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The Stakeholder Dilemma in Sport Governance: Toward the Notion of 'Stakeowner'

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Toward the Notion of 'Stakeowner'

Abstract

This study is positioned within the non-profit sport context and builds on an emerging body of work in sport governance to investigate how non-profit sport organizations can develop their governing capability. A rich data set derived from a two-year action research study in an Australian state sport organization revealed a lack of stakeholder engagement underpinned by confusion about stakeholder-governing responsibility as the central issues in developing governance capability. The lessons drawn from the Squash Vic experience integrated with sport governance literature and stakeholder theory show the need to embed the notion of stakeholder salience or primacy in order to explain and clarify the dilemma of multiple stakeholders and the lack of stakeholder engagement in the governing process. We introduce Fassin's (2012) notion of 'stakeowner' and associated ideas of reciprocity and responsibility as a helpful characterization of the legal members in the stakeholder-governance relationship.

Key Words: sport governance, non-profit boards, stakeholder theory, stakeowner, stakeholder salience, governance structures, action research.

Introduction

Within the non-profit domain, the *way* in which governance is enacted on behalf of others is a vexed issue which raises many, as yet, unanswered questions (Cornforth, 2012; Olson, 2000; Taylor & O'Sullivan, 2009). How do we maintain the ideals of a democratic process, while fostering a more 'professionalized' approach to governance (e.g., independent thinking, strategic focus, accountability etc.) (Ferkins & Shilbury, 2012)? In the face of declining non-profit 'club membership' models, how do parent entities maintain relevance (Taylor & O'Sullivan, 2009)? Such questions speak to challenges in both governance process and structure. These issues were captured within the focus of the present study which builds on an emerging body of work in sport governance to investigate how non-profit sport organizations can develop their governing capability.

Rosenau (1995) argued that governance is the process in which a single organization, or a network of organizations (or society/system), steers itself, allocates resources, and exercises co-ordination and control. This definition is an appropriate way to approach governance within the sport domain where the concept of 'sport governance' has come to mean both the governance *of* an organization and the notion of governance *across* a sport system (Shilbury, Ferkins, & Smythe, 2013).

While we acknowledge that other theories have been usefully employed in governance scholarship (e.g., agency, stewardship, institutional, resource dependence, and managerial hegemony theory), this study is focused on stakeholder theory (Freeman, 1999; Hung, 1998; Oliver, 1990). This is because in our emergent approach to theory development, a lack of stakeholder engagement and confusion about stakeholder-governing responsibility was revealed as the central issue in developing governance capability. In commenting about sport governance, Shilbury et al. (2013) expressed, "To govern is to steer … and to make decisions that are consequential, strategic, and impactful, usually on behalf of others" (p. 1). It is the

notion that governance carries with it the responsibility to make decisions on behalf of others that is central to the tenets of stakeholder theory, and the core set of ideas which we explore in this paper.

The motivation for this study was two-fold. First, we sought to advance an understanding of governance, in a general sense, by undertaking a study in developing governance capability in a way that offered rich insight (collaborative action research) over a two-year period. Framing our study with the intent to 'develop governance capability' builds on the work of Ferkins and Shilbury (2010), Ferkins, McDonald and Shilbury (2010), and Ferkins, Shilbury and McDonald (2009), who initiated this approach with little precedent within the governance setting. We, too, argue that this conceptual framing, and the method used to explore this phenomenon, have powerful outcomes for practice and theory which has enabled us to make our contribution to governance knowledge represented in this paper.

Second, we sought to generate new knowledge specifically about the governance of non-profit sport organizations. Only a small number of scholars have directed their empirical attention toward non-profit sport governance and, more specifically, developing governance capabilities (Ferkins & Shilbury, 2012). Fewer still, have drawn upon stakeholder theory to explore sport governance issues (Senaux, 2008). Yet, clearly, the relationship between stakeholders and sport organizations is important (Byers, Parent, & Slack, 2012).

As sport management scholars we are concerned with growing capability in the sector. We argue that the manner in which sport organizations are governed has the potential to deeply impact sport systems where decisions made by the organization's top leadership group have far-reaching consequences. This is particularly so for countries with significant central government involvement and non-profit sport organizations are the dominant form of legal structure (Hoye & Doherty, 2011). This is the case in Australia where state sport organizations are also known to be shifting from a volunteer, 'committee-oriented' ethos to

developing 'corporate governance' practices (Shilbury et al., 2013). Such circumstances provide a rich setting to investigate and advance sport governance capability. Squash Vic (legal name), the state governing body for squash in Victoria, Australia, was therefore chosen as the case organization.

With the overarching research question phrased as, "how can Squash Vic develop its governance capability?", the more specific objectives (as per the action research process) were four-fold. First, to identify what meaning board members attach to the concept of governance capability; second, to identify factors that constrain and enable governance capability; third, to identify what actions can be taken to develop capability; and fourth, to consider the implications of such action for governance theory and practice.

Below, we present the theoretical framework used for this study where we explore stakeholder theory and its multiple uses and interpretations within management, governance and sport organization domains. We also draw relevance between the theory and Squash Vic in order to contextualize the problem theoretically and practically. We then explain our action research method before presenting the process of engagement with Squash Vic in the findings and discussion section. We conclude by drawing out the implications for stakeholder theorists and sport/governance scholars.

Theoretical Framework

Stakeholder theory has gained significant momentum since the publication of Freeman's (1984, 1999) works and, in particular, his 1984 influential book, *Strategic Management: A Stakeholder Approach*. Prior to Freeman's (1984) landmark text, the emergence of the stakeholder concept has been traced back to the 1960s where it was labelled as "a straightforward if highly controversial idea" (Stoney & Winstanley, 2001, p. 604). Debate about the efficacy of 'stakeholding' as a concept and theory, has been a feature of scholarly

discussion (Egels-Zanden & Sanberg, 2010), and remains a contested set of ideas within the governance and management literature to the present day (Fassin, 2012).

Importantly, Sternberg (1997) made the distinction between early interpretations of the concept and later perspectives. "Originally, stakeholders were identified as those without whom an organization could not survive, those in whom the organization had a stake. Now, in contrast, stakeholders are more commonly identified as those who have a stake in an organization" (p. 3). In applying the latter notion to corporate governance, Sternberg (1997) is forthright in arguing that, "Stakeholder theory is indeed intrinsically incompatible with all substantive objectives, and undermines both private property and accountability" (p. 3). In contrast, Stoney and Winstanley (2001), although cautioning against varied interpretations, pointed out that the popularity of the stakeholder concept has transcended academic boundaries and is widely considered to be "… an inclusive philosophy and framework for sustainable development'' (p. 604). While these two assertions may represent both ends of the spectrum of opinion, there is widespread concern about the conceptual confusion that exists with regard to the efficacy of stakeholder theory (see Donaldson & Preston, 1995; Kaufman & Englander, 2011; Senaux, 2008).

Nonetheless, in terms of foundational positions about stakeholders, Freeman's (1984) definition still holds relevance and influence. He asserted that stakeholders are "any group or individual who can affect or is affected by the achievements of the organization's objectives" (p. 46). In the sport setting, while Freeman's (1984) position has been influential (Senaux, 2008), the stakeholder concept has also taken on varied meanings and is a widely-used term in sport management and governance practice, and in the scholarly domain (Byers, Parent, & Slack, 2012). In addition, the point made by Fassin (2012) is particularly relevant for sport organizations where the stakeholder 'net' has been cast far and wide to encompass, for example, media, fans, coaches, athletes, sponsors, and government, as well as 'members'.

This expanded notion of 'stakeholding' has potentially created confusion with respect to legal and/or legitimate stakeholder claims.

In the case of Squash Vic, what might be considered to be the legal stakeholders are referred to as 'members'. These members were made up of a mixture of regions (a legally constituted collection of districts and clubs within a geographical region), venues (primarily facility-based, commercial entities), and clubs (both metropolitan and rural clubs). Thus, the legal stakeholders or 'owners' were a convoluted mixture of non-profit and commercial entities, each (according to the different views of stakeholder theory) with a legitimate claim to a stakeholding *in* and as a stakeholder *of* Squash Vic.

How, then, might theorists present a set of ideas that has utility in a practical setting as complex as the Squash Vic situation? Again, in the sport domain, Senaux (2008), who analyzed a stakeholder approach to football club governance, considered that, "A good system of governance should then be one where managers take into account the interests of the different stakeholder groups (and have reasons to do so)" (p. 6). The challenge here is which stakeholder groups should the system of (sport) governance be designed for, and how has the changing environment (e.g., professionalization, globalization, technological reach) impacted traditional designs and notions of stakeholders (e.g., club/association 'members' versus funders/sponsors)?

Application of the stakeholder concept in the sport governance domain (indeed, any governance setting) still throws up operational challenges. In the sport context, limited resources are a major consideration which create significant difficulties for directors and managers when reconciling the divergent interests of a plethora of stakeholders (Senaux, 2008). Heffernan and O'Brien (2010) investigated stakeholder influence strategies in bidding for a professional sport franchise license. Although the authors were exploring stakeholding from the perspective of bid processes (rather than a governance viewpoint), they found that

the centrality of resources was unquestionable in relation to the franchise-stakeholder relationships explored. Thus, in seeking to draw on stakeholder theory to explain practical sport governing dynamics, an important step appears to be determining which stakeholder groups might have primacy amid the growing number of stakeholders and ever-present resourcing challenges (Senaux, 2008).

Operationalizing Stakeholder Theory

A number of scholars have taken up the challenge to operationalize stakeholder theory with particular reference to 'stakeholder salience' (e.g., Clarkson, 1995; Fassin, 2012; Mitchell, Agle, & Wood, 1997; Senaux, 2008). Mitchell et al. (1997) offered a typology of stakeholder attributes and salience which sets out a practical way of untangling, identifying and ordering those stakeholders who, in their words, 'really count'. More specifically, Mitchell et al. (1997) argued that *power*, *legitimacy* and *urgency* are three attributes of stakeholders that are central to determining stakeholder salience. These attributes are matched with a type of stakeholder who might be considered *latent*, *expectant* and *definitive,* with each type of stakeholder possessing a combination of power, legitimacy and/or urgency.

The definitive stakeholder is considered to possess all three aspects and, thus, the inference is that this model is a way to determine the 'true' stakeholders of the organization around which formal governance mechanisms are designed. The governance mechanism in place for Squash Vic at the commencement of the research project was designed in 1988, an age where technology did not allow for easy communication between the state governing body and individual players. Thus, a representative system was established to capture what may have been considered 'definitive' stakeholders of that time. In the intervening years professionalization processes within the sport sector (see Shilbury & Ferkins, 2011; Senaux, 2008) have potentially impacted stakeholder attributes (power, legitimacy, urgency), types of stakeholder (latent, expectant, definitive) and, thus, stakeholder salience.

Mitchell et al.'s (1997) model also proved instructive for Friedman and Mason (2004) who examined public investment in professional sport facilities. Additionally, in applying the model to the governance of French football clubs, Senaux (2008) observed that, "… this approach makes the stakeholder model more operational and pragmatic than the traditional model developed around a normative core which emphasises claims' legitimacy at the expense of a reality in which power and urgency do have their importance" (p. 9). Senaux used the model to assess the salience of football club stakeholders which included shareholders, players, leagues, federations, local authorities, support associations, supporters, and television. An outcome of this application was the assertion that these stakeholders have varied and confused objectives, where espoused objectives are often different from actual objectives being used (e.g., economic growth is not often expressed, whereas team performance dominates the rhetoric).

Senaux (2008) also hinted that current governance mechanisms may not be well-suited to the existence of multiple-stakeholders with the mixed objectives and a rapidly professionalizing sport environment. In his words, "… there may be a dichotomy between governance devices in use and the retained governance model and … a strong inertia from organizations to adapt their governance mechanisms to change in the environment" (p. 16). The dilemma of multiple and mixed stakeholders for the present case organization (although non-profit) was also a central concern which, as alluded to above (and detailed later), impacted existing governance mechanisms.

In also seeking to operationalize stakeholder theory, Clarkson (1995) made the distinction between *primary* (whose on-going involvement in the organization is critical for its survival), and *secondary* stakeholders (who influence or are affected by the organization but are not essential for its survival). In an interesting perspective on this notion of distinguishing stakeholders relative to the governance function, Carver (2002) argued that a

governing board is "… an organ of ownership, not an organ of customership" (p. 106). In this, he considers that customers, while highly important, are not the direct concern of the board. Instead, customer dealings are a management task. Of particular relevance for the present empirical context, Carver (2002) emphasized this confusion in asserting that, "... in membership associations the board works for the members as owners, yet governs an organisation intended to benefit the members as consumers" (p. 70). Thus, clarity between the two, and prioritizing the legal construct of 'membership', would appear critical in guiding the work of the governing board. As noted earlier, the members 'as owners' for Squash Vic were made up of a complicated assortment of clubs, commercial venues and non-profit associations contributing to the confusion about Squash Vic's governing responsibilities.

Carver's (2002) argument serves as a timely reminder about the various contextual applications of stakeholder theory. Perhaps some of the conceptual confusion surrounding stakeholder theory has been fuelled by its use in contexts other than for-profit settings. Although first established within the commercial sector, stakeholder theory is also recognized as a substantive lens through which to view governing dynamics in the non-profit and public settings (Brown, 2002). Sport entities, of course, can be commercial, public (tax-payer funded) or non-profit. While the sector as a whole shares common ground in terms of stakeholder groups (e.g., athletes, members, media, sponsors etc.), the legal constitution of the entity presents very diverse governance demands in terms of stakeholder relationships.

While stakeholder theory is increasingly evident within the sport management literature (Byers et al., 2012) and beginning to emerge within sport governance (Henry & Lee, 2004), little attention has been paid to the particular dynamics associated with non-profit sport governance. In an exception to this, Ferkins and Shilbury (2010) found that the stakeholder relationships between the national sport organization (NSO) and its regional entities were central to the strategic governing function of the NSO. As an outcome of their empirical

work, Ferkins and Shilbury (2010) advocated a collaborative approach to strategy between the 'members-as-owners' (regional stakeholders) and the NSO, as distinct from a more 'top-down' control-oriented model. In essence, this study highlighted the central role of one particular group of stakeholders, that is, the legal members of the NSO. In applying Mitchell et al.'s (1997) model, this group might be considered *definitive* stakeholders, that is, they possess *power* and *legitimacy* (as the legal 'owners') and, in this instance, *urgency* in relation to the strategic aspirations of the NSO (see Ferkins & Shilbury, 2010).

Stakeowners

Fassin (2012), also seemingly motivated by a desire to operationalize stakeholder theory, tackled it from a fresh perspective, that is, the reciprocal nature of the stakeholder-organization relationship. In this, Fassin identified the notion of 'stakeowner' whom he considered to be 'real' stakeholders. He noted, stakeowners are the "… genuine stakeholders with a legitimate stake, the loyal partners who strive for mutual benefits. Stakeowners own and deserve a stake in the firm (p. 83)". While this perspective obviously deals with commercial entities where shareholders might be considered stakeowners, Fassin argued that the notion of reciprocity guides a broader view of stakeholder salience.

In keeping with both the restricted and expansive view (Donaldson & Preston, 1995) of stakeholder theory, Fassin (2012) has found a way to distinguish between stakeholders on the basis of reciprocity in stakeholder responsibility. To further explain, Fassin (2009) also introduced the notion of 'stakewatchers' who, in sporting terms, might be groups such as media or player associations/pressure groups. Similarly, the term 'stakekeepers' is used to indicate those groups who play a role in monitoring and regulating the organization but have no stake in it (Fassin, 2009). This approach to differentiating stakeholders by considering the notion of reciprocity may be a valuable framework for the sport governance setting, particularly in guiding board decision-making, and in relation to board composition.

There is no question that stakeholder theory is popular; the set of ideas that makes up stakeholder theory holds logic and, importantly, has proven instructive within the governance domain (Senaux, 2008). Nonetheless, as Stoney and Winstanley (2001) articulated, there exists "… a baffling exchange of stakeholder interpretations and aims that often have little in common and serve to mystify rather than clarify the intellectual terrain …" (p. 604). Or, as Weyer's (1996) often-cited observation goes, it has proved a "slippery creature … used by different people to mean widely different things" (p. 35). While we do not intend within this paper to 'capture' this 'slippery creature', we are cognizant of its many forms and, at this point, seek to establish conceptual clarity for our particular deployment of the theory. Later, following the presentation of our empirical work, we hope to offer further insight and understanding of the slippery creature, by virtue of a fresh and instructive context for its deployment (non-profit sport governance). In this, we both advance thinking relative to stakeholder theory, and thinking relative to sport governance and the dilemma of multiple stakeholders and stakeholder engagement.

Method

The methodological approach to the study was broadly informed by the interpretive research paradigm (Denzin & Lincoln, 2000). Thus, our method for 'generating data' was underpinned by the idea that there are multiple realities, co-constructed by the interpretations of the researchers and research participants. There is a dearth of studies that have utilized the interpretive paradigm to investigate the governance phenomenon in any setting (i.e., non-profit or for-profit, sport). More specifically, this study employed an interpretive action research approach enabling uncharacteristic access to a highly-guarded environment. Such access can be granted because of the promise that action research seeks positive change and solutions to problems identified by both researchers and research participants (Heron & Reason, 2001). This was the situation with the present study. The basic premise of action

research is that change and research are not mutually exclusive where a simultaneous focus on improving practice and developing theory is possible (Heron & Reason, 2001).

The specific action research approach chosen for this study was founded on the work of Heron and Reason (2001), Cardno (2003), and Coghlan and Brannick (2010). In this, there was an emphasis on elements of collaboration, change, iteration, and theoretical integration, creating the opportunity to produce knowledge derived and 'tested' in the practical setting of the boardroom, as well as the chance to improve current boardroom practice. Cardno (2003) referred to such an approach as 'developmental action research' and it is this type of action research that most accurately describes the present study.

As exemplified in the findings and discussion section, this meant the researchers became facilitators of a change process that moved through four phases. Also guided by the work of Ferkins, Shilbury, and McDonald (2009) who engaged developmental action research in sport governance, the four main phases used to guide the design of the study were: Phase One – Issue Identification; Phase Two – Context Analysis; Phase Three – Intervention and Action; Phase Four – Evaluation of Action. Action research typically emphasizes a cyclical, iterative process that allows for refinement or deepening in understanding of the issues presented by the research participants (Heron & Reason, 2001). Such an approach also contributes to the validity of the research process (Cardno, 2003). In the present study, these four phases aligned with the research objectives (see findings).

This process of 'reflexive action' (Heron & Reason, 2001) enabled the researchers to collaborate with the participants in determining central aspects of the research process, such as, jointly agreeing on the main issues and statement of intended intervention. In addition, the researchers, as facilitators, guided the research participants through the multiple iterations of action, allowing for the integration of theory (as offered by the researchers in workshop sessions) throughout the process. There were numerous overlaps between Phases One and

Two (which have been combined in the findings and discussion) as issues and contextual considerations relevant to board and governance capabilities were teased out. Figure 1 sets out the phases, and shows the cyclical nature of the process, and how each phase was linked to the research question. It also indicates the major incidents of data generation (set out below) and shows how Phases One and Two were combined.

Insert Figure 1: Action Research Phases (adapted from Ferkins et al., 2009)

Research Site and Participants

A general call for expressions of interest in the research project was distributed by the researchers via email to 50 state and national sport organization CEOs in Victoria, Australia. From this, the CEOs from three research sites responded enthusiastically and were followed up by the researchers using a purposive sampling approach (Patton, 2002). A willingness and ability to engage in the action research process (Reason & Bradbury, 2001), high experience levels of the phenomenon under study/potential to learn about it (Stake, 2000), and logistical considerations such as proximity and access (Tolich & Davidson, 1999) were the selection criteria the researchers used to ultimately determine the research site. In this way, Squash Vic became the organization reported on in the present paper.

The Executive Director (ED), as the full-time staff member, was the first point of contact through which initial access was negotiated and gained by the researchers. First, the ED responded to the email expression of interest, which was followed up by the researchers with a phone call and face-to-face meeting. One of the researchers was known to the ED as a professional acquaintance; otherwise, no other relationship existed between researchers and participants. At each step of the communication process, the researchers checked that the intended case organization met the selection criteria listed above. The final step for the two parties in agreeing to come together involved a presentation to the board regarding the nature and scope of the project. At this presentation, board members expressed strong interest in

both the intent of the project and the collaborative process. Agreement to engage in the research project was gained from the Squash Vic board and the ED, and formalized by individual and organizational signatures on University ethics approval and consent forms.

As an Australian state sport organization, Squash Vic's formal role is to function as the central authority for all matters concerning the organization and playing of squash in the state of Victoria. Its governing responsibilities cover a total of approximately 4,500 registered players and 110 affiliated clubs/associations/venues within Victoria. At the time of the research, there were three full-time staff members supported by several other part-time casual staff members. Such a setting proved rich in the dynamics of sport governance.

Squash Vic agreed to be named in research publications as an organization, with the anonymity of individuals preserved. The primary participants consisted of between six to eight board members (numbers varied as individual board terms ended) plus the ED. Members of the board and the ED ranged in age (between 35-78 years) and backgrounds. Some were players and coaches, some center managers, with three long-time administrators/committee members. Including the ED, this core participant group was evenly split between females and males. In the presentation of data below, members of this core group are denoted by a numerical system of B1-B8 when attributing direct quotations.

A stakeholder workshop was also undertaken as part of the research process during which 10 additional participants were involved (from whom consent was also gained). These broader stakeholder participants (aged 25 to 78) consisted of association, center and club representatives, as well as players and referees (and denoted by a numerical system of S1-S10 when attributing direct quotations). Thus, throughout the research process 18 people (5 women, 13 men) participated alongside two researchers.

Data Generation, Analysis and Validity

The field work was undertaken over a 26-month period (between August 2010 and October 2012). Four types of 'data generation' methods were employed, namely, participant observation (during board meetings), document analysis, individual interviews, and workshops (during and outside of board meetings). These methods are typical of developmental action research as they allow for both action (e.g., facilitated workshops) and reflection (e.g., observation and interviews) to occur (see Cardno, 2003; Coghlan & Brannick, 2010) and were, therefore, chosen for the present study. The researchers attended most board meetings (monthly) during the two-year period of the research, within which there were 12 workshops and 14 individual interviews. Video or audio recording was also used for later transcription and thematic analysis (Edwards & Skinner, 2009).

The workshops ranged between two to three hours in length and the interviews (conducted face-to-face and by telephone) lasted 30 to 60 minutes. A feature of the data generation and analysis process was its reflexive nature, where the researchers and participants regularly engaged in reflecting on, and analyzing events that took place. Table 1 sets out a summary of the data generation and analysis process in relation to the phases of the action research process, showing when the data generation methods occurred and who was involved in the interviews and workshops.

<center>**Insert Table 1: Data Generation & Analysis Summary**</center>

Primary 'tools' in the analysis process were the reflective journals and memos used by the researchers to 'make sense' of board meetings, workshops and interviews, and identify gaps in understanding so that research participants could be further consulted (which also assisted with validity). More specifically, after each incident of data generation (refer Table 1) one of the researchers would study the transcripts (in the case of individual interviews), notes taken (in the case of meetings and workshops), or background documents (e.g., board

minutes, constitution etc.) to consider both common and discordant perspectives in relation to the research questions and action research phases. In keeping with the technique of thematic analysis, for example, in Phases One and Two, statements relating to barriers and enables of governance capability were highlighted which later assisted the emergence of themes in relation to issues identification and context analysis. In this instance, a summary memo was then prepared by the first researcher which captured key points, any decisions made during data generation, as well as a proposed focus for the next step (e.g., next meeting, workshop etc.). This memo was then discussed with the second researcher (and sometimes amended) before being emailed to the research participants for discussion, amendment, and agreement at the next meeting. Thus, a series of 12 memos were produced during the first three phases. As the fourth phase (Evaluation) involved individual interviews, transcripts and notes were used as the basis for a thematic analysis of materials.

In this way, data generation " … informed data analysis and vice versa, so the two processes became reciprocally integrated" (O'Sullivan, Hocking & Spence, 2014, p. 24) and used by the researchers to capture, track (via regular journal entries, and electronic organization of documents, interview and workshop notes and transcriptions), analyse, and ultimately tell the story as it unfolded. The researchers were also conscious of the need to work with the research participants in the analysis process. This was achieved by including them in drawing the conclusions from the data in meetings (including discussion of relevant theoretical concepts), and validating the researchers' articulation of the issues and solutions with research participants through written accounts, and presentations at subsequent board meetings. Known as 'member checking', this process also contributed to the validity and trustworthiness of the research (Reason & Bradbury, 2001).

Finally, the inclusion of Coghlan and Brannick's (2010) concept of meta learning was also an important component of the action research process which contributed to validity. As

shown in Figure 1 (outside box), the researchers deliberately engaged in cycles of experiencing, reflecting, interpreting, and taking action to encourage a strategic view of the four primary phases. This strategic view encompassed content (what was happening), process (how it was happening), and premise (why it was happening). Coghlan and Brannick (2010) emphasized that it is the dynamic of this learning cycle or, in other words, learning about learning or meta learning, that enables action research to be more than everyday problem solving. We claim, as evidenced in our conclusions section, that the meta learning process was critical to theory development. The section below leads the reader through cycles of action and reflection including the use of specific sub-headings (researcher reflection) to indicate incidents of meta learning.

Findings and Discussion

This section summarizes how the four phases of the action research process unfolded in pursuit of the research intent (question and objectives) specific to Squash Vic (i.e., how can Squash Vic develop its governance capability?). Relevant literature is also integrated to 'draw scholarly meaning' from the insights discovered and changes that occurred within the Squash Vic governing setting.

Phases One and Two: Issue Identification and Context Analysis

Phases One and Two addressed the first two research objectives which were: to identify what meaning board members attach to the concept of governance capability; and to identify factors that constrain and enable governance capability. Therefore, contextual detail about Squash Vic, and board member perceptions of governance capability, is presented below.

Squash Vic is located in Melbourne, Australia, and, at the start of our fieldwork employed three full-time staff members who were supported by several other part-time/casual staff. The current ED had been in the position for two years, while the previous ED had held the position for 21 years. There was a strategic plan in place (2009-2011) and, while the

financial position of the organization had been in deficit in 2008 (A$96,000 loss), the year fieldwork began (2010) the recorded profit was A$3,172. Annual turnover in 2010 was approximately A$500,000, thus, the governing body is considered to be small in size relative to other state sport organizations in Australia.

To begin, face-to-face interviews and phone discussions with the ED, as well as an initial round of phone interviews with most board members, were undertaken in August through October 2010. As well as beginning the process of establishing trust and rapport with participants, this provided initial perceptions about board function and background information about each board member. As noted in Table 1, Phases One and Two also consisted of four 90-minute workshops with the Squash Vic board and the ED which, essentially, sought to establish ideal perceptions of a capable governing board, and perceptions of current performance to determine how the gap between the two might be filled. In addition, Squash Vic documents, such as the constitution, strategic plan, board papers, annual reports and the governing structure document, were also reviewed as part of Phases One and Two of the action research process.

From the data generation steps noted in Table 1, the board identified three components of a capable governing board. First, it aspired to "be a strategic board" (B1-B6, 26 Oct 2010). More specifically, a summary statement was articulated as, "We need to have a clear strategy and understand where the board becomes involved in strategy design; and we need to have board independence" (B1, 26 Oct 2010). Second, in terms of its monitoring function, one member asserted, that the board aspired to be "free of financial conflict of interest" (B2, 26 Oct 2010); and several others agreed that it sought to "control and monitor organization performance" (B3-B6, 26 Oct 2010); and "to regulate the sport in Victoria" (B1-B6, 26 Oct 2010). Lastly, the board aspired to "know and understand our stakeholders and regularly

communicate with them; we think on behalf of our stakeholders and are relevant to them" (B1-B6, 26 Oct; 16 Nov 2010).

These summary statements were first captured on a whiteboard and later in memos which were tabled at the next workshop. Interestingly, this summary data, which captured the essence of what the research participants considered to be a capable governing board, resonated with definitions of board performance and function from the sport governance literature (Hoye & Doherty, 2011; Shilbury et al., 2013). In this way, the researchers considered that the Squash Vic board understood its role as a governing board and the key elements (as set out in empirical literature) that point toward a capable governing board. While scholarly interpretations of board capability (Hoye & Doherty, 2011; Shilbury et al., 2013) were infused within the workshop conversations, this was achieved after several rounds of questioning to allow participant perceptions to be revealed first.

In Workshop Two the researchers (as facilitators) proposed a series of questions that sought to reveal how the board members viewed current performance in relation to their ideal notion of a capable governing board. Summary statements (captured on the whiteboard) included, "We fail in having an independent board focus; and we need a change in structure so people see we have strategic thinkers/independence" (B2, 16 Nov 2010). "We don't have enough input from our stakeholders, our structure impedes; we don't know what our stakeholders want; we are not understood by our stakeholders" (B3, 16 Nov 2010). In reflecting on the current governing structure, board participants were clear in their agreement that, "Our structure is hard to understand, it puts people off getting involved; our structure doesn't reflect our current situation (2011 vs 1988); our governing relevance is questioned" (B5, 16 Nov 2010). Thus, in terms of perceptions of their own current performance, stakeholder engagement and relevance of governance structure (relative to stakeholder needs) emerged as the major governing issues for Squash Vic. Just what was meant by 'stakeholder'

and the types of stakeholders with whom greater engagement and relevance was needed, were yet to be revealed.

As set out in the constitution, the board governing structure involved a maximum of eight members on the 'board of management'. Six members were elected for a two-year term – three by the Technical Council (also known as the players' council) and three by the Venue Council (also known as the venue operators' council). The option existed for two non-voting members to be appointed by the board for a one-year term. The board also elected the President and appointed the ED, with the latter being an active but non-voting participant in board meetings. Prior to the 2011 AGM, the Squash Vic board comprised seven members and one observer. Following the 2011 AGM, the President resigned and one of the appointed members was elected to a voting position. The observer role was discontinued. Thus, the board comprised six elected members.

There were eight country and four metropolitan regions affiliated to the Technical Council. The Venue Council was made up of the eight country regions and three metropolitan regions. Underneath this structure sat the squash clubs to which individual members belonged. Also complicating this already complex structure was a mix of both commercial entities and non-profit clubs and associations. The commercial entities were largely metropolitan centers where commercial facility managers, running a 'squash business', offered 'pay-for-play' opportunities. In some instances, non-profit clubs also operated out of the commercial squash facility. The Venue Council acted as the representative body for the commercial facilities. Thus, some individuals who sat on the Squash Vic board had a financial/commercial business interest in the sport of squash in Victoria.

It was this convoluted governing structure that was raised as the most pressing concern. Designed in 1988 to facilitate a democratic approach to decision-making for the Victorian Squash Federation, the structure was reliant on well-functioning Technical and Venue

Councils which were, in turn, reliant on engagement by the regional associations and clubs/centres. Since the structure had been designed 23 years ago, significant micro and macro changes (see below) in Australian society had taken place that had impacted on sport governance structures (Shilbury & Kellett, 2011). Senaux (2008) made this point, too, in his observations of the suitability of current sport governance mechanisms. He noted that a strong inertia exists within sport organizations to adapt their governance mechanisms to the changing environment. Ferkins, Shilbury, and McDonald (2005) also set out a number of environmental challenges they considered to have affected the governance of sport organizations, which they categorized into the macro (media scrutiny, public profile, stakeholder demands, legal requirements, national/regional structures) and micro (funding sources, membership numbers, program attractiveness, volunteer appeal, paid staffing support) influences of professionalization and bureaucratization. As identified by Squash Vic, such changes meant that a governing structure reliant on volunteer contribution and thriving club activity now appeared to be outdated.

At the conclusion of Phases One and Two, a document was produced (largely derived from the memos) by the researchers which captured outcomes from the interviews, workshops and document analysis. In essence, it summarized perceptions of the current situation, identified the major issues, and considered a proposal for change. In it, the intended intervention was articulated as: "*change to the governing structure to enable greater stakeholder engagement so that the board can better perform its governing role*". This statement and the more detailed proposal for change document was founded on an understanding (drawn out in Workshop Three – see Table 1) that structural change is a means to an end. In other words, the very process of change to the governing structure would necessitate stakeholder involvement and, ultimately, member approval from which a sustained level of engagement might be created. Ferkins and Shilbury (2010) also found this

to be the case in the change process they reported on with a New Zealand NSO. In their study, where change to the governance structure was enacted, they noted that it was the collaborative *process* of this change (resulting in constitutional reform) that served to create the desired shift in relationships between the sport's governing body and its 'stakeowners' (i.e., its member entities).

In reflecting on Phases One and Two, the researchers considered that the board members, first, had a sense of what a capable governing board was (which accorded with scholarly notions) and, second, were able to clearly articulate the most pressing issues holding back their development. Just how a program of change might be developed and what specific form structural change would take, was yet to be revealed. Teasing these changes out became the aim of the collaborative intervention and action phase that took place next.

Phase Three: Intervention and Action

Phase Three addressed the third research objective which was, to identify what actions can be taken to develop capability. The intervention and action phase occurred over a 15-month period within which three iterations were evident (see Table 1). The first iteration (lasting five months) centered on the need, identified by the board and the ED, to involve the broader Squash Vic community (i.e., the broad spectrum of stakeholders – latent, expectant, definitive). Thus, a half-day stakeholder workshop (to be facilitated by the researchers) was scheduled during which the board's activity and thinking to date in relation to governance issues and solutions would be outlined. The primary intention of the workshop, however, was to canvass stakeholder feedback and ideas in relation to the governance arrangements of Squash Vic.

While the invitation to contribute to the change process was open to any interested individual or group and promoted widely (via website, Facebook, newsletter, poster, emails to members etc.), in the end, fifteen people were in attendance (plus the two researchers), of

which five were from the core research group (i.e., board and ED). From the point of view of the researchers, the discussions were rich in the issues of governance, and there appeared an alignment in perspectives between board thinking to date and views of non-board participants. Summary statements were captured as follows: "There is a lack of stakeholder input; there are not many ways for meaningful input; we need better lines of communication; we need to be able to access players better; there's no momentum in the system; it's very fragmented and piecemeal; Squash Vic is living in the 80s; the two councils (Technical & Venue) block the flow of communication; the structure of the board/the governance structure is confusing; why do we have a board of directors?" (B1-B5; S1-S10, 5 July 2011).

In teasing out the views presented above, the issue of governance relevance and lack of clarity regarding *who* Squash Vic was governing *on behalf of* emerged again. "We don't know who our members are or should be; there is a lack of understanding of how it [the governance structure] all hangs together"(S8, 5 July 2011). One comment, in particular, captured the group's sentiment: "We have a complex and complicated governing structure which makes it difficult to 'hear'; people get lost in the system - there are too many roundabouts - left and right turns" (B3, 5 July 2011). From this identification of the issues, the facilitators (i.e., the researchers) turned the group's attention to what might be perceived an ideal state, framed as: What are we aspiring to? Again, summary statements were captured on the whiteboard which boiled down to the desire for: "An integrated system of governance; a streamlined governing structure; vision and leadership from Squash Vic; and recognition of the club structure …" (B1-B5; S1-S10, 5 July 2011).

As part of the action steps identified by the board prior to this stakeholder workshop, an investigation of alternative squash governance structures was undertaken (see Table 1) and fed into the workshop discussion. In this, Squash Australia and state constitutions (n=9) as well as constitutions from squash associations outside of Australia were reviewed. These

included, US Squash, Squash Canada and several provinces, Squash New Zealand and several regions, England Squash and Racquetball and several regions, Hong Kong Squash, Pakistan Squash Federation, and World Squash (n=18). While many variations were found within this review of constitutions and governance structures, in essence, the investigation offered options with respect to who the legal 'members' are (i.e., individual players, clubs, or regions/nations in the case of World Squash) and, thus, how the board is comprised (i.e., representative board, skills/independent board, or a mix).

In response to a facilitation task set during the workshop by the researchers (with participants working in pairs), options for change to the governance structure of Squash Vic were sought. Interestingly, despite the researchers probing the issue of legal members (and offering global examples), the focus from participants fell solely onto board composition. More specifically, three options were derived with similar levels of support for each. These were: a representative board (fully-elected board positions from the membership, either at large or representative of specific constituent entities); a hybrid board (some elected board positions and some appointed); and an independent board (a fully-appointed, skills-based board, appointed to act on behalf of the members by an appointment panel). The half-day workshop ended with an intention by those board members present, the ED and the researchers, to integrate this feedback into ongoing board deliberations about the options for change to the governing structure and, importantly, why change needed to occur.

Researcher Reflection & Analysis Thus Far. In reflecting on the action research process thus far, the researchers noted the tensions between a strong representative mindset by some board members and an acknowledged need to consider a state-wide view of squash in Victoria. For example, within the stakeholder workshop, the four board members present were, as per the current structure, representing their constituents, thus creating an interesting situation of reflecting on their own thinking wearing a different hat. The tensions present

within representative board structures are not new concerns for non-profit sport associations and have been readily identified by sport governance researchers to date (Hoye & Cuskelly, 2007; Taylor & O'Sullivan, 2009; Yeh & Taylor, 2008). However, options for change that protect the voice of the legal 'members-as-owners' and acknowledge the sensibility of a democratic process have not been readily explored within sport governance literature.

This tension also played into the more pressing and perhaps less understood issue (as a scholarly concern) of governing relevance. The researchers were struck by the repeated concerns expressed regarding *who* Squash Vic was governing on behalf of. Curiously, within the workshop situation, despite the researchers probing the question of legal 'ownership/membership' of Squash Vic, the participants defaulted to a discussion of board composition (questioning, for example, how players and coaches might have a voice on the board). The researchers' sense was that there was not a clear perception of the legal mechanism of governance and, thus, confusion as to who has the 'right to govern'. While there are a small number of empirical studies that highlighted the issue of 'ownership/membership' of non-profit sport organizations (see Ferkins & Shilbury, 2010; Shilbury & Kellett, 2006), there is a wealth of scholarly discussion about stakeholder confusion in the context of governance (corporate and non-profit), as presented earlier (Fassin, 2012; Kaler, 2002). This issue, seeded in the first iteration of action, became an increasingly prominent concern as the action research process unfolded.

Second Iteration of Intervention and Action. The second iteration of Phase Three (Intervention and Action) occurred over a period of five months (August–December 2011) and involved two more workshops with the primary board group (see Table 1). To begin, Workshop Six (of nine conducted over the total research period) allocated time to work through the sentiments gleaned from the stakeholder workshop and, using that feedback, to draw out from the board group its recommended course of action. The issue of who SV *is*

governing on behalf of and who SV *should* be governing on behalf of was discussed at length. All agreed that the current structure of associations as legal members needed to change. Several associations no longer existed and the additional 'tier' of governance was seen as a barrier to engagement. As part of this facilitated discussion, the researchers fed in existing understanding from the scholarly literature about the mechanism of governance (e.g., Hoye & Cuskelly, 2007; Taylor & O'Sullivan, 2009) and also described Carver's (2002) insight about membership associations. As noted earlier, Carver considers that the board works for the members as owners, but governs the association in a way that is intended to benefit the members as consumers. That critical distinction is often misunderstood by boards, with Squash Vic (as perceived by the researchers) being no exception.

With this in mind, options for change to the governance structure were canvassed and the board group discussed advantages and disadvantages of club/centre and individual legal membership. Club/centre membership was generally agreed to as a preferred option. "If we do this we will have just one layer of communication and a broader reach"(B8, 22 Aug 2011). "Another plus is more diversity and more members and a more direct voice. There will be a less filtered message and it will be less likely for the message to be lost" (B6, 22 Aug 2011). Following a discussion about concerns that not all clubs had the correct legal identity, another advantage was articulated as: "It will ensure/encourage creation of more appropriate legal identities for clubs/centres" (B4, 22 Aug 2011). A collection of the disadvantages was largely framed as questions, such as: "Is governing on behalf of 100 clubs too many? Will the demands/expectations from an increased number of members-as-owners be too great? Will we lose volunteer contributions from Associations? How would the clubs perceive the benefits of this change (what's in it for them)? What do we do with the Centres? And, how do we get representation from/include coaches and referees?" (B3-B8, 22 Aug 2011).

Despite these concerns, there was a general consensus that the advantages of moving to a more direct club/center membership structure outweighed the disadvantages. In acknowledging Carver's (2002) thinking about governing boards as an organ of 'ownership' rather than an organ of 'customership', it was also noted that a change to the club/membership structure was, in the first instance, for the purposes of governance (rather than an administrative solution). The need to consider where the referees and coaches might fit in a new governance membership structure was also emphasized.

Workshop Seven (of nine – see Table 1) moved on to board composition, and the discussion considered input from the stakeholder workshop previously explained. Thus, based on feedback to date, the options for change to board composition included, a representative board, a hybrid board, and an independent board (as outlined earlier). Interestingly, the board quickly agreed on the hybrid board option. The details of a hybrid board were then teased out, specifically relating to *what* this might mean for Squash Vic (i.e., nine members including a mix of representative and independent members), *why* a hybrid board is recommended (so that groups of significant financial stakeholders and those who make up the sport are included; and so that expertise can be sought and independent, strategic thinking encouraged), and *how* a hybrid board might be implemented for Squash Vic (i.e., tenure, transition arrangements, nature of constitutional changes etc.).

The agreed next step was to capture this thinking in the preparation of a document for wider stakeholder distribution and consultation, with the researchers agreeing to prepare such a document. The full document was set out in a visually appealing, and easy-to-read PowerPoint format (of 20 pages), and entitled: "What do you think?: Squash Vic governance project", which was accompanied by a shorter, executive summary document. It covered the background to the research project, the process to date, the issues and problems identified with the current governance arrangements, and details about the recommended options for

change and the related rationale. At the end of the document, two questions were posed: "What do you think about the issues/problems identified? What do you think about the options for change?" Feedback was invited via a range of mediums (i.e., email, Facebook, Twitter, website, and face-to-face meetings, phone conversations with the ED etc.). A two-month timeframe was given for responses.

Third Iteration of Intervention and Action. During the period January to May 2012, a further five workshops were conducted with the board group, alongside a document analysis of the responses received from squash stakeholders, constituting the third and final iteration of intervention and action. To begin, the second round of consultation (via the document, 'What do you think?') yielded a relatively consistent message. Twelve formal/written responses were received and summarised (Squash Vic, 2012), some individual and some on behalf of clubs, as one response indicated: "… the documentation circulated by you arising out of your recent Governance Review was discussed at the XYZ Club Committee meeting on Sunday 20 November. While the conversation was wide-ranging and not particularly structured, a number of key themes emerged". Such themes, which also summarized other responses, included the clear need for structural change to both the membership categories and board composition of Squash Vic. "It is certainly time to overhaul the governance and structure of the organisation and make it more relevant to the future environment". "I agree that with modern technology a broad representative [membership] base is realistic and should not be a structural barrier". "I am less worried about 'how to manage the interactions with 100+ clubs'. Frankly, that will be a nice problem to have … and modern technology enables communications to occur relatively quickly and easily".

There were also several positive comments about the need for a change process. "I'm so glad that someone has finally taken a positive interest in the future of Squash". Another noted, "The approach taken is very worthy and forward-thinking. Thank you for providing

the array of material and profile details". Two further insights were gleaned by the researchers that again raised, first, the issue of vested interests borne out of the representative system. A feedback statement about Squash Vic from one club noted that:

> … board composition does not encourage any kind of innovation or creativity in the resolution of issues or delivery of solutions… There were lots of vested interests that were exercising a degree of control that was not commensurate to their overall role in the sport and which are being used to stop the sport moving forward.

Other statements about this issue, and in agreement with the hybrid board option included, "I am in favour of a hybrid Board"; and, "I particularly like the approach to engaging and encouraging independents". The second issue, noted again by the researchers, was the potential confusion in understanding of governance as a mechanism for 'members-as-owners' versus 'members-as-customers' (Carver, 2002), encapsulated by the following:

> I feel that Squash Vic needs to recognise and have affiliation categories available for all levels of squash organisations; from small clubs with only a handful of players, through the clubs that organise their own competitions separately from the people that own/manage the courts, through to the centres where there are court owners/managers.

In the view of the researchers, although there was general agreement from respondents about the need for change to the 'membership category' of Squash Vic, there was no strong indication that the 'ownership' nuance was understood, with the exception of one respondent who clearly articulated this. "I would have leaned more towards individual players being members of Squash Vic, with the capacity to give their vote to a club/centre to exercise. I think there should be an opportunity for more direct ownership/involvement of players".

This feedback was integrated into the next five workshop meetings with the core board group, during which the fine detail of structural change was debated and determined. A hybrid board was decided upon by the board, comprising nine members (3 from the clubs; 3

from the centres; 3 independent). It was also decided that the legal members of Squash Vic were to change from the complex structure of representative councils (explained earlier) to a more direct and simple structure of club and centre membership. These decisions (which were teased out in the board workshops in terms of rationale and detail) were then reflected in proposed constitutional changes, drafted by Squash Vic's lawyers.

From the researchers' point of view, what happened next was where the true richness of the action research process revealed itself. After almost two years' worth of facilitated discussion, thinking, checking, re-iterating, talking with stakeholders, and presenting decisions in writing to the board, it came time for the members (by default board members representing various regions plus other member representatives using a weighted voting system favouring the large regions) to vote on the recommended changes to the governance structure of Squash Vic. At an Extraordinary General Meeting (EGM), on 15 June 2012, the board itself appeared to be divided, and the vote was lost. The statement of explanation offered in the letter to members from the ED noted, "The vote was lost due to a desire for clarification and an adjustment to the voting procedure". That 'adjustment' related to disquiet by some board members in relation to two issues. The first was the proposed change from a weighted voting system which vested power in regional associations with higher playing registrations to a one vote one club/venue approach (to vote on board elections); and the second was the proposal to limit the tenure of board members to three terms of two years. Although both those issues were debated at length and despite agreement by all board members to support the proposed changes, ultimately, unanimous support was not forthcoming. This disquiet emerged primarily from the individuals (who, it was surmised, would lose their power base) representing the larger and more powerful associations who actively lobbied against these two changes.

The ED went on to acknowledge that, "those adjustments have now been made but it will necessitate a second EGM and vote" (25 June, 2012). A second EGM took place on 27 July 2012 where the changes were, this time, unanimously approved. What prompted the first vote to be lost? What else was influencing the outcome and what meaning can we draw from this in terms of better understanding the sport governance stakeholder dilemma?

Another Good Juncture for Researcher Reflection and Analysis. In seeking to make sense of this situation, the researchers reflected on issues that had emerged in each of the workshops throughout the action research process. Using our reflective journals and memos, and with the benefit of hindsight, we considered that 'bubbling beneath the surface' was the challenge of vested interests. The following statements from board members early on in the process (cited above) now held greater resonance, "… we need to have board independence" (B1, 26 Oct 2010) , and another stated that they felt the need to be "free of financial conflict of interest" (B2, 26 Oct 2010). In addition, a statement from a stakeholder group referring to the Squash Vic board before the change process also resonated, "There … were lots of vested interests that were exercising a degree of control that was not commensurate to their overall role in the sport and which are being used to stop the sport moving forward" (Squash Vic, 2012). It appeared that the challenge of a representative system of governance (noted earlier) was further muddied by vested financial and personal interests made possible by the commercial involvement of some squash centre owners.

It also appeared that, in the end, the more powerful pressure of stakeholder accountability or, in other words, the stakeholders beyond the board members attending the EGMs questioning why the first vote was lost, prevailed. This assumption is supported by the evidence borne out in the evaluation interviews detailed below.

Phase Four: Evaluation of Intervention and Action

The fourth research objective was to consider the implications of the action for governance theory and practice and aligned with Phase Four (evaluation of intervention and action) of the action research process. The primary focus of the evaluation phase was to identify 'change and learning' (Heron & Reason, 2001). Through individual interviews, participants were encouraged to reflect on the two-year process and to consider tangible and intangible changes as well as board level and individual learning (see Figure 1 and Table 1). The standout theme to emerge (using the interviewees' terminology) was a focus on stakeholder engagement and governance accountability, as is exemplified by the following comments. "There definitely has to be greater engagement now with stakeholders, because now we have a much more direct and accountable line to them" (B4, Aug-Sep 2012). Another participant stated, "Definitely, there has been a major change in the accountability stakes" (B6, Aug-Sep 2012). And a different board member asserted, "I've learnt more about what our aim is to the members – why we are here – what our role really is for our members" (B3, Aug-Sep 2012).

These comments speak to the challenge first faced by the board members in coming to grips with their governing role in acting on behalf of the members. "The structure was never going to allow the type of governance we wanted" (B5, Aug-Sep 2012), noted another interviewee. "Some board members thought they knew what their members wanted but they didn't know" (B3, Aug-Sep 2012). Another offered, "We learnt how disconnected we were as a board" (B8, Aug-Sep 2012). In response to a line of questioning about the initial issue identification phase, all confirmed that, "Yes, I think we identified the right things at the beginning". "There was definitely a real disconnect between the board and the community" (B3-B8, Aug-Sep 2012). Thus, in hindsight, the issue and actions identified from the outset that a change to the governing structure was needed *"to enable greater stakeholder engagement so that the board can better perform its governing role",* held their relevance.

Further comments made by interviewees emphasized that the previous governance structure was, indeed, a barrier to capability. "What we've done is taken out a layer of governance. Squash Vic is now directly communicating with clubs and players" (B4, Aug-Sep 2012), noted one board member. Another explained, "What we've done is simplify the governance structure. In this, hopefully, the board will now take over the ownership mantle of Squash Vic and look now at the future of the organization" (B7, Aug-Sep 2012). In relation to changes to board composition, one board member offered, "The change in board composition will bring new members and will give us new scope/new thinking and more diversity …" (B7, Aug-Sep 2012). Another explained, "The composition of the board is newer and fresher and a good mixture of representation of stakeholders and independents. I'm excited by it" (B8, Aug-Sep 2012).

The challenge of the first failed attempt to make changes at the EGM on 15 June 2012 also yielded much learning. "My standout learning was how important a cohesive and co-operative board is. We are not always going to agree but once a decision is made, it needs to be supported by all board members. And we also need to support the office" (B3, Aug-Sep 2012). Another noted, "After the first EGM, the board realized they were accountable. Members were there and were vocal – there was an expectation that we have to follow through" (B8, Aug-Sep 2012). A further interviewee offered, "I got the feeling of arrogance – that they couldn't be told" (B5, Aug-Sep 2012). Despite this, the changes both tangible (i.e., governance structure, board composition) and intangible (learning about board accountability to membership) were remarked upon with much enthusiasm by board members: "The sport was going nowhere. We are now on the threshold of a new era. It's exciting" (B3, Aug-Sep 2012). Another offered, "I've actually really enjoyed the process. It's been a big learning experience. It showed me what the board is supposed to do but how hard it is to do these things" (B7, Aug-Sep 2012). Another concluded, "A minimum benchmark has been set now

for stakeholder/member engagement – which has been a significant change from previously"
(B8, Aug-Sep 2012).

Conclusions: Contributing to Theoretical and Practical Understanding

In our summary analysis we explain how we considered the case in totality at the conclusion
of our field work, relative to our research intent, and how we drew out the implications of this
for the purposes of theory development and practical insight (as per the notion of meta
learning set out in Figure 1). We acknowledge that the interpretive lens now moves from a
collaborative one (where participant voices worked in tandem with researchers') to the
researchers' voice exclusively (Coghlan & Brannick, 2010; Heron & Reason, 2001).

Through a two-year action research process with Squash Vic, a state sport organization
in Victoria, Australia, the two researchers collaborated with a core group of six to eight board
members and the ED, to enact a practical change process also designed to yield new insight
into governance phenomena. Through this deep-level immersion, and, in drawing on sport
governance literature and stakeholder theory, we derived the following outcomes to the
question: How can non-profit sport organizations develop their governing capability?

Outcome 1: Stakeholder Salience/Primacy

The first major outcome that we believe adds new insight to current knowledge about non-
profit governance is the notion of stakeholder salience. As set out in the discussion of
literature, stakeholder theory as applied to governance, posits the view that boards take into
consideration individuals or groups beyond the legal 'owners' (i.e., shareholders in for-profit
or members in non-profit entities). "Stakeholders are entitled to some rights and interests
because they are central to the existence of any business" (de Beer & Rensberg, 2011, p.
212). While we are not disputing this notion (unlike Sternberg's, 1997, criticism), we do
consider that in adopting a more expansive view of a governing board's responsibility to its
stakeholders, non-profit sport organizations have also lost their focus on those stakeholders

who, in Mitchell et al.'s (1997) words, 'really count'. In supporting the underlying principles

of stakeholder theory (relative to the governing function) - as do Mitchell et al. - we would

emphasize that those individuals and groups beyond the legal members also count.

Nonetheless, we have come to see that the initial scholarly work in advancing stakeholder

theory in the governance domain (Stoney & Winstanley, 2001) has potentially been counter-

productive when embraced in the absence of efforts to identify, order and establish

stakeholder salience or primacy.

Thus, the work of those scholars who have taken up the challenge to operationalize

stakeholder theory, particularly with reference to 'stakeholder salience', as noted earlier (e.g.,

Clarkson, 1995; Fassin, 2012; Hill & Jones, 1992; Mitchell et al., 1997; Senaux, 2008), need

a stronger voice within the non-profit sport context. Mitchell et al. (1997) put forward the

notion of the *definitive* stakeholder being those who have the three attributes of power,

legitimacy and urgency. Clarkson (1995) offered *primary* stakeholders whose on-going

involvement in the organization is critical for its survival, and *secondary* stakeholders who

influence or are affected by the organization but are not essential for its survival. Fassin

(2012) introduced the notion of 'stakeowners', and Carver (2002), essentially, explained why

this untangling is necessary in pointing out that governing boards are "… an organ of

ownership, not an organ of customership" (p. 106).

When we asked board members and stakeholders of Squash Vic how their

organization's governing capability might be enhanced, the overwhelming response focused

on the need to engender greater stakeholder engagement. Underneath this concern sat

confusion as to who Squash Vic was governing on behalf of, and criticism of the current

governance structure widely considered to be "… a complex and complicated governing

structure which makes it difficult to 'hear'" (B3, 5 July 2011). The solution which was

enacted over 13 months and involved change to the legal 'owners'/members, and change to

the board composition, revealed major confusion about the purpose of the governing board relative to its stakeholders. The dismantling of a convoluted governance structure, originally designed to enable representation at multiple levels within the sport in Victoria, de-cluttered and clarified *who* Squash Vic governs. The answer thus became clear–Squash Vic's governance responsibility is foremost on behalf of its 100+ clubs/centers. These are the definitive or primary stakeholders or, indeed, the 'stakeowners'.

In practical terms, simplification of the governance structure both in terms of legal membership and board composition, emerged as the answer for Squash Vic to the question, *how can non-profit sport organizations develop their governing capability?* The lessons drawn from the Squash Vic experience revealed the need to embed the notion of stakeholder salience, perhaps by introducing the concept of 'stakeowners' into the 'parlance' or 'discourse' of the non-profit sport governance setting. Fassin (2008, 2012) also argued that with the title of 'stakeowner' comes the responsibility to recognize the interests of other stakeholders while remaining loyal to the organization. This observation embodies the complexity and tension implicit in the governing role; we also saw this play out in the present study, which leads us to our second outcome.

Outcome 2: Stakeowner Reciprocity/Responsibility

Bubbling beneath the surface throughout the change process was the challenge of vested interests, potentially culminating in, or, at least fully revealing itself in the failed vote during the first EGM. We do not know with certainty, what the motivation of some board members was in voting against the proposed changes to the governance structure of Squash Vic. Perhaps they felt a genuine obligation to their constituency and felt the changes would be detrimental, or, perhaps as suggested by other stakeholders (cited earlier), there, "… were lots of vested interests that … was not commensurate to their overall role in the sport and … [were] being used to stop the sport moving forward" ('What do you think' Response

Summary, January, 2012). Either way, the tension of both representing a constituency and remaining 'loyal' to the organization, and discharging the director's legal obligations to act in good faith for a proper purpose, is not an uncommon issue in governance and is particularly prevalent in sport governance (Shilbury et al., 2013).

As the representative structures of non-profit sport governance are being incrementally dismantled (Ferkins & Shilbury, 2010; Taylor & O'Sullivan, 2009), our study highlights why this might be necessary, as captured by the following comment made by a board member during the evaluation interviews: "The structure was never going to allow the type of governance we wanted" (B5, Aug-Sep 2012). In other words, our findings promote the importance of governance structures which enable stakeholder interests to be taken into consideration, and ensure that primary stakeholders (i.e., 'stakeowners') are front and centre where the overarching interests of the organization are paramount. This is, indeed, a tall order and shows why the application of stakeholder theory in sport governance may be considered the *most* 'slippery of creatures'.

Our second outcome thus builds on the idea of embedding stakeholder salience by establishing the terminology of 'stakeowner' to define the legal members within non-profit sport organizations. In this, we argue that it is not just a case of calling legal members 'stakeowners', but that the responsibility that comes with the status of the 'stakeowner' title is also embraced. For this we draw on Fassin's (2012) explanation of 'stakeowner', where reciprocity is expressed in terms of loyalty, fairness, responsibility, and ethical treatment– ideas we found instructive for Squash Vic. Looking forward, for the context with which we are concerned, we posit that Fassin's stakeowner concept could prove an influential approach as we seek to reconcile the stakeholder dilemma in sport governance.

In summary, we argue that the developing conversation in the scholarly literature about stakeholder theory contributes in two ways to the stakeholder dilemma in sport governance

found within the present study: stakeholder salience (Mitchell et al., 1997); and stakeowner reciprocity and responsibility (Fassin, 2012). It is also our immersion within the action research process that allowed us to introduce Fassin's (2008, 2012) notion of stakeowner reciprocity to the environment of non-profit sport organization governance. In this we show how these ideas help explain the dynamics of stakeholder-governance relationships in a context quite different from where they were formulated. Fassin's ideas are in their infancy, and future research needs to tease out the importance of reciprocity and responsibility relative to the notion of 'stakeowner', and, as it might apply to the non-profit sport organization setting and enhance governance capability.

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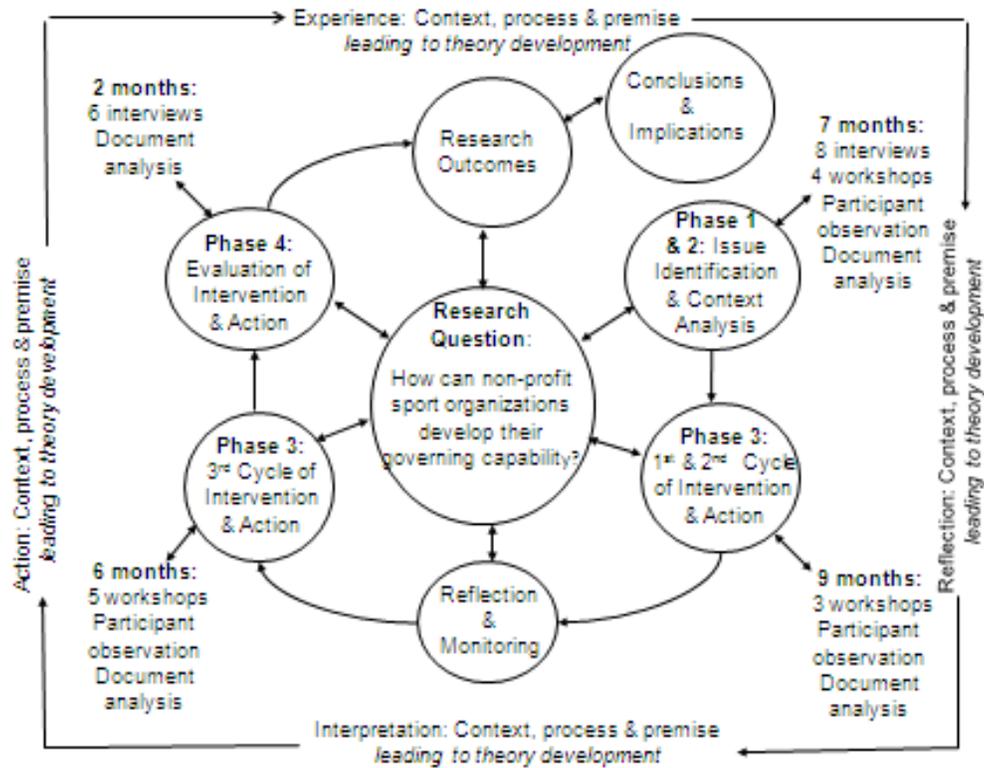
Figure 1: Action Research Phases (adapted from Ferkins et al., 2009)

Phases 1 & 2 (Research Objectives 1 & 2): Issue Identification & Context Analysis August 2010 – March 2011 (7 months)	Phase 3: Intervention & Action (Research Objective 3): April 2011 – July 2012 (15 months)
• Eight individual interviews with board/ED (Aug–Oct 2010) - for background/current perceptions of board function. • 1st workshop with board/ED (26 Oct, 2010) – to gather perceptions of strengths and weaknesses. • 2nd workshop (16 Nov 2010) – to establish ideal perceptions of capable governing board and current performance to determine how a gap might be filled. • 3rd workshop (14 Feb 2011) – to pursue board's strategic role (previously emerged as an issue) and what aspects might inhibit/enhance this. Statement of issue and proposed action derived. • 4th workshop (25 Mar 2011) – to formally agree/approve statement of issue and proposal for action. • Participant observation undertaken during board meetings and Squash Vic documents reviewed throughout period (i.e., constitution, strategic plan, board papers, annual reports, governing structure document).	• **1st iteration** (April–Aug 2011) - to undertake 5th workshop with board/ED plus member/ stakeholders to canvass proposal for changes. To investigate alternative squash governance structures among Australian states and other countries. • **2nd iteration** (Aug-Dec 2011) – 6th and 7th workshops with board/ED to work through recommended changes. Governance improvement document prepared for stakeholders. • **3rd iteration** (Jan-May 2012) – 8th, and 9th workshops to consider stakeholder feedback and board composition and voting arrangements. • 10th, 11th and 12th workshops to consider membership structure and work through/confirm proposed amendments to constitution. • Participant observation undertaken during board meetings and Squash Vic documents continued to be reviewed throughout period (i.e., constitution, board papers, annual reports, agenda and minutes from two Extra-Ordinary General Meetings held June-July 2012).

Phase 4: Evaluation of Action (Research Objective 4): August – September 2012 (2 months)
• Six individual interviews (30-60minutes) via phone/skype to identify 'change and learning' (Heron & Reason, 2001). Participants encouraged to reflect on the two-year process and to consider tangible and intangible changes as well as board level and individual learning. • Squash Vic documents reviewed (i.e., constitution, board papers, agenda and minutes from AGM held Sep 2012).

Table 1: Data Generation and Analysis Summary

Experience: Context, process & premise
leading to theory development

2 months:
6 interviews
Document
analysis

Conclusions
&
Implications

Research
Outcomes

7 months:
8 interviews
4 workshops
Participant
observation
Document
analysis

Phase 4:
Evaluation of
Intervention
& Action

**Phase 1
& 2:** Issue
Identification
& Context
Analysis

**Research
Question**:

How can non-profit
sport organizations
develop their
governing capability?

Phase 3:
3rd Cycle of
Intervention
& Action

Phase 3:
1st & 2nd Cycle
of Intervention
& Action

Action: Context, process & premise
leading to theory development

Reflection: Context, process & premise
leading to theory development

6 months:
5 workshops
Participant
observation
Document
analysis

Reflection
&
Monitoring

9 months:
3 workshops
Participant
observation
Document
analysis

Interpretation: Context, process & premise
leading to theory development