DEVELOPING A THEORY OF
BOARD STRATEGIC BALANCE

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Overview

Why sport governance?

Our interest in sport governance came about because of our belief in the potential impact and influence of those involved in the oversight of sport organisations. At best, those who govern set the future course of the organisation. In a collective sense, the potential to set the future course of the sport sector resides with those who are ultimately accountable for the performance of sport organisations. Our aspiration was to contribute to the way sport is organised, managed and led, and we considered there was no better way to do this than to work with those who govern and, by definition, lead. We also saw the development of theory focused on the board’s strategic role as an important building block in this aspiration.

We began in the early 2000s by focusing on what is commonly referred to as organisation governance (Cornforth, 2012; i.e., the work of the board of a single organisation), and concerned ourselves with the governance of specific sports (also referred to as sport codes; e.g., tennis, golf, etc). In this way, national and state sport organisations became the subject of our interest. As we got deeper into the issues of governing a sport code, we became increasingly engaged with the interplay between organisations, variously referred to as systemic governance or network governance (Henry and Lee, 2004). This also involved the dynamics between volunteer directors and the increasing influence of paid staff. The transition of the sport sector inexorably towards professionalisation raised a multitude of challenges for sport organisations, all of which demanded further enquiry.

In recognising the curious nature of the sport sector where non-profit (e.g., national sport organisations), public (e.g., government agencies) and commercialised entities (e.g., professional teams) coalesce, and in drawing on Kikilus (2000), we positioned our work to reflect the following conceptualisation. Sport governance is ‘the responsibility for the functioning and overall direction of the organization and is a necessary and institutionalized component of all sport codes from club level to national bodies, government agencies, sport service organizations and professional teams around the world’ (Ferkins, Shilbury and McDonald, 2009, p. 245). Once established, this definition has remained constant throughout our topic of investigation and subsequent theory development process.
Our specific curiosity: board strategic capability

Sport governance was the starting point for the general phenomenon that attracted our interest. As detailed later, our specific curiosity emerged as a result of wide-ranging discussions with sport practitioners, as well as finding a gap in the literature that revealed board strategic capability as an under-researched area. We identified this gap in a 2005 article titled, ‘The role of the board in building strategic capability: Towards an integrated model of sport governance research’ (Ferkins et al., 2005). In that paper, we argued that the state of governance research was ‘still largely shaped by a normative and prescriptive approach that may not fully explain the diversity that exists in sport’ (Ferkins et al., 2005, p. 218). An excerpt from the conclusion of that paper illustrates our assessment of the field at that time, highlighting the essence of the problem and how a systematic analysis of the issue might lead to a better understanding of sport governance, and eventually how to enhance the strategic capabilities of sport boards:

The small but growing body of knowledge on sport boards indicates that the evolutionary process of bureaucratisation and professionalisation has resulted in changing board roles and relationships with paid executives. The contribution of the board in strategic activities such as developing the vision and mission, engaging in strategic planning including monitoring and responding to external environmental influences, and considering long-term, big picture issues as and when needed, is a topic superficially explored by sport management scholars. Understanding the factors that both constrain and enable sport boards to think and act strategically may provide an empirical basis for sports to build their strategic capabilities. It may also contribute to the wider governance and sport management literature in this critical area of knowledge development.

(Ferkins et al., 2005, p. 219)

We argued that board strategic capability is the ability of the board to function strategically, and recognises the development potential of the board to think and act in a strategic manner. The concept of capabilities in the organisational studies literature is not new and has been extensively discussed in the domains of human resource management (Maatman, Bondarouk and Looise, 2010) and strategic management (Wheelen and Hunger, 2012). The term capability is known to have come from the middle French word capabilité and late Latin word capābili (Merriam-Webster, 2002), and has come to mean implied abilities or abilities to be developed (Merriam-Webster, 2002). Lenz (1980) brought the notion of capability into the sphere of strategic management, arguing that there was a need for a more relevant concept to identify an organisation’s potential for strategic action and that a label ‘sufficient for discussing this aspect of organization is that of strategic capability’ (p. 226).

It also emerged from this work that governance across organisations, such as that required in a federal model of governance, was perhaps the single most important constraint on good governance. Cornforth (2012), for example, argued that ‘most research has focused on the boards of unitary organizations and has neglected the governance of organizations that have more complex governance structures’ (p. 3). Traditionally, the influence of the wider governance system has been ignored, yet remains a central governance issue for the non-profit sector (Cornforth, 2012). Consequently, we incorporated the broader governance system in our research in relation to sport board strategic capability and it is this focus that forms the ‘heart’ of our theory of board strategic balance. In practical terms, Australian and New Zealand national and state sport organisations became the focus of the research programme and the quest to better understand how boards could enhance their strategic capability.
How our framework evolved

Using developmental action research, our studies of five non-profit national and state sport organisations typically lasted between 12–24 months each, depending on the magnitude of the issue and the readiness of the sport organisations to accept and implement the intervention designed in conjunction with each individual board. Each of the five studies witnessed the evolution of a quite distinct and relevant governance issue, as indicated in Table 10.1. The table shows that four of the studies focused, in differing ways, on issues related to structure as a consequence of a federal or regional model of governance. The main theoretical perspective in which each study was grounded is also shown in Table 10.1.

To date, the five research studies have been reported in ten articles detailing key findings. Figure 10.1 illustrates the progression from the review of literature and conceptual model at the base of Figure 10.1 through to the roof depicting the final theory of board strategic balance developed as a result of these sport governance studies. The identification of a research gap, followed by the formulation of a research question and study design, is a traditional approach to building a study plan and ultimately leading to theory development. Following the initial conceptual paper published in Sport Management Review in 2005 identifying the research gap, Figure 10.1 shows how three distinct issues were explored and reported on (shared leadership,

Table 10.1 Participating research sites, issues and theoretical concepts

<table>
<thead>
<tr>
<th>Sport organisation</th>
<th>Time frame</th>
<th>Issue</th>
<th>Theoretical concepts</th>
</tr>
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<tbody>
<tr>
<td>Squash New Zealand</td>
<td>July 2005–February 2007</td>
<td>Need to deliver strategic priorities at district level (the regions). Best articulated by the inability to achieve participation goals</td>
<td>Theoretical work relating to governing structures (Shilbury, 2001)</td>
</tr>
<tr>
<td>New Zealand Football</td>
<td>July 2005–December 2006</td>
<td>Need to establish a frame of reference for the board to steer the organisation, and address the balance of leadership between the board and CEO to ensure board involvement in strategy</td>
<td>Theoretical work on board strategy and shared leadership (Inglis, 1994; McNulty and Pettigrew, 1999; Shilbury, 2001)</td>
</tr>
<tr>
<td>Tennis New Zealand</td>
<td>July 2005–January 2007</td>
<td>Need to design a regional governance structure that allowed greater ability for the national board to enact its strategic priorities</td>
<td>Theoretical work on board power and governing structure (Pettigrew and McNulty, 1995)</td>
</tr>
<tr>
<td>Squash Vic</td>
<td>August 2010–April 2012</td>
<td>Need to change the governing structure to enable greater stakeholder engagement so that the board can better perform its governing role. Who do we govern?</td>
<td>Theoretical work on stakeholder theory (Freeman, 1984, 1999), leading to notion of Stakeowners (Fassin, 2012)</td>
</tr>
<tr>
<td>Bowls Australia</td>
<td>August 2011–April 2013</td>
<td>Need to overcome an amateur culture and lack of aspiration to grow and professionalise the sport and to ensure state member associations implement an agreed strategy</td>
<td>Collaborative governance and leadership (Ansell and Gash, 2008, 2012)</td>
</tr>
</tbody>
</table>
Figure 10.1 Theory of board strategic balance
inter-organisational relationships, board integrating regional entities) before we once again revisited the literature to synthesise the current state of sport governance research while at the same time infusing findings from the first three completed studies. This synthesis of literature was published six years after the original literature overview and conceptual model on the role of the board in building strategic capability. The long shaded box entitled Professionalisation, Sport Governance and Strategic Capability shows this.

Further empirical papers followed, with one, depicted as an oval shape in Figure 10.1, not directly a result of the governance capability studies, but its emergence was informed by findings from this work pointing to the need to examine more closely governance in federal structures and the influences of the transition from amateur to professionalised sport management and governance. Interestingly, two key concepts emerged from this work shaping the two studies published in 2012/13. The first of these concepts was adversarial behaviours and how they were manifest in a federal model. The second was the potential for collaborative governance to overcome the barriers created by a federal model and associated behaviours. With this overview and introduction to the focus of our theory development, we now turn our attention to a more detailed insight to the process of examining board strategic capability that ultimately led to our emerging theory of board strategic balance, which we believe explains how boards might develop their strategic capability.

**Process**

*Initial milestones of our theory development*

Having established the nature of our topic and focus in the previous section, this section explains the intellectual contours of our process of theory development. While Figure 10.1 might suggest a chronological sequence in terms of publication dates, in reality, there were many hills and dales, peaks and troughs, and perhaps it is only in hindsight that we have been able to plot the milestones of this journey with any real clarity.

As signalled earlier, the beginning phase of the process, which enabled us to settle on board strategic capability as our specific topic, came about by widely canvassing both a practical need and theoretical gap. We talked with over twenty different sport organisation board members, CEOs and senior staff, government agency personnel charged with leading sport organisation capability, as well as leaders outside of the sector. Not part of any fieldwork, these conversations were a critical part of the process to understand the issues and find a topic that would benefit current and future practice. In essence, we were seeking answers to: what aspect of sport governance do we need to better understand; what are we not doing well and what do we need to know more about; and what topic of governance will resonate into the future? Responses often focused on board composition, the skills and understanding of those who sat on the board, and how they came to be elected or appointed. On several occasions, the response simply came back as, ‘board members need to add value; we need to figure out how they can do that’.

We intentionally oscillated between this process of practical enquiry and our search of relevant literature to find what was missing, and how we could add value to the practice and theory of sport governance. It was this interchange between our reading and conversations with practitioners, as well as the act of involving and moving beyond the sport management literature, that ultimately provided us with what we were seeking. The corporate governance literature (i.e., scholarship situated within the for-profit, often large organisation context) was heavily dominated by studies on board composition, many of which were quantitative, questionnaire based and derived from an outsider perspective. Agency theory featured strongly in this
approach as concerns about ownership and control of corporations were debated. While we considered the board composition to be a critical part of the equation based on our practical conversations, and issues of control (between CEO as agent, and the board) were relevant for sports (sport codes), we were unclear as to how we could add significant value to this particular theoretical and practical debate.

The non-profit literature (outside of the sport context) contained some interesting strands of research on board roles but, as we saw it, tended to be flavoured by a prescriptive how-to style. The theoretical basis for this body of work appeared to be most commonly drawn from the application of social constructionism to board and organisational effectiveness. Stewardship theory, a contrasting theory to agency theory, also appeared to be favoured by non-profit scholars to explain a more collaborative leaning between the board and CEO. Finally, in the absence of an established body of knowledge (at that stage) in the governance of sport organisations, we drew heavily on the organisational theory literature specific to sport. Our intention in involving this body of work was to connect existing knowledge of sport organisations to sport governance. As also highlighted earlier, much of the impetus for studies engaging organisational theory and sport had come from an interest in examining the changing nature of sport and its transition towards greater professionalisation and bureaucratisation. This motivation provided a valuable foundation for understanding sport governance issues.

How we developed our theory of board strategic balance

So, how did we make sense of these strands of knowledge? How could we possibly narrow down a relevant focus for the governance of sport organisations with a theoretical basis that we could build upon to become a useful conceptualisation for governance practitioners? We concentrated on looking for the connections – looking for the useful, relevant gems from each body of work or context that might advance current practice and understanding of sport governance. In this, we also organised and synthesised. If we were to put our ideas into a model with boxes and arrows, what elements would we place where and with what connections? The outcome of this early process is represented in Figure 10.2 showing a ‘Thematic schema of sport governance’ (Ferkins et al., 2005). In the first or upper third of Figure 10.2 we presented the environmental conditions that were driving much of the sport organisation theory work (i.e., professionalisation and bureaucratisation). In the second or middle third of Figure 10.2, we identified four themes that emerged from the few studies on sport governance, as well as the broader context of organisation governance (i.e., shared leadership, board motivation, board roles, board structure). In the final or lower third of Figure 10.2 we captured the four areas that we expressed as Governance Capabilities, essentially four generic themes that cut across the corporate and non-profit governance domains (i.e., performance, conformance, policy, operations).

It was the work of Cornforth (2003), McNulty and Pettigrew (1999) and Nadler (2004) that guided our next move. Carver (2010) too had a profound impact. His mantra that the board’s job is to create the future, not mind the shop, encapsulated the issue. For us, the golden thread in this search was the board’s strategic contribution. In considering strategists on the board within the corporate context, Pettigrew and McNulty (1995, 1998) also emphasised the importance of board processes in their work, and Nadler (2004) gave us the idea of strategic capability. Boards are charged with looking ahead, thinking strategically and creating the future. Where was the body of research, knowledge and insight on this? Very few studies existed that addressed the board’s strategic role across any of the domains (corporate, non-profit, sport). A further excerpt from our 2005 paper illustrates the synthesis of this thinking across the corporate,
ENVIRONMENTAL DYNAMICS

Professionalisation and bureaucratisation

Macro Influences
- Public profile
- Media scrutiny
- Stakeholder demands
- Legal requirements
- National/regional structures

Micro Influences
- Funding sources
- Programme attractiveness
- Membership numbers
- Volunteer appeal
- Paid staffing support

SPORT GOVERNANCE THEMES

Shared Leadership
- Commitment
- Sense of responsibility
- Influence

Board Motivation
- Cohesion
- Rewards and recognition
- Reasons for joining/needs

Board Roles
- Role clarity
- Ability to contribute
- Influence

Board Structure
- Board membership
- Horizontal differentiation

GOVERNANCE CAPABILITIES

Strategic development

Performance
- Effective strategic planning
- Financial stewardship
- Risk management
- Achievement of organisation outcomes

Conformance
- Policy implementation
- Monitoring
- Accountability
- Compliance

Policy
- Policy development
- Methods to achieve organisation outcomes
- Performance management of CEO
- Resource allocation

Operations
- Board practice
- Meeting frequency
- Board relationships
- Meeting conduct

Figure 10.2 Thematic schema of sport governance
The themes and ideas discussed in this paper underscore a gap in our knowledge and understanding about the strategic function of the board. Gaps exist in the sport management literature on strategy development, while the corporate governance literature has not fully explored the role of the board in terms of its strategic contribution. Finally, the non-profit governance literature acknowledges the importance of strategic input by the board, but indicates that boards may not be active enough.

(Ferkins et al., 2005, p. 219)

Finally, in utilising an action research approach, we investigated sport governance in a way that offered the ability to situate ourselves inside the boardroom in asking how boards of sport organisations could develop their strategic capability. A little-used approach in sport management scholarship or governance literature, action research also presented the opportunity to address the theory-practice divide in our theory development process. Widely recognised as the father of action research, Kurt Lewin designed the approach with the specific intent to produce the dual outcomes of improving practice and developing theory (Coghlan and Brannick, 2010). We drew on Lewin (1948) as well as later proponents (Cardno, 2003; Coghlan and Brannick, 2010; Heron and Reason, 2006) to employ a specific style of action research designated by Cardno (2003) as developmental action research. We also founded our approach on the interpretive research paradigm (Denzin and Lincoln, 2011), which meant that our method for generating data was underpinned by the notion of multiple realities, co-constructed by the interpretations of the researchers and research participants (Ferkins et al., 2009).

This approach emphasised collaboration with our chosen national and state sport organisation governing personnel, with the intention of creating positive change in governance practice, engaging in multiple iterations of change in order to enhance learning, and throughout, intentionally integrating theoretical constructs drawn from the literature described above. This created the opportunity to produce knowledge derived and tested in the rich setting of governance practice – inside the boardroom – as well as the chance to improve current boardroom practice (Ferkins and Shilbury, in press).

In adopting developmental action research we moved through a four-staged process:

• phase one: issue identification;
• phase two: context analysis;
• phase three: intervention and action; and
• phase four: evaluation of action.

In this way, developmental action research has been instrumental in fuelling our theory development process, and, with its emphasis on cyclical, iterative elements, has allowed for refinement and deepening in understanding of the issues presented by the research participants (Heron and Reason, 2006). In each instance of fieldwork, this entailed collaboration with sport boards to jointly determine the barriers and enablers of board strategic capability; to determine and enact possible solutions, and to evaluate the outcomes for theory and practice.

By engaging action research in this way, we worked with our five different national and state sport organisations over the course of just over seven years (between 2005 and 2013) to investigate the development of board strategic capability and, more broadly, sport governance.
capability. We continued to move back and forth between developments in the governance literature across the three domains (corporate, non-profit, sport) and, in doing so, have worked with established governance theories, namely managerial hegemony (Stiles, 2001), institutional (DiMaggio and Powell, 1983), stakeholder (Freeman, 1984), agency (Fama and Jensen, 1983) and stewardship theory (Davis, Schoorman and Donaldson, 1997). In this we have been advocates of the use of a multi-theoretical approach, considering that not one of these theories fully explains the governance phenomenon. We also continue to argue that the sport setting offers an insightful context to employ and develop these theories and we have maintained our focus on national and state sport organisations as our setting of choice. Table 10.1 shows the outcomes of our theoretical work, where each of the five different case study organisations concentrates on a particular aspect of board strategic capability and, consequently, governance capability.

Of this work set out in Table 10.1, we consider our primary theoretical contribution to date to be the development of a theory that considers, in a holistic way, how boards might develop their strategic capability. Referred to as board strategic balance, our process of theory development involved an analysis of the findings across all our fieldwork settings in concert with other published empirical and conceptual work on governance and the board’s strategic role. In this, we considered influences on board strategic capability within the context of non-profit national and state sport organisations. We theorised about the relationships between six characteristics, derived from our work with the five national and state sporting organisations (i.e., increasing contribution of volunteer board members; board operational knowledge; board integrating regional entities into the governing role; board maintaining the monitoring and control function; board co-leading strategy development; and board co-leading integration of strategy into board processes).

With the benefit of hindsight, we have been able to pinpoint three key elements that have converged to drive our theory development process, which began with an interest in sport governance; moved to a focus on the study of board strategic capability; and led to the theory of board strategic balance. The first was our determined engagement with the literature from across the three contexts noted above. In this we mined for new knowledge, worked with the major theories that informed the practice of governance, and continually sought to contribute to the existing foundation of knowledge.

The second was the use of developmental action research, which allowed us to bring the ideas and theories from the literature into boardroom practice. In essence, an action research approach allowed us to become the conduit between theory and practice, and to build working relationships with sport governance practitioners. This interaction enabled our theory development work to be firmly grounded in issues of practice. As previously noted, in each instance we worked with non-profit sport organisations to identify their views on the constraints and enablers to strategic capability and what, in their specific circumstances, could be done to enhance the strategic capability of the board. From this, our theory of board strategic balance emerged.

The final element is that our work has been longitudinal. To date, it has spanned twelve years and engaged constant interaction with the literature and the conduct of five different case studies, each taking approximately two years in the field. Over this period of time, we have been highly influenced by the thinking of sport governance exponents, accumulating wisdom and experience from them as we have influenced their practice. In a similar way, we have also drawn on the thinking of our fellow governance scholars and, in turn, have had the opportunity to influence scholarship in sport governance.
Extensions and applications

Beyond conceptual and empirical work

Twelve years on from our first tentative steps in seeking to contribute to the way sport is organised, managed and led by focusing on those who govern, we moved beyond conceptual and empirical work to establishing a theory indigenous to the sport governance setting. The extensions and applications of our original topic of board strategic capability have occurred in a highly iterative manner. We began with existing theory, borrowed from other settings, which we used to add insight and explain the sport governance phenomenon. In using it as a tool of analysis, the amalgamation of existing theory with insights from the boardroom situation created new thinking and, ultimately, a new theory.

Albeit an emerging theory (i.e., yet to be rigorously examined and employed by others), we distinguish the theory of board strategic balance from our previous conceptual work because it not only identifies concepts but it also explains how and why the concepts relate to each other; in other words, as Doherty (2013) explains, ‘a theory is a set of concepts and the relationship among them’ (p. 6). Thus, in board strategic balance, we identified a set of concepts as well as the relationships among them as factors influencing board strategic capability within our chosen setting. We have been careful to propose this theory, not as a definitive approach, but as a perspective that has potential explanatory power to provide insight into the relationships between influences of board strategic capability. We are hopeful that our emerging theory will also provide guidance for future research that will go on to contribute to the governance of sport and beyond.

Influencing the scholarly conversation

While the study of sport governance remains a small, but emerging field of enquiry, we have been intrigued to see the ways in which others have applied and revised our work in their research. To begin, our emphasis on board strategic capability was picked up by Hoye and Cuskelly (2007) in their textbook Sport governance. Situated within the chapter on strategic governance, the authors note that, ‘Ferkins, Shilbury, and McDonald (2005) highlighted the significant gap in the knowledge and understanding of the strategic function of non-profit sport boards’ (p. 116).

Others who have incorporated our thinking on the role of the board and the importance of the strategic aspect have included Yeh and Taylor (2008), and Yeh, Taylor and Hoye (2009) in relation to their investigation of Taiwanese boards. In considering how national governing bodies of sport should be governed in the United Kingdom, Taylor and O’Sullivan (2009) drew on our assertion for the need to consider structural aspects as part of their exploratory study of board structure. In a publication in Nonprofit and Voluntary Sector Quarterly, Balduck, Van Rossema and Buelens (2010) used our contention about the need to understand board motivation in their discussion of competencies of volunteer board members within community sports clubs.

More recently, Jansen van Rensburg, Venter and Krie (2013) undertook an exploratory study of boards and governance in African national cricket organisations. In this, they employed the conceptualisation we put forward on the board’s strategic role (Ferkins et al., 2005; Ferkins and Shilbury, 2012) in order to help explain board functioning of twenty-three cricket associations affiliated with the African Cricket Association (ACA). In doing so, they determined that:

The overall impression is that the governance and strategic management process is, in most cases, geared towards compliance rather than deriving real benefit for the
organisation. The danger is that if compliance is the goal, the process becomes a burden rather than an asset. What is required is a culture change from mainly amateur sporting bodies (at least in spirit) to professional sport organisations that realise the benefits of good governance and professional management.

(Jansen van Rensburg et al., 2013, p. 40)

Although undertaken in a context quite distinct from the setting of our work (i.e., Africa versus Australasia), this outcome is remarkably consistent with the issues we found in seeking to develop governance capability in national and state sport boards (Ferkins and Shilbury, 2015; Shilbury and Ferkins, 2014). The combination of the African and Australasian work helps to offer a more global picture of the challenges related to strategic sport governance.

Influencing teaching and learning

Besides the use of our conceptual and empirical work within our own teaching context, our work has also made its way to over a dozen textbook chapters where we hope it provides a helpful resource for students and teachers alike. Of note is a useful resource by Sam Young, an academic at the Nelson Marlborough Institute of Technology in New Zealand, who developed an undergraduate teaching case on shared leadership within Tennis New Zealand (one of our action research case studies), based on Ferkins and Shilbury (2010). In the postgraduate teaching context, a number of PhD and masters students have adopted our conceptual frameworks, findings and calls for future research as a resource in the design of their studies. This has included diverse settings such as the governance of community health centers in Canada (Greening, 2013), volunteers in Canadian sport organisations (Mrak, 2010), Maori and Pasifika voices in New Zealand sport governance (Holland, 2012), theoretical explanations of governance in Australian sport (Shimeld, 2012), strategic preparation for CEO succession in Australian sport (Schoenberg, 2011), corporate governance in the Australian Football League (Foreman, 2006) and tennis event impact on clubs in New Zealand (Hoskyn, 2011). In many of these studies the need for greater focus on board strategic functioning has been the common element derived from our work.

In perhaps one of the deepest applications and extensions of our conceptual work, as presented in Ferkins and Shilbury (2012), a student at the University of Kentucky in the US analysed the strategic capability of the Rolex Kentucky Three Day Event's board (Burrows, 2014). In following our framework (Ferkins and Shilbury, 2012), the student then applied key success factors from this event to the governance of world-class annual sport championships in the Bahamas. In so doing, Burrows (2014) has potentially demonstrated how a conceptual framework borne from one context can be introduced into other settings in order to enrich the theorising process.

Influencing practice

From the outset, our interest in sport governance came about because of our belief in the potential impact and influence of those involved in the oversight of sport organisations. How has our theorising impacted and influenced those who are charged with this oversight? At a local level, the two-year in-field immersion with each of the boards and CEOs of our five case study organisations has meant that we have had this opportunity and our evaluation phase of the action research process has provided evidence of this for us. This has involved tangible impacts such as major change to the governing structure (see Ferkins, McDonald and Shilbury, 2010; Shilbury and Ferkins, 2014), changes to board activity, meeting processes and agenda (see
Ferkins et al., 2009), and less tangible influence on individual board member thinking: ‘I’ve learnt more about what our aim is to the members – why we are here – what our role really is for our members’ (Ferkins and Shilbury, 2015, p. 105); ‘there’s been quite a shift in thinking from . . . [being] focused on your own backyard at a national level. Now there’s this philosophy and thinking of shared services’ (Shilbury and Ferkins, 2014); ‘For me, the exercise . . . forced me to think long term. I enjoyed the process of going through it. It helped my thinking and I think it forced us to question what we thought were priorities’ (Ferkins et al., 2009, p. 265). We consider that this kind of impact and influence has been facilitated by the action research approach and the theorising embedded within it, which may not have been possible otherwise.

Our work has also prompted contact by CEOs and board members of national and state sport organisations situated in a range of countries with similar sport systems; namely, Ireland, Canada, Scotland, as well as New Zealand and Australia. Our findings related to shared leadership between the board and CEO with respect to the strategic role has been of particular interest. The vexed issue of governance across organisations (federal model), in relation to strategic function, has also resonated with CEOs. We are speculating, however, that the impact and influence on these practitioners of what they have read, versus the experiences of those we have collaborated with, is much less powerful. We are also mindful that this impact has been restricted to our conceptual work associated with board strategic capability. Yet to make an impact is our emerging theory of board strategic balance.

Future directions

To conclude, it is appropriate to illustrate the theory of board strategic balance, shown as the roof of Figure 10.1. What commenced as an investigation into board strategic capability was transformed into a theory of board strategic balance as it conceptualised a series of ideas and how and why they relate to each other (Doherty, 2013). Figure 10.3a depicts the six component parts identified from this ongoing investigation of board strategic capability. On their own, and as independent component parts, Figure 10.3a remains a depiction of the concept of board strategic capability; however, Figure 10.3b transforms these six static components of board strategic capability into a dynamically fluctuating set of interrelated parts that together form the theory of board strategic balance in the quest to understand the idea of equilibrium between these six areas.

The notion of equilibrium is important to board strategic balance. This is illustrated in Figure 10.3b, which shows how balance, or inter-relationship, between inputs and processes needs to occur in order for the board to perform optimally. It is theorised that board equilibrium is rarely achieved, but that it would swing back and forth, with different inputs and outputs receiving varying levels of attention as a consequence of the range of issues confronting a board at any given time. Recognising the unrealistic quest for sustained equilibrium, Figure 10.3b indicates a tolerance range acknowledging the natural fluctuations in board functions in the ebb and flow of organisational life.

Theoretically, sub-optimisation of board performance could occur should an imbalance in the attention given to inputs or processes or, indeed, any of the six components transpire over a sustained period of time. For example, how would the will and skill of elected volunteer board members (Circle 1) influence its ability to lead strategy and set strategic direction (Circle 5)? As an input, the collective knowledge and skills of board members is important in shaping its understanding of the need to strike a balance between strategy development and performance, and spending too much time on monitoring operational control in relation to the sport. In this
example, input component parts clearly influence process component parts, demonstrating relationships that need to be recognised and understood.

As may be expected with theory (Doherty, 2013), many questions arise despite the theory explaining how and why concepts are related. A good theory also explains what might happen and why under certain circumstances. Although this theory of board strategic balance helps explain board strategic capability and what might happen if equilibrium is not achieved over a sustained period of time, it also raises many questions that could shape future research directions in the sport governance domain. For example, what we cannot answer at this time is:

• How can boards create optimum strategic balance and what might constitute optimum strategic balance for their situation?
• How quickly do boards need to respond to correct an imbalance in the six strategic components?
• What role does context (e.g., NSO, SSO, or professional sport organisation) play in defining the range of tolerance and the time afforded to recognise and correct an imbalance?

The main questions to emerge from this theory relate to the concept of tolerance, and it is here that further work is envisaged to delve more deeply into the theory of board strategic balance. The following questions are examples of where future research could be focused:

• What range of tolerance is afforded boards in terms of time, in relation to a concentration on one or more of the six components?
• What might be the tolerance range for boards in terms of optimal board strategic function and in what contexts?
• Could a scale be developed to guide or measure this tolerance range?
• What might constitute over-emphasis on one component over another and over what time period, resulting in sub-optimisation?
• How might varying situations, such as a crisis or change in personnel, influence board strategic balance?

Metaphorically, the roof overlaying Figure 10.1 depicts more than ten years of theory building and construction, ultimately leading to a theory of board strategic balance. This theory helps explain sport governance behaviour in the context of national and state sport organisations. It also assists in shaping our thinking in planning future sport governance-related research studies. We also believe that it has, and will, assist board members elected and appointed to the challenging role as a director, to better understand their role and range of responsibilities. The empirical studies leading to the construction of the roof have, each in their own way, formed the pillars leading to an enhanced understanding of board strategic capability. The theoretical perspectives encapsulated in the five empirical studies conducted in New Zealand and Australia demonstrates the multi-theoretical approach that characterises governance research.

These perspectives (shown in Table 10.1), including governing structures, shared leadership, board power, stakeholder theory and collaborative governance, represent a small insight to the range of theories used to explain governance behaviour. Significantly, it was these theoretical labels that best described the problems identified by the participating sport boards as the best way to enhance the strategic capability of their respective boards. In our quest to achieve the dual aim of improving practice and developing theory we believe the choice of developmental action research was instrumental to that outcome. Moreover, it led to relevant research for and with participants working directly in the sport governance domain. It also identified governing structures as a consistent constraint in the governance of sport organisations embedded in a federal structure. Ultimately, this approach led to a theory of board strategic balance crafted to provide theoretical and practical direction through the maze that is sport governance.

Note

1 This chapter is a reflection on Ferkins, Shilbury and McDonald (2005) and the work related to it.

References


Ferkins and Shilbury


Bowls Australia became aware of the research paper by Ferkins, Shilbury and McDonald (2005) through an approach from Dr David Shilbury and Dr Lesley Ferkins from Deakin University regarding a potential research partnership in the area of sport governance and the role of boards. At the time, the governance structure of Bowls Australia was volunteer-based, with the majority of directors coming from a bowls administration background. The governance of the sport also contained a number of layers that inhibited decision-making and progress, including a council structure that had the ability to override decisions made by directors and staff of the national body. Therefore, the themes detailed in the 2005 paper resonated strongly with the state of the sport at the time.

Using the theories detailed in that article, and other related work by the research team, Bowls Australia was able to better educate its directors to understand their roles and responsibilities on the board, specifically in determining the strategic direction of bowls in Australia. In the years following the release of the 2005 article, the governance of the sport of bowls had undergone a number of changes, including: (a) the creation of a number of appointed director positions on the Bowls Australia Board for persons with specific skill sets; (b) the transition from a Council of State/Territory Association delegates, with decision-making powers, to a consultative body to Bowls Australia; and (c) analysis of the governance capability of the Bowls Australia Board.
This last point, the analysis of the governance capability of the Bowls Australia Board, was the focus of the action research study facilitated by Drs Shilbury and Ferkins. It was also a direct response to the 2005 article in which enhancing the strategic capability of sport boards was identified as a key challenge. The major recommendation emanating from the problem identification phase of the action research was to work more collaboratively with state member associations in order to grow the sport of bowls in Australia. This outcome was the result of the board addressing the following aim as posed by the research team: to explore how boards of non-profit sport organisations can develop their governance capability.

The recommendation to adopt and implement collaborative governance was the means to enhance the governance capability of the Bowls Australia Board. This approach, adopted in conjunction with state member association boards, was put into practice through the development of the 2013–17 Bowls in Australia strategic plan. The formulation of the new strategic plan was an ideal vehicle through which to adopt a collaborative approach. The process commenced in April 2012 with a consultative planning workshop involving fifty stakeholders from all levels of the sport, which ultimately led to the development and agreement of six key strategic priorities underpinning the strategic plan. This workshop also led to the creation of a common vision, mission and values.

The concept of collective and shared leadership also emerged as an important outcome, not only between the board and paid staff, but significantly with and between the boards of the state member associations. The collaborative nature of the process resulted in the Bowls in Australia strategic plan, agreed to in April 2013 by Bowls Australia and its member associations. Its use was intended for all member associations as the basis of their individual state plans rather than solely for Bowls Australia as the national governing organisation.

Future organisational plans aim to expand governance capabilities and practices throughout the sport, with the long-term aim of implementing a standardised set of good governance principles at all levels of the sport. Education of boards and committees at lower levels of the bowls structure, in terms of recognising the roles and skills set required and the establishment of appropriate structures, is seen as a vital step towards enhancing future governance capabilities for the sport. The theory-based research and consultation undertaken by Drs Shilbury and Ferkins has been extremely valuable for the sport of Bowls in Australia and, without this, evidence-based governance change in our sport would not have been possible.

**Note**

1 Neil Dalrymple is the Chief Executive Officer of Bowls Australia.

**Reference**