small and medium non-listed entities to ‘embrace’ it (Securities Commission of Malaysia, 2017, p.3).

The above works point to an unresolved discussion as to whether a wholesale adoption of an Anglo-American model of corporate governance is desirable or wise for Malaysia in light of its domestic peculiarities. It also concurrently demonstrates a dynamic regulatory environment that is responsive to external pressure and influence, and a corporate citizenry that is familiar with and receptive of global best practices, thus setting the tone and standard for the other sectors.

2.4.2 Public Governance

In the public sector literature, the influence of international conceptualisations of good governance continue to dominate as well (Siddiquee and Mohamed, 2007; Aziz et. al. 2015, Khalid, Alam and Said, 2016). There is general agreement on the key characteristics of the Malaysian civil service – a Constitutionally-defined ‘public service’, its roots as a facilitator of British colonial interests and subsequent growth as a professional and hierarchical bureaucracy in response to political and economic developments (Evers, 1987; Siddiquee and Mohamed, 2007; Beh, 2007; Chin, 2011; Maizatul, Alam and Said, 2016; Andaya and Andaya, 2017).
There has been two notable eras of public sector reforms since 1957, the first in the 1980s to the 1990s with a focus of right-sizing, productivity improvement and privatisation under the fourth Prime Minister, Dr. Mahathir Mohamad (Hussain, 1995; Beh, 2007; Yeoh, 2011; Khalid, Alam and Said, 2016), and more recently from 2009 to the present, under the sixth Prime Minister, Najib Abdul Razak, with a focus on government ‘transformation’ and a complementary economic transformation plan (Siddiquee, 2014; Sabel and Jordan, 2015).

Such an approach is arguably unsurprising, given that ‘state capitalism’ through an extension of government activities in the corporate economy has pre-existed in Malay society prior to independence (Evers, 1987) and continues to subsist despite ongoing attempts at divestment of government ownership in firms (PEMANDU, 2011, Menon and Thiam, 2013). Evers (1987) also contends that for South East Asia in particular, the ‘articulation of business and administration, is… an old pattern integrated into a modern capitalist economy’ (1987, p. 681). Recent studies show that more than a third of the market capitalisation in Malaysia’s stock market remains either directly or indirectly controlled by the government (Menon and Thiam, 2013; Ling and Lim, 2015) despite evidence showing government-linked companies tend to be underperformers when compared to conventional firms (Najid and Abdul Rahman, 2011).

Debatably, this overlap may have influenced the levels of awareness on the development of good governance and its applicability in the public sector, with Siddiquee and Mohamed (2007) contending that ‘the public sector reforms in Malaysia predates the good governance paradigm’ (2007, p. 289). That said, there
are opinions that such reforms have only had modest impact (Beh, 2011) and suffer from ‘a gap between rhetoric and reality’ (Siddiquee, 2014, p.14). Of note is also the finding of centralisation and personalisation of power at the very highest levels of government through the mechanisms of ‘packing, rigging and circumventing’ (Slater, 2003, p. 88) in spite of procedural constraints and high levels of bureaucratic institutionalism. Phang (2011) further contends that the constant mindfulness of Malaysia’s multi-ethnic, multi-religious and multi-cultural nature as the determinant in choosing between ‘globally desired’ good governance and a more ‘feasible’ effective governance in the public sector (2011, p.156).

It is therefore evident from the above, that while many buzzwords, concepts and frameworks will sound familiar to a Western commentator, there are deep and arguably irreconcilable differences between the original Westminster model of government, and the one practiced by Malaysia. The continued involvement of government in business allows it far more opportunities for patronage dispensation in both the corporate and voluntary sectors, and must be accounted for.

2.5 Development, Regulation and Governance in Malaysian Sport

2.5.1 History of Sport Development and Policy Environment

Like the corporate and public sectors, modern sport in Malaysia is fundamentally defined as a colonial legacy, that at its outset was established to serve the needs of the resident British (Khoo, 1989; Brownfoot, 2003; Daud, 2007). Indeed, Butcher (1979) argues that the British officers of the time considered sport to be ‘among the
most valuable and important’ aspect of their culture that was introduced to then-Malaya (1979, p.117).

There is also general agreement that the regimentation and structure associated with modern European sport is without precedent in Malaya (Brownfoot, 2003; Megat Daud, 2007; Horton, 2013, Moser et. al., 2017), and that sport and its organisation was enlisted in the ‘service of fashioning citizens for the modern nation-state’ from the start (Moser et. al., 2017, p.121). However, the pace of diffusion of European sport varied depending on the concentration of British settlement, which meant that the development of sport was focused on urban, European-dominated areas such as Kuala Lumpur, Malacca, Penang and Singapore (Khoo, 1989; Aplin and Quek, 2003; Horton, 2013).

The concept of organised sports clubs at the heart of social activity was introduced as early as 1826 with the founding of the Singapore Yacht Club, which Horton (2013) argues as the definitive birth of modern sport in then-Malayan Singapore (2013, p.37). Clubs for other sports were then established in succession, with horse-racing, billiards, cricket, golf, tennis and association football all having established their respective clubs before 1900 (Aplin and Quek, 2003; Daud, 2007; Horton, 2013), although they remained exclusively for Europeans.

The evolution of clubs into governing bodies of sport largely took place in the early 20th century, which was attributed to the enthusiasm of increased national level competitions and the proliferation of ethnic-based sporting associations in the 1920s (Khoo, 1989; Aplin and Quek, 2003, Horton, 2013). Within this period, the national
associations for rugby (1921), polo (1922), lawn tennis (1925), football (1926) and
golf (1929) were established (Malaysian Rugby Union, 2017; Royal Malaysian Polo
Association, 2017; Lawn Tennis Association of Malaysia, 2014; Football Association
of Malaysia, 2016; Malaysian Golf Association, 2017) but continued to be segregated
in favour of British and European residents.

During the Second World War, Japanese supervision of all social activity changed
the associations ‘from serving private and personal purposes to public purposes
relative to the social level of the institution’ (Horton, 2013, p.46). The independence
of British Malaya in 1957 and the birth of modern Malaysia in 1963 allowed sport
governing organisations to begin the process of indigenisation (Daud, 2007), but with
an increasingly Malaysian outlook and personnel turnover, the previous colonial
import attached to sport was gradually relegated to a ‘position of inconsequence’
(Brownfoot, 2003, p.147).

The historical record shows that the then-Ministry for Culture, Youth and Sport was
established in 1964 (Ministry of Youth and Sports Malaysia, 2013), and Khoo (1989)
believed that the placement of ‘sport’ behind ‘culture’ in the name signified the
hierarchy of priorities (1989, p.698). This was a significant departure from the
prevailing British ‘small-state’ tradition of political non-interference in sport (Holt,
1989, p.270), and led to the creation of a comprehensive legislative foundation for
government intervention. With no less than four Acts of Parliament, a National Policy
for sport (Ministry of Youth and Sports Malaysia, 2017) and a funding bill of MYR 931
million (GBP 168.4 million) for the fiscal year ending 2016 (Ministry of Finance
Malaysia, 2016), sport is clearly a meaningful area to the government, if not significant.

Minikin and Robinson’s (2015) work on developing Malaysian national NSAs conceded that the elite sports system established by the government does have the ingredients for success, but argued that many NSAs currently lack of capacity and capability (2015, p.84) to manage those resources. This makes academic assessments and recommendations for Malaysian NSA organisational capacity building, which this paper contends should include governance, a key area of research.

2.5.2 Incorporation Framework and Current Governance Mechanisms

There is no publicly available literature on the organisational form of sport governing bodies prior to Malayan independence, but there is ample academic evidence to establish the motivations behind the regulation of social institutions in colonial Malaya. This is generally agreed to be the initial control of secret society and triad activity within British-held territories, following the transfer of administration from the India Office to the British Colonial Office in 1867 (Wynne, 1941; Comber, 1956; Cheng, 1972; Musa, 1999). This culminated in the promulgation of the Societies Ordinance of 1890 that outlawed all previously registered Chinese secret societies due to the ineffectiveness of past measures to curb violence and dealings with contraband (Comber, 1956; Cheng, 1972; Musa, 1999).
By 1949, it was amended to regulate all social incorporations including trade unions and political parties, in Malaya and subsequently Malaysia, until the Societies Act of 1966 was passed (Registrar of Societies Malaysia, 2016, p. 6). Due to its origins as a form of political control, society registration reflected the government’s tendency to deploy procedural compliance as a means of controlling social groups (Douglas, 1972; Barraclough, 1984), rather than any underlying interest in the success or failure of organisations, or any modern good governance objective.

The Sports Development Act (SDA) of 1997 (Laws of Malaysia, 1997) subsequently transferred the function of registration for sporting bodies to the newly created Office of the Sports Commissioner (OSC), and set up the current regulatory environment for sport organisations and their governing bodies (Utusan Malaysia, 1998). This legislation, still unamended and now in its twentieth year, gives significant powers to the government, including the recognition, registration and suspension of NSAs (Laws of Malaysia, 1997, ss.11, 19, 20), the power of ministerial intervention for dispute resolutions (1997, s.24) and the ministerial power to make regulations relating to the ‘duties, powers and functions of sports bodies’ (1997, s.26).

In spite of this, it remains scarcely commented on in prevailing academic literature, with the only key discussions being the legal context of binding arbitration (Hassim, 2011; 2013), and nominal mentions in works promoting the practice of sport management (Daud, 2007) and youth sport participation (Samah et. al., 2017). Other works that discuss contemporary issues in Malaysian sport management (Fiah, Mazlan and Osman, 2014) and conflict management in Malaysian sports organisations (Yusof et. al., 2009) do not even reference it. Further, with the
exception of Hassim (2011) and Minikin and Robinson (2015), there has been no publicly available academic discussion on the workings of Malaysian NSAs from any aspect.

A similar situation is also found for the National Sports Policy of 2009, that list ‘professional governance practices’ as a policy objective (Ministry of Youth and Sports, 2009, p.25) but is only nominally referenced in the context of urban development (Bargchi and Omar, 2014), teaching trends in physical education (Wee, 2013), minority student participation in sport (Diah and Rahim, 2014), student athlete motivation (Ibrahim et. al., 2016) and management practices in high performance sports schools (Deraman, Daud and Samad, 2017).

In a final twist, the position of the Registrar of Societies as an agency of the larger and better-funded Home Ministry has recently allowed it to launch a voluntary Code of Good Governance for Societies in late 2016 (Registrar of Societies Malaysia, 2016), which is somewhat ironic considering that partial justification for the creation of the OSC and the transfer of registration responsibilities was to facilitate the professionalisation and modernisation of NSAs pursuant to the then-National Sports Policy of 1988 (Malaysian Parliament, 1997, p.17).

2.6 Summary

From the literature review, it can be seen that the adoption of good governance for the corporate and public sectors in Malaysia somewhat paralleled the circumstances that facilitated both its initial development and subsequent internationalisation. On
paper, corporate governance in 21\textsuperscript{st} century Malaysia is rooted very much in the premise that the agency relationship explains domestic firms, and similarly, public governance too seems to accord with international norms, enabled by a strong culture of power personalisation by top political leaders. The ‘moderately developed’ status (Robinson and Minikin, 2012) of Malaysian NSA’s however, despite a similar historical origin as colonial legacies, has not seen the equivalent adoption of good governance practices.

What has emerged at this point therefore, is the need to develop a conceptual framework for understanding where Malaysian NSAs currently stand in relation to adopting good governance practices, and how the Malaysian corporate and public sector experience can be used to inform this.

3. Methodology

3.1 Research Design Context

As previously stated, the lack of existing frameworks to assist in the understanding of how good governance can be adopted by NSAs influences the decision of this study to utilise a qualitative and interpretive approach, that seeks to build an emergent theory derived from the interpretations of those who are at the center of phenomenon of interest. It is believed that the specific research questions of how good governance is perceived by Malaysian NSA stakeholders, and why the development of a relatively comprehensive corporate and public governance
background in Malaysia has not had any isomorphic effects on the working of Malaysian NSAs can be answered using the aforementioned approach.

For this particular study, a context of perceptions on good governance by NSA insiders and its relationship to the provisions of the SDA was duly explored. The final research design can be summarised as an exploratory, inductive development of grounded theory, that provides ‘deep and rich theoretical descriptions of the contexts within which organizational (sic) phenomena occur’ (Gioia et. al., 2013, p.16-17), using semi-structured interviews and document analysis from a purposeful sampling of informants.

3.2 Data Collection

A total of eight informants from four different NSAs were selected to provide the data, with each NSA representing a different typology of sport in terms of Olympic status, organisational structure, rate of mass participation and elite athlete performance (see Table 1 below for selected sport typology breakdown), and a total of two external informants, for their capacity to provide insight from the external, but relevant, viewpoints of their respective organisations (see Table 2 for roles of interviewees and their respective NSAs or organisation). The selection further aligns with the concept giving a voice to ‘knowledgeable agents’ who construct the organisational realities that we are interested in (Gioia, Corley and Hamilton, 2013, p.17).
The sampling is purposive (Gratton and Jones, 2004), in that the organisations selected are duly recognised and registered under the SDA as national governing bodies of their sport, and in turn be affiliated to their sports’ international federation, in order to ensure the relevance of organisational governance which underpins this study. Sampling was also influenced by the availability and participation willingness of key informants.

Table 1. Table showing the circumstances of the sports and NSAs of the selected informants.

<table>
<thead>
<tr>
<th>Reference</th>
<th>NSA Model</th>
<th>Disciplines</th>
<th>Olympic Status</th>
<th>Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sport A</td>
<td>Federated</td>
<td>Team</td>
<td>Yes, Single Event</td>
<td>Modern, British</td>
</tr>
<tr>
<td>Sport B</td>
<td>Federated</td>
<td>Individual and Team</td>
<td>Yes, Multi Event</td>
<td>Modern, European</td>
</tr>
<tr>
<td>Sport C</td>
<td>Federated</td>
<td>Team</td>
<td>Yes, Single Event</td>
<td>Modern, British</td>
</tr>
<tr>
<td>Sport D</td>
<td>Unitary</td>
<td>Individual</td>
<td>No</td>
<td>Modern, American</td>
</tr>
</tbody>
</table>

The primary data therefore comprises of semi-structured interviews with the aforementioned informants, and secondary data comprises documents generated by their respective organisations. Interviews are contended to be necessary in to understand the organisation’s observed behaviour in light of its own unique circumstances, and in the context of other social considerations (Gratton and Jones, 2004), provide the kind of rich data required in an area where there is little previous empirical evidence.
Table 2. Table showing the positions of the respective interviewees and their reference designations for the purposes of this study.

<table>
<thead>
<tr>
<th>Interviewee Position</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sport A</strong></td>
<td></td>
</tr>
<tr>
<td>1 Former Executive Committee Member, NSA</td>
<td>A1</td>
</tr>
<tr>
<td>2 Former Department Head, NSA</td>
<td>A2</td>
</tr>
<tr>
<td>3 Secretary General, State Affiliate to NSA</td>
<td>A3</td>
</tr>
<tr>
<td><strong>Sport B</strong></td>
<td></td>
</tr>
<tr>
<td>4 President, NSA</td>
<td>B1</td>
</tr>
<tr>
<td>5 Secretary, State Affiliate to NSA</td>
<td>B2</td>
</tr>
<tr>
<td>6 Chief Executive, International Event of Sport B</td>
<td>B3</td>
</tr>
<tr>
<td><strong>Sport C</strong></td>
<td></td>
</tr>
<tr>
<td>7 Former External Counsel, NSA</td>
<td>C1</td>
</tr>
<tr>
<td><strong>Sport D</strong></td>
<td></td>
</tr>
<tr>
<td>8 Former Secretary, NSA</td>
<td>D1</td>
</tr>
<tr>
<td><strong>External</strong></td>
<td></td>
</tr>
<tr>
<td>9 Official, Office of Sports Commissioner (OSC)</td>
<td>E1</td>
</tr>
<tr>
<td>10 Sports Correspondent, Nationally Circulated Newspaper</td>
<td>E2</td>
</tr>
</tbody>
</table>

The semi-structured nature of the interview process allows informants to participate in a dialogue on specific key issues, and is more likely to elicit ‘perceived causal inferences’ (Yin, 1994, p.80) that is generally difficult to obtain in any other way, particularly when the subject matter involves complexity and/or confidentiality. The secondary data covers the documents of incorporation, laws, national policies and other written and/or published documents that is meant to contextualise, validate or refute the primary data. A summary of the same is listed in Table 3 below. The data from the ten informants above were gathered in face-to-face interviews conducted in person over a period of ten days in the month of July 2017. Two sets of interview questions were utilised, with one set specific for ‘insider’ interviewees who are
current or former office bearers, employees or external consultants to an NSA, while the other set was for interviewees with relevant external insights.

**Table 3.** Documents analysed as secondary data.

<table>
<thead>
<tr>
<th>Authoring Organisation</th>
<th>Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Federation - Sport A</td>
<td>Statutes</td>
</tr>
<tr>
<td>Continental Federation - Sport A</td>
<td>Statutes</td>
</tr>
<tr>
<td>NSA - Sport A</td>
<td>Statutes</td>
</tr>
<tr>
<td>International Federation - Sport B</td>
<td>Constitution</td>
</tr>
<tr>
<td>NSA - Sport B</td>
<td>Constitution</td>
</tr>
<tr>
<td>International Federation - Sport C</td>
<td>Statutes</td>
</tr>
<tr>
<td>NSA - Sport C</td>
<td>Constitution</td>
</tr>
<tr>
<td>NSA - Sport D</td>
<td>Constitution</td>
</tr>
<tr>
<td>State Association - Sport A</td>
<td>Statutes</td>
</tr>
<tr>
<td>State Association - Sport B</td>
<td>Constitution</td>
</tr>
<tr>
<td>Ministry of Youth and Sports</td>
<td>National Sports Policy, 1988</td>
</tr>
<tr>
<td>Ministry of Human Resources</td>
<td>Sports Activities Industry Occupational Framework</td>
</tr>
<tr>
<td></td>
<td>Sports Development Act, 1997 (Act 576)</td>
</tr>
<tr>
<td></td>
<td>National Sports Institute Act, 2011 (Act 729)</td>
</tr>
<tr>
<td>Office of Sports Commissioner</td>
<td>Sport Bodies Star-Rating Assessment Questionnaire</td>
</tr>
<tr>
<td>Registrar of Societies</td>
<td>Code of Good Governance for Societies, 2016</td>
</tr>
<tr>
<td>Securities Commission</td>
<td>Malaysian Code of Corporate Governance, 2017</td>
</tr>
</tbody>
</table>

As per the recommendations of Corbin and Strauss (1990), inductive analysis was commenced concurrently with data collection, and every preceding instance of data collection and analysis guided the manner in which the subsequent data collection was carried out. This is done to capture all “potentially relevant aspects as soon as
they are perceived’ (Corbin and Strauss, 1990, p.419), with a purpose of identifying repeated concepts present in data collected from each informant’s interview or organisational document, in one form or another, or even by being absent. Thus, over the course of coding, the major concerns of the informants regarding good governance - through specific incidents experienced or perceived by the informants - were given ‘conceptual labels’ that accord with the same. Helpfully, Peirce (1868, in Cipriani, 2013) explains that a concept is significant when it produces effects, and this guided the general process.

Once repeatedly established as the data collection progresses, concepts which are similar and can be abstracted, are then grouped to become ‘categories’. Gioia et. al. (2013) refer to this process as identifying ‘second order themes’ from the first order concepts, and asks the researcher to focus ‘particular attention on nascent concepts that don’t seem to have adequate theoretical referents in the existing literature… or existing concepts that “leap out” because of their relevance to a new domain’ (2013, p.20). This ‘tandem reporting’ (Gioia et. al., 2013, p.18) from both informant and researcher through the concept and theme analysis provides for a qualitatively rigorous link between the data and the new framework that is being sought.

Upon achieving ‘theoretical saturation’ (Corbin and Strauss, 1990) with the theme and process development, second order themes were then gathered into ‘aggregate dimensions’ (Gioia, et. al., 2013, p.21), to form a data structure that allowed for the emergent framework to be visualised. The development of the final framework modelling is then meant to account for all of the major emergent concepts, themes
and dimensions inducted from the data structure, as well as making transparent their dynamic interrelationships (Gioia et. al., 2013, p.22).

3.3 Ethics

From an ethics standpoint, all participants took part on a voluntary basis, with informed consent in writing obtained prior to data collection. Ethics approval on the research topic was also duly obtained in April 2017. Each participant was given a verbal and written explanation of the research objectives and how their information would be used in the study, in both English and Malay. The consent form also included appropriate notices on research purpose, anonymity, withdrawal at any time, declining audio and/or video recordings and confidentiality. With the exception of a single informant, all interviews were audio-taped. The interviews were transcribed in the original Malay, translated into English, edited to remove irrelevant portions, and the edited English transcript then referred to the applicant for final approval and validation.

4. Findings

It is arguable, based on the literature, that the desirability and applicability of organisational good governance is thus firmly recognised across all three sectors in Malaysia. However, despite an express national policy statement, a facilitative international environment and comprehensive legal authority to effect change, this study found that NSAs and state level governing bodies in Malaysia have only a basic awareness of good governance principles, and that too expressed in simplistic,
non-academic terms. However, there was sufficient data to establish eight distinct thematic concerns, which can then be further arranged into three meaningful dimensions. More significantly, a relationship was able to be established between the said dimensions, and this framework, it is contended, can explain existing motivations and complications that can influence adoption of good governance principles by Malaysian NSAs.

It was also found that the themes correspond strongly to previously identified principles of good governance in sport (Henry and Lee, 2004; Hoye and Cuskelly, 2007), with exception of managing peculiarity, which underpins first order concepts unique to Malaysian sport. This demonstrates a similarity of pressures and circumstances that have facilitated the development of sporting good governance elsewhere. The aggregated dimensions of insecurity, self-discovery and creativity then appear to suggest distinctive evolutionary phases of governance. The first part of the findings can be summarised in Figure 1 below, which is a data visualisation structure that shows the first order concepts that emerged from the data, the second order themes assigned by the researcher that accord with an academic description of similarly grouped concepts, and the aggregate dimensions to which this researcher believes they belong. The second part of the findings below will then propose a dynamic relationship between the aggregate dimensions, by positing the dimensions as phases of governance evolution.
**Figure 1.** Data structure of first order concepts, second order themes and aggregate dimensions.

<table>
<thead>
<tr>
<th>First Order Concepts</th>
<th>Second Order Themes</th>
<th>Aggregate Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Influence and usurpation of external parties in management of NSA functions</td>
<td>Protecting Autonomy</td>
<td>Insecurity</td>
</tr>
<tr>
<td>Drive toward homogenisation by OSC</td>
<td>Preserving Objectivity</td>
<td></td>
</tr>
<tr>
<td>Politicians, princes and proxies as NSA office bearers</td>
<td>Safeguarding Legitimacy</td>
<td></td>
</tr>
<tr>
<td>Outdated and easily manipulated voting structure that favours incumbents</td>
<td>Supporting Strength</td>
<td></td>
</tr>
<tr>
<td>Under-representation of opposite gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor quality of membership and dominance of some affiliates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliate-level politics played out at NSA levels</td>
<td>Supporting Strength</td>
<td></td>
</tr>
<tr>
<td>Corruption or abuse of power amongst NSA office-bearers or staff</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corruption or abuse of power amongst government personnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culture of patronage by NSA office bearers and political leadership</td>
<td>Supporting Strength</td>
<td></td>
</tr>
<tr>
<td>Ministerial intervention allowed by law</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inconsistent interpretation of NSA constitution and SDA provisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limited governmental resources to monitor NSA compliance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No separation of business and regulatory function of NSAs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor development of domestic commercial sport industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of awareness / understanding of good governance purposes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principles and processes of organisational management lacking in NSA management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of evidence base for supposed governance improvements by OSC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management by NSA volunteers rather than professional manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of awareness / understanding of good governance purposes</td>
<td></td>
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<tr>
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<tr>
<td>Lack of evidence base for supposed governance improvements by OSC</td>
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<tr>
<td>Management by NSA volunteers rather than professional manager</td>
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<td></td>
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</tbody>
</table>
4.1 Part 1 - Elaboration of Themes

4.1.1 Protecting Autonomy

The first theme to be inducted is the protecting the autonomy of NSAs in general. Based on the interview data, all of the informants agree that autonomy is an integral part of sport, with one informant indicating that ‘any external intrusion, even of principles of corporate governance’ (Interviewee A2) will be met with resistance if it interfered with the hierarchical nature of sport. It was found that two concepts inform this theme, the first being the influence of parties or interests external to the NSA impacting its autonomy, at times to the extent of usurping NSA functions, and the second being a general push toward homogenisation of NSAs, driven by the Office of the Sports Commissioner (OSC).

The prevalence of external influence on the management of Malaysian NSAs is traceable to the enactment of the National Sports Council Act of 1971 (NSCA), which inter alia allows for the National Sports Council (NSC) to ‘engage or assist in the development of sports… where international cooperation can stimulate the development of sports in Malaysia (Laws of Malaysia, 1971, s.4(2)[d]). The continued operation of the NSCA, in conjunction with the SDA, has allowed for a parallel system of athlete development to exist, particularly those with international prospects, as the NSC routinely funds its own training schemes that revolve around the participation of international events (National Sports Council, 2015).
In addition, the National Sports Institute Act of 2011 (NSIA) too expressly provides for the carrying out of ‘foundation talent identification programmes’ (Laws of Malaysia, 2011, s.22). This makes potential working with the National Sports Institute an inherently risky affair for NSAs concerned about their autonomy, especially when they do not have talent identification programmes of their own and cannot hope to compete with the much deeper pockets of the government. This fathomably causes some frustration, as evinced by interviewee B1:

“I can’t see why the Ministry has taken it upon itself to perform our talent identification and development work, when we have been doing just fine all this time. And it’s not just for (Sport B), it’s also for (Sport A) – that whole National (Sport A) Development Programme? It’s not healthy.”

For the second concept, it was established from the informants that the OSC had circulated a ‘standardised constitution’ as a general guide to NSAs with a view of persuading them to adopt the same. This attempt at ‘coercive isomorphism’ (DiMaggio and Powell, 1983) is looked at from different angles by different informants:

“Our statutes are very clear, and it goes up all the way to the (International Federation of Sport A). It works for us, so we can afford to ignore the OSC’s so-called guidelines. I don’t know about other sports though.” (Interviewee A3)

“When I took over the post of Secretary in 2009, they (the OSC) were already encouraging us to change to their updated version. We resisted until last year (2016), but personally, I think it’s a good thing, because it makes the financial aspects more transparent.” (Interviewee B2)

A further investigation of current constitutional arrangements of some 15 NSAs yielded the results in Table 4 below, which indicates that the constitutional homogenisation is pervasive, although upon perusal of individual constitutions, it is noted that each NSA has acted to customise the document according to their internal
preferences. Interviewee E1, being a senior official of the OSC however, declined to comment specifically when asked about the theoretical or evidence base for which the ‘standardised constitution’ is built, but did indicate that much of the work done by the OSC remains largely inspired by the work of the Registrar of Societies in monitoring social incorporations.

Table 4. Constitution types of different NSAs.

<table>
<thead>
<tr>
<th>National Sport Association (NSA)</th>
<th>NSA Model</th>
<th>Constitution Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Squash Racquets Association of Malaysia</td>
<td>Federated</td>
<td>Bespoke</td>
</tr>
<tr>
<td>2 Sport A</td>
<td>Federated</td>
<td>Bespoke</td>
</tr>
<tr>
<td>3 Sport C</td>
<td>Federated</td>
<td>Bespoke</td>
</tr>
<tr>
<td>4 Sport B</td>
<td>Federated</td>
<td>OSC Standardised</td>
</tr>
<tr>
<td>5 Sport D</td>
<td>Unitary</td>
<td>OSC Standardised</td>
</tr>
<tr>
<td>6 Malaysian Netball Association</td>
<td>Federated</td>
<td>OSC Standardised</td>
</tr>
<tr>
<td>7 Malaysian Sailing Association</td>
<td>Federated</td>
<td>OSC Standardised</td>
</tr>
<tr>
<td>8 Malaysian International Taekwondo Federation</td>
<td>Federated</td>
<td>OSC Standardised</td>
</tr>
<tr>
<td>9 Malaysian Arm-wrestling Association</td>
<td>Federated</td>
<td>OSC Standardised</td>
</tr>
<tr>
<td>10 Malaysian Karate Federation</td>
<td>Federated</td>
<td>OSC Standardised</td>
</tr>
<tr>
<td>11 Malaysia Dancesport Federation</td>
<td>Federated</td>
<td>OSC Standardised</td>
</tr>
<tr>
<td>12 Malaysian Scrabble Association</td>
<td>Unitary</td>
<td>OSC Standardised</td>
</tr>
<tr>
<td>13 Malaysian Federation of Professional <em>Muay Thai</em></td>
<td>Unitary</td>
<td>OSC Standardised</td>
</tr>
<tr>
<td>14 Malaysian Dodgeball Federation</td>
<td>Unitary</td>
<td>OSC Standardised</td>
</tr>
<tr>
<td>15 Malaysian Aesthetics Group Gymnastics Association</td>
<td>Unitary</td>
<td>OSC Standardised</td>
</tr>
</tbody>
</table>

Source: Author’s own, based on sighting of publicly available documents at the OSC website (http://pps.kbs.gov.my/my/perlembagaan-badan-sukan.html), provided by informants to the author or from the respective NSA website.
4.1.2 Preserving Objectivity

This theme was induced from the informant comments that revolved around the presence of personalities with external agendas, which most informants agree to be mainly politicians, royals and/or their proxies. The overwhelming concern was the prioritisation of a personal or unrelated agenda in NSA decision-making, which is arguably a partial consequence of resource dependence (Pfeffer and Salancik, 1978). As Interviewee A1 put it:

“People don’t know automatically know where the royal treatment should end, and where the objective assessment of an NSA president should begin.”

However, when further probed, no informant was able to provide a coherent rationale why certain classes of people should be excluded by virtue of holding a post unrelated to sport or being born into a royal household, nor could they agree on the effects on such an exclusion. It is contended that this could be an issue of projecting a widespread, but empirically-untested, perception of politicians as corrupt (Transparency International Malaysia, 2014). It is also arguable that this circumstance evokes the ‘fault line contagion’ that occur when ‘goals or priorities do not align between subgroups, and the misalignment goes largely unmanaged’ (Kerwin et. al., 2017, p.256). A leadership typology analysis on the State-level affiliates for Sport A however, shows that the concern is rooted in reality, and is presented in Table 5 below:
Table 5. Breakdown of presiding officer-bearers of State-level associations for Sport A by external position.

<table>
<thead>
<tr>
<th>Presided By</th>
<th>State/Federal Politician</th>
<th>Member of State Royal Household</th>
<th>Senior State/Federal Civil Servant</th>
<th>Corporate Figure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Affiliates</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Author’s own, based on own research in respective NSA website.

4.1.3 Safeguarding Legitimacy

This theme was elicited from the concepts involving the democratic processes underpinning NSA office bearer appointments. A preponderance of the informants indicated that the there is an inherent conflict between reflecting the will of the majority and aspiring to a better representation of the sport. A surprising number of informants even asserted that democracy and good management to be irreconcilable, which is reminiscent of Cornforth’s (2003) ‘paradox between effectiveness and accountability’ (p. 6), as typified by these remarks:

“I sincerely think that to be successful, a sport needs a benevolent dictator.” (Interviewee D1)

“When state affiliates can hold their AGMs underneath a tree, with less than 10 members as the quorum, and the (NSA of Sport B) President approves of it because those guys will keep him there, what do you call that?” (Interviewee B2)

One insightful perspective from Interviewee E2 was that the structure of decision-making has not changed since these NSAs’ formation, despite sport’s commercial focus today, and this disadvantages all the other stakeholders except those who are elected to such decision-making posts. This accords with contemporary comments
on the matter (Minikin, 2015; Forster, 2015), in that legitimacy is not and should not be grounded solely in democratic practice. Other concepts informing this theme include the dominance of larger affiliates in the affairs of the NSA and poor opposite gender representation. Interestingly, in terms of gender equity, an analysis of 15 NSA constitutions as per Table 3 above show that only one NSA (Sport C) has reserved council member positions for women, including one deputy president’s post, but without a Women’s Sub-Committee, whereas the other constitutions compel the creation of a Women’s Sub-Committee, but reserves neither chairmanship nor membership for a female candidate in the same.

4.1.4 Strengthening Integrity

Concepts surrounding a theme of integrity were also duly identified from the data, with informants speaking quite openly about perceived and actual examples of corruption and/or abuse of power at the NSA, State affiliate and even governmental levels. There was also concern on the improper extension of State-level politics as a determinant of decision-making at the NSA level. The informants related to Sport A and Sport B were particularly expressive on this topic, with Interviewee A1 asserting, among others, that the practice of appointing Executive Committee (Exco) members as managers for the different age-based Sport A teams was done almost solely on the basis of allowing the appointed Exco member to travel with the team on annual overseas training stints, and Interviewee B3 stating:

“\textit{You would be surprised if I told you how high up it goes. Everybody wants a cut. That’s why the budget they (the Youth and Sports Ministry) announce and what we derive from our spending almost never tally ever since the government got involved. I won’t put a number to it, but don’t you wonder why we can still operate even after they cut the budget in half over the past few years?”}
When asked about a particular financial scandal that hit the NSA of Sport B in 2016, Interviewee B1 and B2 acknowledged the weakness of formal internal controls, which exposed the NSA to a significant abuse of power by a senior office-bearer and the court-imposed penalties stemming therefrom. Similarly, informants related to Sport A point out to instances of questionable decisions by the Disciplinary Committee and the Domestic Competitions Committee respectively, involving the imposition of mere fines for athletes accused of corruption and the inclusion of unqualified teams in the lowest tier league, that they attribute to the absence of a check and balance process, and a clear preference for some states over others as a consequence of internal politics.

4.1.5 Managing Peculiarity

The use of peculiarity as a theme is rooted in the unique circumstances of sport administration that apply to either the Asian or Malaysian contexts. The key concept associated with this theme is grounded in the long history of government involvement in Malaysian sport, thus allowing for a culture of patronage to permeate sport and its NSAs. As interviewee B2 highlights:

“The last time we sent a women’s team to participate, a few months back? He (the President of the NSA of Sport B) sent his assistant as the team manager. He’s not even qualified. And it’s not the first time.”

Interviewee A1 speaks of his own experience:

“Well, as soon as I was elected into the Exco, I was appointed the manager of (the Under-21 national squad). I had absolutely no idea what this entailed, but I was
told that this was one of the perks, and sure enough, part of the squad’s itinerary for the year included overseas stints in Europe.”

In this regard, this researcher considers patronage as the valid but ethically questionable exercise of authority of either NSA office bearers or government officials, which Lee and Jiang (2013) refer to as ‘political clientelism’. The extensive powers of the Minister and the Sports Commissioner under the SDA to intervene in the conduct of NSAs, particularly their general meetings and dispute resolution mechanisms, were also identified as significant codes, together with the limited resources of the OSC to monitor compliance.

Based on a perusal of the SDA, Section 24 provides not only for the power of the Minister to hear disputes between parties within an NSA, but allows the Minister the absolute discretion to compel a reference to his office irrespective of what the disputing parties intend. Section 41 of the same Act further states that ‘the Minister shall be the final authority in relation to sports and sports related matters.’ This then contextualises Interviewee B1’s remark that:

“I took a stand against the Minister, not because I wanted a conflict, but because we know we did not do anything wrong. There is a fine line between having a poor accounting of our spending and lining our pockets with taxpayer funds. But he went ahead and made statements that insinuated wrongdoing on our part... As a result, we have operated without direct funding to the (NSA for Sport B) for close to two years now.”

Finally, the statistics of registration also seem to support the data from the informants regarding a lack of resources. As at 30 May 2014, a total of 7,396 sport organisations are registered with the OSC (Malaysian Parliament, 2014) but with less than 15 personnel in total for both the Registration and Constitutions Section
and the Monitoring and Inspectorate Section (Office of the Sports Commissioner, 2014), Interviewee E1 contends that:

“We actually need a Sports Commission, rather than the Office of Sports Commissioner. Like the Australians. Then we can start doing some good, because we will be an independent body. As it is, we function exactly as what we are, a registration arm of the Ministry. There is no added value.”

The foregoing concepts are not commonly found in Western contexts, and evokes the similar peculiarity of concentrated shareholding in Malaysian firms, among others, as one of the poorly considered factors in finalising the Malaysian corporate governance framework. As such, this theme represents a key element in understanding how governance practices will be adopted by Malaysian NSAs.

4.1.6 Rationalising Efficiency

The rationalising efficiency theme centres around how inefficient the existing structures of Malaysian NSAs are to deal with increasingly complex commercial functions, as well as the generally poor development of domestic sport as a sustainable and profitable venture. Interviewee A2 stated that:

“They really do not know what they want, perhaps. They talk about privatising the (Sport A leagues) but don’t want to let professionals run it. Too afraid to let go, and lose the perks probably.”

Interviewee B3 concurs:

“They could have taken (the senior Malaysian event of Sport B) and gone far with it, had they had a proper commercial structure. But which company in their right mind wants to deal with a bunch of old guys who cannot be removed from their posts? And know nothing about things like activation strategies, returns on investment and all that?”
While Malaysia continues to make a name for itself as a formidable organiser of international sporting events (Tarmudi, et. al. 2015), local sports leagues and competitions remain mainly amateur and poorly attended with the exception of top-flight football. Further, amongst the sports represented by the informants, only Sport A and Sport C have regularly organised domestic leagues, with only Sport A’s top tier leagues being broadcast. Some informants point out the inability of NSAs to monetise a growing popularity of their respective sport, but acknowledge that the spending power of Malaysians particularly on discretionary items such as ticketed sport spectating and specialist sport equipment remain a major stumbling block. Gilmour and Rowe (2012) also point to an ‘overtly Western manifestation of the media sports cultural complex’ through the ubiquitous consumption of foreign, rather than local, sport. Further, some informants contend that the public ownership of most sporting infrastructure complicates attempts for commercial revenue generation. Interviewee A3 states that:

“We are lucky we have our own grounds, that belong to us outright and free of encumbrance. Even if it is not a stadium. At least we have a place to start.”

This paper asserts that efforts to clarify and render efficient the regulatory and commercial roles of NSAs will have a significant role moving forward, and heavily influence the case for the adoption of good governance in Malaysian sport. This is particularly so when corporate sponsors are now more likely to resort to legal action to protect their contractual rights (Mageswari, 2016; Vick, 2017a), to the direct detriment of NSAs with either improper commercial structures or lacking the capacity to understand complex agreements.
4.1.7 Developing Competency

The importance of developing specific competency in the field of management has been proposed since the 1980s (Zeigler and Bowie, 1983; Jamieson, 1987) and continues to be promoted to date as a critical underpinning of sport administration (Ko, Henry and Kao, 2011; Freitas, Girginov and Teoldo, 2016). As such, this theme embodies concepts derived from the informants’ perceptions that there is a lack of awareness on both the forms and purpose of modern management principles, including that of good governance, amongst their contemporaries in Malaysian NSAs. A further concept that challenges the evidence base of good governance as prescribed in Malaysia was also identified. As these remarks illustrate:

“The identification and management of sporting talent now involves knowledge for early childhood education, physiology, psychology, strategy, diplomacy and 1001 other things. If you don’t have a basic understanding of all this, don’t dream of raising a world champion.” (Interviewee D1)

“…there needs to be decentralisation of the powers of the Secretary General. It is because the statutes presume that there is such a fair, well-meaning, incorruptible and competent guy to always fill the post that the powers are that extensive.” (Interviewee A2)

This theme supports the findings of De Bosscher et. al. (2006), particularly on the ‘pillars’ relating to finance and human resource management and integrated policy development, which was also highlighted in Minikin and Robinson’s (2015) work that dealt specifically with Malaysian NSAs, and concluded that resources, without accompanying management capability, would lead to waste (2015, p.73).
4.1.8 Fostering Meritocracy

The final theme that is proposed is the fostering of meritocracy, which is grounded in the concept of professionalism amongst NSA office bearers, and more importantly, their management and staff. In the Western context, Shilbury, Ferkins and Smythe (2013) argue that this process of professionalisation was driven by commercialisation in sport, including increased government funding and associated accountability. Walters and Tacon (2016) in their comprehensive review of literature on the impact of modernisation on sport national governing bodies (NGBs) also came to the same conclusion, noting that ‘commercial capability’ development remaining a key emphasis of Sport England and UK Sport (2016, p.373).

This study has found however, that such a commercialisation drive to be conspicuously missing in the Malaysian context, despite the continued funding of sport by the federal and state governments. Arguably, the focus of the government ‘return on investment’ has been about improving elite sport performance by financing specific medal hopefuls directly through a centralised training framework rather than funding the NSAs to do it (National Sport Council, 2015), thereby disincentivising the NSAs from having to professionalise as has been the case in the West. As stated by Interviewee C1:

“For (Sport C), the changes came because (the immediate former president) had wanted to leave a positive legacy before he left. So he presided over the creation of a comprehensive 5-year blueprint development that involved widespread consultation. That he was going to a more significant post at the continental level probably helped. But for the first time, it was reform unprompted by scandal or negative pressure!”
In this case, the move toward change was an abrupt, top-imposed process that was motivated almost exclusively by the vision of an NSA’s leader. An analysis of the ‘blueprint’ for Sport C reveals a systematic approach to accomplishing its four stated goals, and would be familiar to any management consultant. What would be noticeably different to a Western observer however, is how a key goal is to ‘increase the degree of professionalism and governance in the sport’ as an end state rather than a mere mean to another end.

As a further triangulation of the above correlations, Table 6 below contains representative quotations that formed the basis of coding and subsequent concept and theme development.

Table 6. Representative data supporting interpretations of themes that have been proposed.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Representative Quotations</th>
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<tbody>
<tr>
<td>Protecting Autonomy</td>
<td>“For us, that’s why we opted for a lower grant in terms of the salary for the NSA executive secretary. Otherwise, they (the National Sports Council) would have appointed one of their own guys into the post.” (Interviewee D1)</td>
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<td></td>
<td>“The line between enforcing the law and interfering in their affairs is actually very clear. We do not want to interfere, but if they don’t comply with the law, we have to do our jobs as well.” (Interviewee E1)</td>
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<td></td>
<td>“(The NSA for Sport C) is fortunate – they have the resources to be able to afford external help. That’s why they can stand their ground with the OSC. Otherwise, it would have been quite difficult. Smaller NSAs probably can’t argue very much. Not that they should. Because they really do need the help.” (Interviewee C1)</td>
</tr>
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<td></td>
<td>“You tell me if it’s fair that they take money from the government, but then argue for non-interference? I think it’s offensive that there are people who offer themselves up for election and then say ‘we need money from the government, because we don’t have any to run our programmes’. Government should not be funding it as a matter of course.” (Interviewee E2)</td>
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</table>
| Preserving Objectivity | “The (NSA for Sport A) is now being run by the people from the President’s home state, even though our headquarters are here in the Klang Valley. Are they running it for the sport, or for him? I really can’t say.” (Interviewee A2)  
“People don’t know automatically know where the royal treatment should end, and where the objective assessment of an NSA president should begin. It doesn’t help that the Secretary General then was appointed by the President, and he happens to be a traditional royalist. So it became about making him look good, rather than the organisation.” (Interviewee A1)  
“So many office bearers now are politicians! They are much harder to deal with, because they are used to being deferred to. And they have ways of getting away with anything.” (Interviewee E1)  
“When you put sport above all else – that most basic principle – good governance will come naturally. What is missing now is exactly that. The people in most Malaysian sport now are in it for themselves.” (Interviewee E2) |
| Safeguarding Legitimacy | “Can you really say there is nothing wrong with the system, when at the end of a corruption investigation that nearly got us suspended and more than 20 years on the job, the President managed to get himself re-elected?” (Interviewee B3)  
“I find it funny that even for the Women’s Sub-Committee, there is no mandated position for women.” (Interviewee B2)  
“For all the pomp and ceremony and money that they handle, do you know how many people vote in the (NSA for Sport A) Congress? A grand total of 39. You think interested people can’t manipulate 25 votes to win?” (Interviewee A1)  
“Take a look at the Executive Committee of (the NSA for Sport B) – most of them are ancient. The system is meant to make it difficult for any newcomers to initiate a revolution type thing. That’s why they are not interested in growing membership.” (Interviewee E2)  
“There is one NSA, their constitution has remained nearly unchanged since the British were still in charge and they have only just submitted it to us for consideration. And yet, there are still factions who disagree about changing the voting system in any way, as it will disadvantage them.” (Interviewee E1) |
| Strengthening Integrity | “Part of the reason why our league tickets are still not sold online is that it affords opportunities for office bearers and staff to use it to their advantage. But no one seems to question this.” (Interviewee A1)  
“So the (NSA for Sport A) sold off this building quite legitimately on paper, but not a single person stopped to ask why the valuation was so low. Because nobody had access to the information until the transaction had gone through. What is the likelihood that the party who bought it off our hands sold it at a profit?” (Interviewee A2)  
“It was fait accompli on our part. He had already signed and committed us to the deal, without the approval of the Exco. We could not backtrack publicly on it… This is why when it blew up nobody really wanted to stand up for him. I mean, how can you arrange for funds from a third party sponsor to be routed through an account that is not controlled by the (NSA for Sport B)? He’s a businessman, he should have known better.” (Interviewee B1)  
“Imagine the vindictiveness – not sending a team to the Malaysian Games from your own state, just because the athletes had decided to train elsewhere? And remember the case of (Athlete X)? He was actually suspended from competition, all for demanding that his winnings from 3 years past be paid. (Athlete X) was lucky his employers supported his stance and kept him employed.” (Interviewee E2)  
“Our costs actually went up because we had to account for ‘entourages’ from the Ministry, even when they weren’t necessary. Vehicles, meals, accommodation – we had to prepare all of that for them. But not doing so would have endangered our funding, so I suppose it’s a cost of doing business.” (Interviewee B3) |
<table>
<thead>
<tr>
<th>Managing Peculiarity</th>
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<tr>
<td>“It’s almost a given that without the blessing and support of (a federal Minister), he would not be president of (the State Association for Sport A). So it’s understandable that he will replicate the process with his line-up as well.” (Interviewee A3)</td>
</tr>
<tr>
<td>“This office has been instructed before to unilaterally ask an event organiser to change the dates of their event for no other reason than to accommodate a program of the Ministry. It was not well received, as you can imagine. We tried to explain the public backlash to the Minister, but he was adamant. As it stands, the law states that we must give effect to his instruction. So what can we do?” (Interviewee E1)</td>
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<tr>
<td>“The (State Association) once faced the ridiculous situation of potential suspension, because of an interpretation of the statutes that was poorly done. The Disciplinary Committee (of the NSA for Sport A) found our players not guilty of anything, but fined them anyway, as they thought there was a strong enough circumstantial case. And then, they sent us a letter stating that if the players didn’t pay up on time, then the fine would fall on us as the State affiliate, and failing which, we could be suspended. It was an absolute farce.” (Interviewee A3)</td>
</tr>
<tr>
<td>“We were disappointed that they (the OSC) threatened us with a suspension without understanding the circumstances of our case. At that time, the independent audit had not even been completed yet, and there was no conviction of wrong-doing. And yet, our name was dragged through the mud as if we were guilty. I really did not appreciate that.” (Interviewee B1)</td>
</tr>
<tr>
<td>“Anytime an officer becomes good at his job, they always seem to be transferred out, and many times without a replacement for months, if at all. This makes the job quite hard, as we are not seen as a priority agency for resources.” (Interviewee E1)</td>
</tr>
<tr>
<td>“We have to acknowledge that we are still at point where we continue to depend on politicians or corporate guys who control the money that we get... Even so, I will take what I can because I have this sport in my blood.” (Interviewee D1)</td>
</tr>
<tr>
<td>“Imagine the juggling act we pull every time we organise (the most senior Malaysian event of Sport B) because every bigshot involves wants us to ‘look after’ their people.” (Interviewee B3)</td>
</tr>
<tr>
<td>“The ability to monitor compliance is a myth. The Registrar of Societies for example, have 770 officers to monitor the returns of more than 870,000 registered societies. So in truth, compliance is based on a complaint lodged by a disgruntled member or faction rather than anything else. I don’t expect the Sports Commissioner to be any different. In fact, it could even be worse as they have a significantly smaller staff.” (Interviewee C1)</td>
</tr>
</tbody>
</table>
| Rationalising Efficiency | “It helps that I have experience in other sports as well. Which is why we set up the company to manage assets and sponsorship, so that we would have a clear separation between the business functions and the governing function of (the NSA for Sport D).” (Interviewee D1)  
“Our previous president was very big on separating the team and the (State Association for Sport A). He believed that the team should have its own separate structure and more importantly, the legal liability for any debt they incur. I agree with him on this. Some other (State associations) risk being suspended or deregistered because their teams incurred so much debt to play. But our current president seems to be okay with existing arrangement.” (Interviewee A3)  
“If you look at sports in the West, the most well run ones are the ones with proper industry to back them up – to provide both the continuity of participants and more importantly, money. But none are run by the associations. They are all run as for profits. Only here do we see that happening.” (Interviewee E2)  
“Every year it gets harder to look for sponsors on the basis of the sport alone – it has to be accompanied with some form of ‘know-who’. Companies largely don’t see it as a marketing expense, but more of CSR (corporate social responsibility) sunk cost.” (Interviewee B3)  
“We’re commercialising the league, to rationalise it and allow us to bring the game in line with what the (Continental Federation of Sport A) and (the International Federation of Sport A) wants. But you would not believe the blank looks that I got from many of them – including the chair of the domestic competitions committee! They just did not have the capacity to understand it from a global sports view…. we seem to have built this brick wall that prevents truly interested people from taking part in the league, which is why we have rich Malaysians owning (Sport A) teams in the UK, in Italy, but not here.” (Interviewee A1) |
| Developing Competency | “It depends on the integrity of the people involved. Expectations will have to be managed, so that they understand it is not an imposition or interference, but rather a positive move forward. If they understand it, they will embrace it.” (Interviewee C1)  
“Partially I think we focus way too much on the science aspects, and not enough on the rest. The management of logistics, the professionalism, the marketing etc. We seem to think that because someone has been a (Sport A) player, he can also be a good manager or administrator of the sport. But if coaches require licensing and formal training, why shouldn’t we have proper training for the management of our teams and sport associations? (Interviewee A1)  
“For many, there are more important things to do. When you operate out of the house of the President or the Secretary of your association, honestly, do you really care about governance?... That said, many are also just not bothered. We have organised voluntary training sessions before, and most have been disappointingly attended. And we have limited resources, so we have to be choosy about these kinds of low returns.” (Interviewee E1)  
“There is also an issue of succession. By keeping their focus internal, you lose potential from other places and sectors. It feels like our choices are limited to either former coaches, (officials) and (athletes), or some guy who has been there for ages. Which group is going to call for change?” (Interviewee B3) |
| Fostering Meritocracy | “If I have done a good job all this time, why should my age stop me from contributing further? Especially when I know that no one else intends to match my commitment?” (Interviewee D1)  
“On what basis do they (the OSC) ask us to change our rules and regulations? They are thinking about what’s good or easy or convenient for them. Not about what’s good for us.” (Interviewee B2)  
“The day the self-assessment forms were due, I actually saw a few of the NSA secretaries at our office, seated in multiple corners, filling up the form by themselves. And I thought to myself, how do we move on from this?” (Interviewee E1)  
“People seem unable to understand that you don’t need to be good in the sport to run it. What matters more is the management of sport, especially in the business side. Only then will accountability exist, because it depends on results rather than relationships.” (Interviewee E2) |
4.2 Part 2 - Elaboration of Aggregated Dimensions and the Relationship thereof

It was found that three descriptions suited the general aggregation of themes, namely the dimension of insecurity, covering the themes of autonomy and objectivity, the dimension of self-discovery, that encompasses the themes of legitimacy, integrity, peculiarity and efficiency, and lastly, the dimension of creativity that addresses the themes of competency and meritocracy. This researcher was then able to construct a relationship framework between the proposed dimensions, illustrated by Figure 2, and further explained below.

Figure 2. The proposed conceptual framework to explain the process for the adoption of good governance practices by Malaysian NSAs.
4.2.1 Insecurity

As external pressures on organisations and managers build, particularly in areas that impact their organisational autonomy and objectivity, the framework predicts that it will eventually engender an internally-determined insecurity, to address those pressures accordingly. Today, this occurs in an environment of public assertions that the autonomy of sport is ‘an outdated relic from an earlier era’ and has to be ‘earned through responsible conduct’ (Andersen, 2015), and that values and rules must underlie sport, rather than people (Pielke, 2016). As previously elaborated, the bulk of concepts within this dimension revolve around mutual suspicions between stakeholders as to the motives of the other and may be resolved with by improving processes and procedures that will build trust.

However, based on the data analysis, it is highly unlikely that this ‘insecurity’ dimension alone will yield any meaningful shift toward good governance. In fact, it was established that threats to NSA autonomy stem at least partly from the continued poor functioning of these NSAs themselves in both areas of elite performance and mass participation of their sport. It is contended then, that further development of governance practice will not occur in a vacuum and only be achieved in conjunction with the following phase.

4.2.2 Self-Discovery

The framework then suggests a process of self-discovery, which can be both internally or externally driven, centred around the themes of legitimacy, integrity,
efficiency and most critically, peculiarity. The assertion of an external driver in this phase is underpinned by the powers of the Sports Commissioner under the Malaysian Sports Development Act (SDA), to control the collective direction of Malaysian NSAs, particularly in areas that are less contentious (for Malaysian NSAs) and for which homogenisation is not only possible, but desirable at a policy level.

This has been previously done with the initial passage of the SDA, where the Second Schedule to the SDA was used to impose four elements which are deemed mandatory provisions for all NSA constitutions. This includes a positive duty to conduct its activities ‘without discrimination as to sex, race, colour, religion, social origin, language, political inclination or any other opinion held by its members’ (Laws of Malaysia, 1997, Sch. 3, Cl. 2), to conduct the selection athletes and officials in an open and fair manner (1997, Sch. 3, Cl. 3) and to submit its audited accounts ‘with reports on all its activities… and disbursement of all its funds’ (1997, Sch. 3, Cl. 4).

A set of disqualification criteria for office-bearers was also gazetted as a subsidiary regulation to the SDA (Ministry of Youth and Sports Malaysia, 2000), and remains good law to date.

The above is highly suggestive that there are parameters in which not only intervention, but specific legal regulation by the government, becomes acceptable to NSAs and their members. It is further argued, that the themes of legitimacy, efficiency and integrity can yield numerous universal principles that can be externally legislated as part of the organisational self-discovery phase. For example, the kind of ‘competitive democracy’ (Allern and Pedersen, 2007) that powers the selection process of NSA office-bearers may soon be a large enough source of discontent,
that a move toward a more ‘participative’ or ‘deliberative’ type of democracy (Allern and Pedersen, 2007; Minikin, 2015) becomes possible, either as an internally-agitated attempt, or as an externally-mandated transformation in pursuit of homogenous legitimacy.

This researcher’s data also shows that a comprehensive self-discovery phase can also arise organically, as evinced from the NSA for Sport C, having come up with a 5-year plan for success and making governance a key component thereof, wholly without external pressure. However, the specific circumstances of the said NSA, including having an experienced royal at the helm with a strong desire for a positive legacy and the continued involvement of the NSA’s past and current officials at the continental and international federation levels, can also be argued to be determinants of such behaviour.

In terms of efficiency too, there is ample evidence to show reasonable government regulation of commercial driven entities, even in advanced market economies (Hart, 1995). The rationalisation of functions for NSAs can be triggered internally, as was done by the NSA for Sport D, where a for-profit company was initially established to specifically deliver their sport’s world championship event, but then retained to manage facilities, deliver events and coordinate athlete training and sponsorship rather than retaining the commercial functions within the NSA. However, a much more complex and financially significant league for Sport A has not been able to push the state-level associations to engage in a rationalisation of their own, and even at the NSA level, a separate entity to manage the league was only created in 2004 and only fully professionalised in 2015 (Vick, 2017b). An external intervention
is also possible in the guise of tax reform, to allow for proper taxation of ever increasing sport-related revenue through a separate for-profit legal entity, without affecting the NSA’s status as a regulator. This arguably would protect the NSA from any poor performance of its commercial arm, a situation that currently plagues the NSA of Sport B, as a court judgment compels it to repay monies to a sponsor that was improperly accounted for (Mageswari, 2016), and directly impacted its ability to continue functioning due to the unforeseen expenditure.

The peculiarity theme, on the other hand, is likely only resolved with concerted action between the NSAs and the government. With no prominent research on such rare circumstances, namely the predominance of clientelism in Malaysian sport, the overwhelming powers of the Minister for sport and a formidable but sorely under-resourced regulator, self-discovery for these concepts are necessarily pioneering and would benefit from domestic academic participation as well. The study also finds merit in the suggestion that the OSC be upgraded to a properly independent commission that looks beyond the mere function of registration as facilitative to NSA self-discovery.

4.2.3 Creativity

Beyond this, the framework then presumes a more bespoke and customised path for each NSA under the dimension of creativity. It presumes a period of relative stability, where commonly-applicable governance concerns have either been addressed by imposition of law or by voluntary adoption, and the nuances of the individual sport and the NSAs themselves will now play the more critical role moving forward.
As a start, it is doubtful that careers in Malaysian sport can be expected to go beyond the present two-pronged arc of either Youth and Sports Ministry official or a permanent association with the sport of one’s roots, without a corresponding development of sport management as a serious vocation and academic discipline. Arguably, the domestic academic environment is presently too focused on the scientific aspects of sport, with little formal training available on management, governance, marketing and planning in the sport context, and this is reflected in the quality of employees and volunteers of NSAs. Academic input is equally useful in improving the evidence base on which national policy is derived, and may be marshalled to promote adoption of practices based on local nuance rather than a wholesale import of Western mechanisms. This introduction of theoretical rigour and trained personnel however, is contended to be a gradual and expensive process, which is why the framework positions it post-self-discovery.

The final element of creativity would then be the myriad of ways in which meritocracy and professionalism can be introduced in the NSA working, and bringing them in line with the progress in the scientific areas of Malaysian sport. The data shows that this is a desirable state of affairs, although there is a lack of agreement as to whether such professionalisation can be accomplished at a similar pace and rate for all NSAs. This study considers this to be a paradox of sorts, in which younger, less developed sports and NSAs are likely more receptive to change, but less able to afford it, whereas larger, more established NSAs will likely resist despite resource sufficiency. This influences the frameworks’ ultimate structure, in which meritocratic professionalisation becomes an aim of governance rather than an enabler of the
same.

It is therefore contended, that a relationship between the aggregate dimensions can be said to exist, and points to a unique perspective of understanding the progress of good governance adoption in Malaysian NSAs, and accounts for the perplexing situation of having good governance made mainstream in all sectors in Malaysia, except in the administration of national sport.

5. **Conclusion**

The above is thus an interesting deviation from the findings of previous Western-centric literature, in which the role of professionalism of NSA decision makers and staff is seen to be a determinant of good governance. Based on the above proposed framework, it can be argued that the unique circumstance of a socially-accepted and legally-endorsed authority of government over domestic sport has an equal, if not more significant, effect in the adoption of good governance. The data further suggests that in the Malaysian context, professionalism is more likely to be an object or target associated with the introduction of governance mechanisms rather than a preceding condition.

There seems to be no prevailing research that agree with this finding, but simultaneously, there is also very little research that has attempted to study the administration of sport in non-Western developing countries. The extensive reviews by Dowling et. al. (2014) and Nagel et. al. (2015) of literature regarding professionalisation in sport management research cites works only in the British,
Australian, Canadian, French, German, Norwegian, Swedish, Finnish, Belgian and New Zealand contexts, and concluded that societal expectation on how sport should be governed arose only from ‘an increasingly professionalised sporting environment’ (2014, p.522), and that governance, *inter alia*, is an ‘outcome of professionalisation’ (2015, p.425).

However, this study has empirically shown that such a conclusion is not necessarily true in a specific Asian context, and finds that there is significantly less homogeneity in terms of culture and structure in national sport, making it a segment quite unlike the public and corporate sectors. This researcher is persuaded that the historical path charted by Malaysian government institutions and sport organisations evinces the ‘multiplicity of solutions’ that build on the ‘incremental evolution of precedent-based structures’ (David, 1994, p.218), which then explains its remarkable difference from the West.

Moving forward, this study acknowledges that the presently limited sampling would benefit from an expansion of the number of participating informants and NSAs, to determine if the findings herein can be further generalised. A larger sample, that covers a majority of the Olympic and non-Olympic NSAs, will be of significance and note to the sport regulators in Malaysia, as its findings should inform the potential returns on the expenditure of political capital for a comprehensive revamp of existing legislation.

Further, in the event of a future amendment to the SDA or the National Sport Policy that fundamentally changes the existing dynamics, it would be interesting to see if
the framework’s relationships will still hold. Finally, similar studies can also be conducted in other non-Western contexts to determine if the same findings can be established, and potentially build on an alternate pathway to good governance adoption by sport, particularly in national environments where government intervention in sport has been historically significant.

References


