

Sound governance, an ideal ground for sports sponsorship



By [Thabani Khumalo](#)

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The South African government has made it clear that it expects public entities to be run in line with strict corporate governance principles. Since Fikile Mbalula took over as Minister of Sports, he has been emphasising the need for sports organisations to familiarise themselves with the cornerstone of sound corporate governance.

However, sports administrations think that corporate governance is both a burden and an intrusion into their traditional prerogative, power, purse and privilege. They claim that good governance undermines and diminishes their authority while increasing that of employees, sponsors, spectators and outsiders who want to influence the playing fields. Why is sound governance good for sports?

Need for public scrutiny and audit

Sports are being followed by millions of emotive and passionate followers and investors. Consequently, all processes - be they administrative, governance-related or the awarding of tenders - need to be open to public scrutiny and audit. While corporate sports governance's emphasis is largely on sound financial management, accountability, transparency, fairness and responsibility, marketing has become another core tenet of sound governance. From a sports-marketing perspective, which is the backbone of any sports, sound governance delivers positive image and reputation, mutual communication, quality products and services, competitiveness, and creates a fertile ground for sports sponsorship investors.

Sound business principles necessary

Sound governance is indispensable and sports need to operate within sound business principles that prioritise better management, responsibility, improved communication, transparency, accountability, fairness, discipline, competitiveness and sporting excellence. The credibility of sports organisations is compromised when matters of bad governance, maladministration, scandals, corruption, infighting, back-stabbing, incompetence, foul play, greed and poor performance are reported. Lessons from enlightened administrators are clear and simple: to succeed sports need to run their sports business with ethics and integrity. Unfortunately, sports operate in a separate moral universe, untouched by the standards and norms of conventional commerce principles. Policies, rules, regulations and practices that underpin acceptable business operations simply do not apply. Perceptions of unsound governance within South African sports are turning away potential sponsors, hence sporting codes, from the highest to development levels, lack resources.

Manage as brands

Sports administrators need to manage their organisations as brands. Brands are about relationships and promises - and brands are promises kept. Sports need to manage athletes as assets; corporate businesses, government and media as strategic partners; fans as sports consumers; and non-sports followers as untapped markets to run their affairs successfully. The bottom line is that consumers love brands that always value them as brand consumers, and make and deliver promises. Sports brands, like any other providers of commercial services, have to ensure that what they offer is attractive to the consumer on the consumer's own terms and needs. And this requires effective communications, an important principle of good governance. Communication can be vital in connecting sports organisation with stakeholders by disseminating information, enabling athlete's participation in development, holding leaders to account, exposing corruption and maladministration, delivering quality and strong service excellence culture, and producing a dedicated workforce.

The challenge, therefore, facing sports institutions is to establish and maintain sound corporate governance. Within directives of the Acts of Parliament, PFMA, Treasury Regulations, Mbalula's commitment to a strong corporate governance culture; and King reports on corporate governance giving guidance, I am confident that sports administrators can position sports organisations and clubs as epitome of sound governance. Good governance, like sports is about fair play. So, let us play fair with sports administration.

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