



Business Ethics and Sport Governance

This briefing discusses the core values that shape the spirit of sport. In particular, it looks at the role of sporting governing bodies in embedding those values, both at national and international level; it also analyses how appropriate governance structures can enable them to protect the integrity of sport.¹

Sport is more than just a game - it has the power to bridge geographic, political and cultural boundaries. It inspires people all over the world, from all sorts of backgrounds, to live up to the values which are the very foundation of sports: fair play, integrity and teamwork, just to name a few. Yet, it now makes headlines for as many reasons off the pitch as on it, putting these core values at risk. Sport is increasingly big business that involves billions of dollars² and the question of ethics and governance has never been so vital.

Setting Core Values

Sport plays an important role in society: it educates and unites people by creating shared values and teaching social skills that go well beyond the game. Recognising this, the International Olympic Committee (IOC) defines the practice of sport as a human right and states that “every individual must have the possibility of practising sport, without discrimination of any kind”.³ At the same time, it can hide a number of ethical risks and give international visibility to negative examples of behaviour that might involve players, fans, governmental agencies and those in leadership position within sport’s governing bodies.

The national and international bodies that oversee different sports are key to ensuring that the core values on which sport is grounded are agreed upon and clearly communicated, upheld and embedded at all levels – from the grassroots to the professionals. Many of these organisations have explicitly acknowledged this responsibility. The IOC, for example, highlights that one

of its primary roles is “to encourage and support the promotion of ethics and good governance in sport”,⁴ a number of other bodies have made their core values explicit. Some examples are summarised in Box 1.

Box 1 *Examples of values adopted by sport governing bodies*

England Rugby: Teamwork, Respect, Enjoyment, Discipline, Sportsmanship

Lawn Tennis Association: Teamwork, Integrity, Passion, Excellence

England Athletics: Pride, Integrity, Inclusivity

FIFA: Authenticity, Unity, Performance, Integrity

UK Sport: Working together, Commitment to excellence, Integrity, Openness

Responsibility of Sporting Governing Bodies

Despite the commitment to ethics made by various sporting governing bodies, some concerns remain. The challenges posed to the integrity of sport by the publicity surrounding serious instances of scandals, such as match-fixing, corruption and other unethical activities have shown that sporting governing bodies are often poorly equipped to address these integrity risks. As the

¹ The IBE Briefing [Ethics in the Sport Sector](#) published in 2011 examines some business ethics issues affecting the sport sector in more detail, such as pay issues, sponsorship and marketing, and discrimination.

² For instance, the International Olympic Committee (IOC) reported total revenues of about US\$5 billion for the three-year period ending with the London 2012 games.

³ International Olympic Committee [Olympic Charter](#) in force since 2 August 2015 (p.13).

⁴ Ref. fn [3] (p.18).

examples in Box 2 highlight, this has a particularly negative impact, as it undermines the ideal of the spirit of sport and damages public perceptions of its integrity.

A significant risk to the sporting sector's integrity arises when its governing bodies fall short of upholding their responsibilities, as it produces some important ethical concerns. Moreover, they appear to be under increased scrutiny by the media and fans to be held accountable for fulfilling their role of sport 'guardians'.

Box 2 *The impact of ethical lapses in sport*

Doping: Lance Armstrong, a former professional road racing cyclist, was considered by the US Anti-Doping agency to have 'led the most sophisticated, professionalised and successful doping program that sport had ever seen,' after winning the Tour de France on seven consecutive occasions between 1998 and 2005. It was not until 2012 that he received a lifetime ban from the World Anti-Doping Agency (WADA) and was stripped of his achievements. Two medical professionals of the US Postal Service team have also received lifetime bans.⁵ Evidence was found that the cycling's world governing body, the UCI, colluded with Lance Armstrong from 1999 to 2009 to circumvent accusations he doped and to cement his status as the pre-eminent personality in the sport.⁶

Match-fixing: International cricket was tarnished with match-fixing scandals when a number of Pakistani players were accused of bowling planned no-balls against England in August 2010. Knowing when no-balls will be bowled can be of great value in betting scams. In November 2011, three cricket players were jailed for conspiracy to cheat at gambling and conspiracy to accept corrupt payments. The former Pakistan cricket captain Salman Butt was jailed for 30 months; the former world number two Test bowler Mohammad Asif was jailed for one year; bowler Mohammad Amir was sentenced to six months and cricket agent Mazhar Majeed was jailed for two years and eight months. The judge, Mr Justice Cooke, said cricket matches would forever be tainted by the scandal.⁷

Corruption: In February 2016, The Guardian revealed that two international tennis umpires have been discretely banned for corruption, taking bribes in return for generating time-lapses in live scoring that book-makers around the world were able to exploit. The International Tennis Federation avoided publically acknowledging that a further four umpires were also under suspicion until prompted by The Guardian.⁸

PROMOTING GOOD SPORT

Sporting governing bodies have the important responsibility to support their athletes and players in living up to the values of their sport by providing the right ethical framework. As Sylvia Schenk, Transparency International's Senior Advisor for Sport, highlights, "*a culture of transparency and education are the best ways to prevent abuses. Players and officials need to know that their leagues and sports organisations are there to support them and this must be explicit in the form of codes of conduct [that] are put into practice every day*".⁹ Raising awareness about ethical risks, providing ethical training to athletes, referees and officials, and encouraging people to speak up when they witness wrongdoing are paramount.

However, cases like the state-sponsored doping scandal in Russia show that this is not always achieved. Reports commissioned by the World Anti-Doping Agency (WADA) uncovered a "*deeply rooted culture of cheating*" within Russian athletics and the sport's governing body, the International Association of Athletics Federation; they identified the involvement of Russian governmental authorities in this scandal. The reports found evidence of "*interference with doping controls*" as well as "*cover ups, destruction of samples [and] payment of money to conceal doping tests*" and "*corruption and bribery practices at the highest levels of international athletics*". These findings led the anti-doping body to call for a complete ban of the Russian Federation from the 2016 Olympic Games in Brazil.¹⁰

By backing unethical behaviour and covering-up wrongdoing, the organisations that were involved

⁵ [Lance Armstrong: Usada Report Labels Him 'a Serial Cheat'](#) BBC (11 October 2012).

⁶ [Lance Armstrong and UCI 'colluded to bypass doping accusations'](#) The Guardian (09 March 2015).

⁷ [Salman Butt and Pakistan Bowlers Jailed for No-Ball Plot](#) BBC (3 November 2011).

⁸ [Revealed: Tennis Umpires Secretly Banned over Gambling Scam](#) The Guardian (09 February 2016).

⁹ S. Schenk [Tackling Match Fixing Needs Good Governance](#) Transparency International (24 September 2012).

¹⁰ World Anti-Doping Agency [Independent Commission Final Report](#) (November 2015) and [Play True: Update on the Status of Russian Testing](#) (June 2016).

increased the pressure on athletes to compromise their ethical standards and win at any cost. This encouraged unfair competition practices and communicating to athletes that cheating is considered acceptable or even desirable.

FIGHTING BRIBERY, CORRUPTION AND FRAUD

The significant profits that can be generated and the often conflicting interests associated with a sport require governing bodies to be particularly vigilant and to put in place effective mechanisms to prevent corrupt practices.

As the organisers of international events, such as the FIFA World Cup and the Olympic Games, sporting governing bodies are required to make decisions that have billion-dollar implications and affect a wide range of stakeholders. They are responsible for the selection of the host country and venue, the concession of broadcasting rights to TV networks and the negotiation of sponsorship deals with multinational organisations. In addition, the increasingly prominent role that the betting industry has on the international sporting scene, and the profits thus generated, require careful consideration of any conflicts of interest that could lead to fraud and match-fixing. Facing significant pressure from different stakeholder groups, sport bodies haven't always been able to manage these relations properly and failed to prevent corruption taking hold.

The FIFA scandal is an example of this. The organisation that in 2014 generated profits of £91 million and generates billions in revenue from TV rights and sponsorship describes itself as an “*association of associations with a non-commercial, not-for-profit purpose*”¹¹. Investigations revealed that despite the unprecedented interests involved, the organisation was still run by a relatively small group of people making all the key decisions, with very limited transparency requirements and no controls over the contracts they signed. This resulted in widespread corruption, with businesses paying bribes to FIFA officials in exchange for exclusive deals¹² or to be awarded the opportunity to host the World Cup.¹³

RESPECTING HUMAN RIGHTS AND ETHICAL DUE DILIGENCE

The violation of human rights in the sport sector is often a matter of concern, especially in relation to major sporting events. There are violations directly linked to the staging of the event, such as forced evictions carried out to construct stadiums or labour exploitation in building the infrastructures. Concerns of this nature have been raised in relation to the physical preparations for the 2022 World Cup in Qatar, where workers have been subject to systematic abuses, including very poor health and safety measures that led to a high number of fatalities and having their wages withheld or being prevented from leaving the country without their employer's permission.¹⁴

Other instances of human rights abuses pose a threat to people's freedom of expression in an attempt to 'whitewash' the country's reputation and avoid that the protests could attract the attention of the world. Such concerns were linked to the 2014 World Cup in Brazil.¹⁵

Sporting governing bodies should embrace the standards that the UN Guiding Principles¹⁶ set for companies, recognising their responsibility to ensure that the respect and promotion of human rights are central in the whole process of organising each event. In other words, it is important for them to conduct adequate due diligence, to make a thorough assessment of whether a country or organisation can comply with the required standards of behaviour. Sporting governing bodies would be well advised to introduce improvements to the bidding processes to enhance openness with information and conduct follow-up checks to assess how the event is implemented, its evaluation and its legacy.

Good Governance of Sport

Business generally agrees that sound corporate governance is essential to promote high ethical standards and foster a value-based culture. The dramatic changes which have occurred in the sports sector over the last 20 years, such as increased commercialisation,

11 [Fifa Profits Are Incredibly High For A Non-Profit Organisation](#) Huffington Post (30 May 2015).

12 J. Chade *Offside. FIFA, Marketing Companies and Undue Influence in Football* in Transparency International *Global Corruption Report: Sport* (2016).

13 [Russia and Qatar May Lose World Cups if Evidence of Bribery is Found](#) The Guardian (07 June 2015).

14 [The Construction Industry Must Step Up on Human Rights](#) The Guardian (19 April 2016).

15 [Brazil: Protect the Right to Protest](#) Amnesty International (21 July 2014).

16 The [UN Guiding Principles for Business and Human Rights](#) provide a global standard for preventing and addressing the risk of adverse human rights impacts linked to business activity.

geographical spread and engagement of the public, lead to the need for sporting governing bodies to operate in a more business-like manner, following similar principles of good governance to prevent ethical lapses such as those discussed above.¹⁷

As the examples in this briefing show, this can represent a challenge for many sport governing bodies. The difficulties arise from a number of reasons: first, many governing bodies are managed by former athletes who distinguished themselves on the pitch but in many cases have neither the technical nor business expertise required to run these organisations.¹⁸

Second, there are issues related to the special status that sporting governing bodies hold. Indeed, they were set up on the principle that autonomy was an essential feature to protect sport against the controlling power of states and businesses. Therefore, in many countries they were entitled to a large degree of autonomy and subsequently given 'non-profit' or 'non-governmental' status. This allowed them to be subject to different norms and rules of governance than businesses.

While companies are often overseen by independent directors,¹⁹ in many instances sport organisations are allowed to operate without effective external oversight and it is often the case that key decisions are taken by the same individuals who will most benefit from them.²⁰ Such a situation leads to ethical risks, making it extremely difficult to detect potential conflicts of interest and difficulties in introducing cultural changes.

In 2013, responding to the need to reform the sector, the European Commission produced a set of general principles that sport governing bodies are encouraged to follow to promote good governance and high ethical standards.²¹

Among the most relevant points that the European Commission suggests, are that sporting governing bodies seek the collaboration of governments and European institutions, while stating that "*sports bodies that do not have in place good governance procedures and practices can expect their autonomy and self-regulatory practices to be curtailed*".²²

Box 3 *Principles for the good governance of sport in the EU*

Clarity of purpose: Absolute clarity on the proper role, function, responsibilities and objectives of sporting governing bodies is seen as a critical first step to good governance.

Code of ethics: Sporting governing bodies should develop a code of ethics binding on all members, stakeholder, participants, staff and volunteers. The code should incorporate the general ethical values of the sporting governing body but also address specific areas of risk. It should incorporate an effective implementation and enforcement protocol and be subject to regular review.

Stakeholder identification and roles: Each sporting governing body will have different stakeholders reflecting its particular range of participants and interested parties. These groups should be properly involved and democratically represented, their commitment to uphold the body's objectives sought and their specific role explicitly formalised.

Management: The board represents an essential component of good governance in sport. Alongside management, it has the responsibility to promote a culture of good governance throughout the organisation. Both need the necessary competence to carry out the role effectively, with skills being regularly assessed and performance evaluated. An appropriate number of board members should be independent and appointed via open

¹⁷ European Commission [EU Work Plan for Sport 2011-2014](#) (September 2013). The European Commission produced a definition of good governance in sport: "*The framework and culture within which a sports body sets policy, delivers its strategic objectives, engages with stakeholders, monitors performance, evaluates and manages risk and reports to its constituents on its activities and progress including the delivery of effective, sustainable and proportionate sports policy and regulation*".

¹⁸ Transparency International *Global Corruption Report: Sport* (2010).

¹⁹ Financial Reporting Council [UK Corporate Governance Code](#) (September 2012).

²⁰ Ref fn [18]. Gareth Sweeney, Chief Editor of the Global Corruption Report at Transparency International, makes this point clear in the executive summary.

²¹ European Commission [Principles of Good Governance in Sport](#) (September 2013).

²² Ref fn [18].

procedures to ensure that there is proper oversight control over those who make key decisions.

Accountability and transparency: Sports bodies should establish clear levels of oversight and accountability for their various decision making bodies to ensure that powers are exercised appropriately and consistently in line with the objectives and functions of the relevant body.

Many sporting governing bodies are working to improve their governance tools in order to minimise the ethical risks they face. For example, UK Sport is working on a new Governance Code for Sport in the UK which is due to come into effect in 2017. It will build on current good practice and existing governance requirements of UK Sport and Sport England, setting out the governance standards that will be expected of sporting governing bodies seeking public funding.

Working together with Sport England, the organisation has produced a Charter that outlines some of the key elements that will form the new Governance Code. The Charter includes the following commitments from Sport England and UK Sport:²³

“Recognising and rewarding good governance: *We will celebrate good governance by commending it publicly and by rewarding organisations that can demonstrate a robust approach to governance and evidence of continuous improvement.*

Single assessment procedure: *We will develop a single assessment procedure and will look at developing and publishing benchmarked data.*

Single assistance programme: *We will work together to support organisations to improve governance and achieve the requirements of the new Code.*

Databank of qualified candidates: *We will consider how best to establish an accessible databank of qualified candidates, particularly those from under-represented groups, for board/senior executive positions.”*

Conclusion

Ethical values are an essential element of quality sport. Some sporting governing bodies regard the promotion of these values as part of their mission and have committed to high standards of ethical behaviour.

However, the practical application of their core values still poses some challenges. Sound governance frameworks are an important tool for sporting governing bodies to be able to address those challenges and influence the ethical culture within their organisation.

This briefing highlights some key points that need to be considered and enhanced:

- **Accountability**

Establishing clear accountability for key decisions is important to promote the right leadership - the ‘tone from the top’ - and prevent a culture of impunity at the top of sporting organisations.

- **Openness with information**

Practical improvements in the openness with information are needed to prove that ethical values inform decision-making at all levels, from bidding processes to sponsorship contracts.

- **Teamwork and inclusivity**

As sport brings together a number of different stakeholder groups, it is important that governing bodies include in their governance framework tools that allow them to engage with people and that decisions are made in a participative way, consulting with those that will be most affected.

- **Integrity and controls**

It is important that there are mechanisms in place to ensure that key decisions are taken in the sole interest of sport, independently from improper influence. This includes ethical due diligence to check that partners and third parties can be relied upon to live up to the same ethical standards.

The IBE would like to thank all those who contributed to this Briefing. A special thanks goes to Léa Cléret, Deputy Chair of the Leadership Trust, for reviewing the briefing and providing useful comments and suggestions. We are grateful to all who contributed, but the IBE remains solely responsible for its content.

²³ [A Charter for Sports Governance in the United Kingdom](#) UK Sport (2016).



The IBE was established in 1986 to encourage high standards of business behaviour based on ethical values.

Our vision is to lead the dissemination of knowledge and good practice in business ethics.

We raise public awareness of the importance of doing business ethically, and collaborate with other UK and international organisations with interests and expertise in business ethics.

We help organisations to strengthen their ethics culture through effective and relevant ethics programmes.

The IBE is a registered charity, supported by subscriptions from businesses and other organisations, as well as individuals. Charity no. 1084014



This and other Business Ethics Briefings are available to download free of charge from the IBE website:
<http://www.ibe.org.uk/list-of-publications/67/47/>

If there is a topic you would like to see covered, please get in touch with us on +44 (0) 20 7798 6040 or email:
research@ibe.org.uk