



**Deutsche  
Sporthochschule Köln**  
German Sport University Cologne

**Institut für Sportökonomie  
und Sportmanagement**  
Institute of Sport Economics  
and Sport Management



# GERMAN SPORT UNIVERSITY COLOGNE

- **Germany's only specific subject area university for sport science, founded 1947**
- **20 scientific institutes, appr. 700 staff members**
- **Appr. 5,000 students, 408 international students**
- **4 undergraduates, 8 postgraduates & PhD-programs**
- **First class sporting infrastructure**





## AFFILIATED ORGANISATIONS & INSTITUTES

- **European College of Sport Science (ECSS)**
- **European Network of Sport Science, Education and Employment (ENSSEE)**
- **Manfred Donike Institute for Doping Analysis**
- **Research Institute for Sport for the Handicapped (FIBS)**
- **Trainer Academy of the German Olympic Sport Association (TA)**
- **Coaches' Academy of the German Soccer Federation**





# *Incentives for good governance in sports – pitfall or holy grail?*

**2012 EHF Top Club  
Management Seminar  
Cologne, 24 May 2012**

**Dr Stefan Walzel**





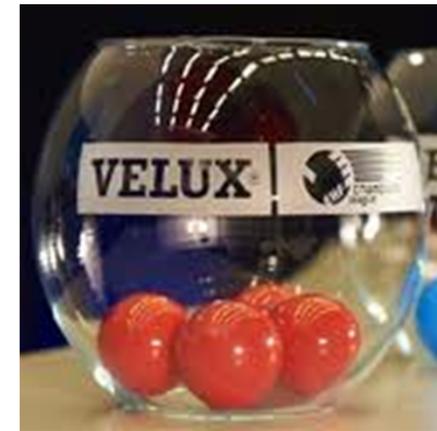
# OUTCOME OF THE NEXT 70 MINUTES

- 1. Learning the aspects of good governance in sport**
- 2. Discussing the assumptions of rational behaviour of human beings in sport**
- 3. Being aware of the pros and cons of incentives for good (sport) governance**



***Which aspects determine the  
business relationships in handball?***

***Which of them is the most crucial one?***





## TRUST - SIGNIFICANCE & VALUE

- **Kognitive trust:** *based on the gained knowledge about a person and the belief in a predictable behavior of her/him and in her/his reliability*
- **Affective trust:** *relies on emotions and expresses the feeling of care and interest in the business of the partner – closely related with intrinsic motivation (Johnson & Grayson, 2003)*
- **Mutual trust between business partners is one of the main drivers for business success or failure**



# CORPORATE GOVERNANCE

- „... is concerned with ways of bringing the interests and objectives of investors and managers into line and ensuring that firms are run for the benefit of investors.“ (Mayer, 2003, p. 84)
- ... is defined „as the design of institutions that induce or force management to internalize the **welfare of stakeholders**.“ (Tirole, 2001, p. 4)
- „... is the mechanism to help **empowered claimants** protect their interests by giving them ‚voice‘ in corporate decisions.“ (Roberts & van den Steen, 2003, p. 126)



# SPORT GOVERNANCE

„... the **exercise of power and authority** in sport organizations, including **policy making**, to determine organizational mission, membership, eligibility, and regulatory power, within the organization's appropriate local, national, or international scope.“ (Hums & McLean, 2004, p.5)





# GOOD GOVERNANCE IN SPORTS ALLOWS

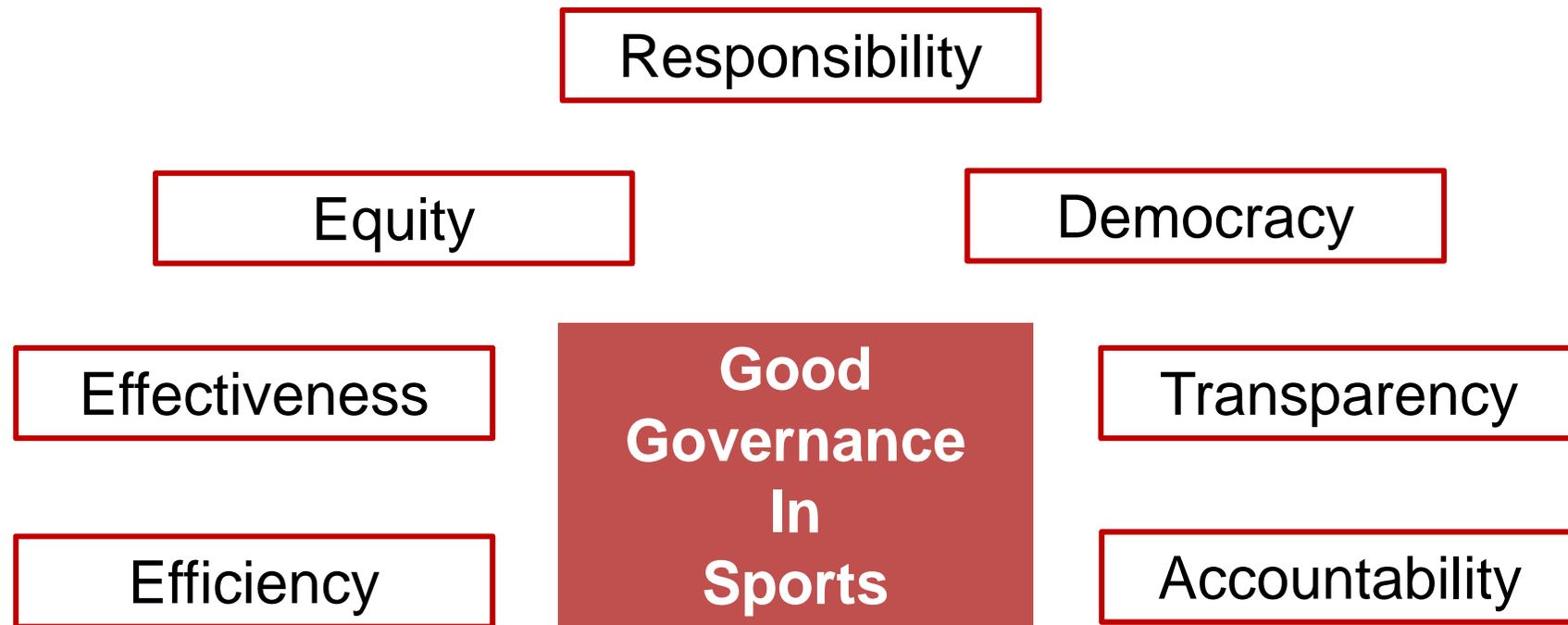
- **Better management,**
- **Improved communication,**
- **Sustainability and growth,**
- **Attracting sponsors,**
- **Appealing to insurers,**
- **Increased membership,**
- **Enhanced reputation.**



[http://www.dsr.nsw.gov.au/sportsclubs/ryc\\_corporate\\_what.asp](http://www.dsr.nsw.gov.au/sportsclubs/ryc_corporate_what.asp)



# KEY PRINCIPLES OF GOOD GOVERNANCE



Henry & Lee, 2004



# GOOD SPORT GOVERNANCE

... is about:

1. **Planning** - *Developing strategic goals and objectives, and determining how these can be achieved.*
2. **Organizational performance** - *Monitoring the performance of the club or association against performance targets to ensure the goals and objectives are achieved.*
3. **Leadership** - *Ensuring the club or association is governed responsibly with the best interests of members and stakeholders at the core of decision making.*

[http://www.dsr.nsw.gov.au/sportsclubs/ryc\\_corporate\\_what.asp](http://www.dsr.nsw.gov.au/sportsclubs/ryc_corporate_what.asp)



# HOMO OECOMICUS

- **Central assumption of the economic behavior of human beings**
- **Only self interested and behaves rational in order to maximise the own benefit**
- **Unchanged preferences and complete information**
- **React on changing restrictions**

**→ Producing and securing the shortage is one of the main task of sport managers**



# CRITICS OF HOMO OECONOMICUS

- **Decisions are not only rational motivated**
- **Insufficient information**
- **Uncertainty concerning the consequences and side effects as well as concerning the benefits**
- **Particularities of sport: uncertainty of outcome, coopetition, ...**
- **Decision about expedience not about correctness or sense (e.g. doping in sport)**





## SIGNIFICANCE OF EMOTIONS IN SPORT

- **Emotions play a central role for the sporting performance**
- **Sport is an emotional experience not only for the athletes, also for the spectators, business guests, tv audience, media representatives ... for all involved parties**





## MEANING OF EMOTIONS IN MANAGEMENT

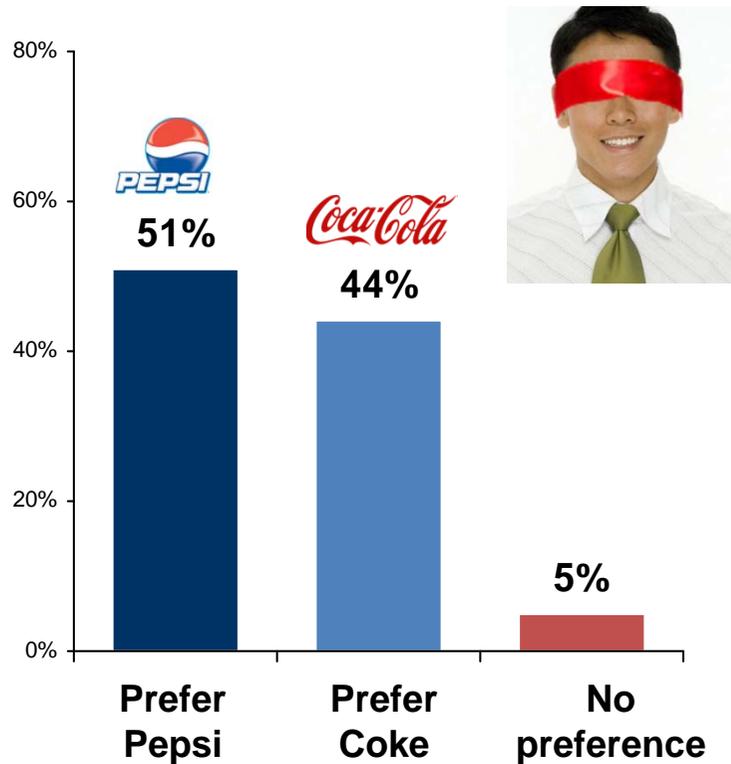
- **Human behavior is much more influenced by emotions than expected (80-95% of all decisions)**
- **Many management decision are done unconsciously**
- **Emotions reduce our information procurement and decision making process**
- **Emotions give brands an additional value and differ them from the competitor**

Damasio, 2000; Roth, 2003; Bechara & Damasio, 2005

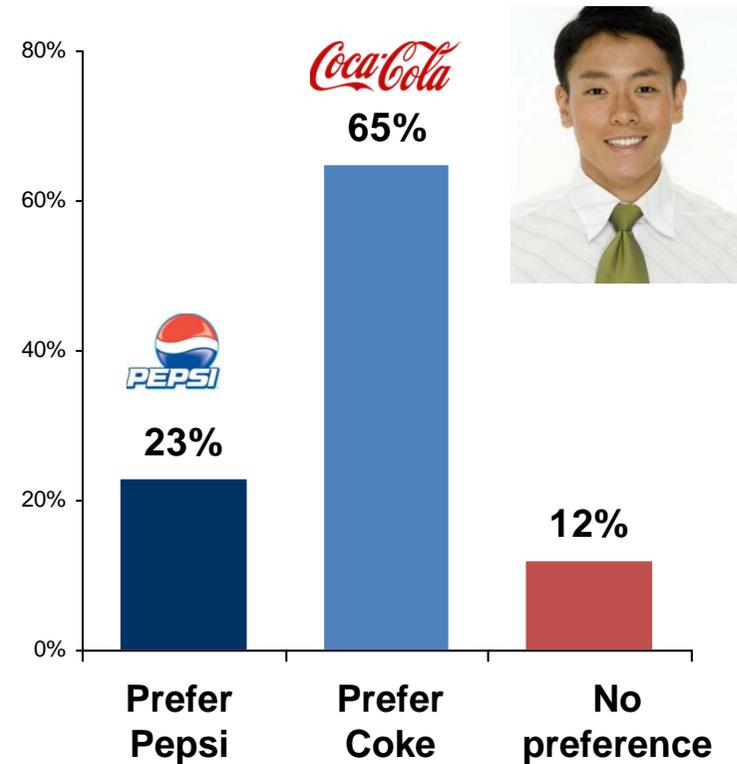


# COKE-EXPERIMENT

Blind test



Test with brand visibility



De Chernatony & McDonald, 2003



# WELCOME TO THE REAL LIFE

The screenshot shows the website 'The German Times FOR EUROPE'. The breadcrumb trail is 'Home > Archive > May 2009 Life > Paid-off games'. The article title is 'Paid-off games' by Frank Bachner, dated May 2009. The article text discusses the fall of Uwe Schwenker, a former influential official of the German Handball Federation, who is now playing golf. A sidebar on the left lists various sports categories like Aquatics, Archery, etc.

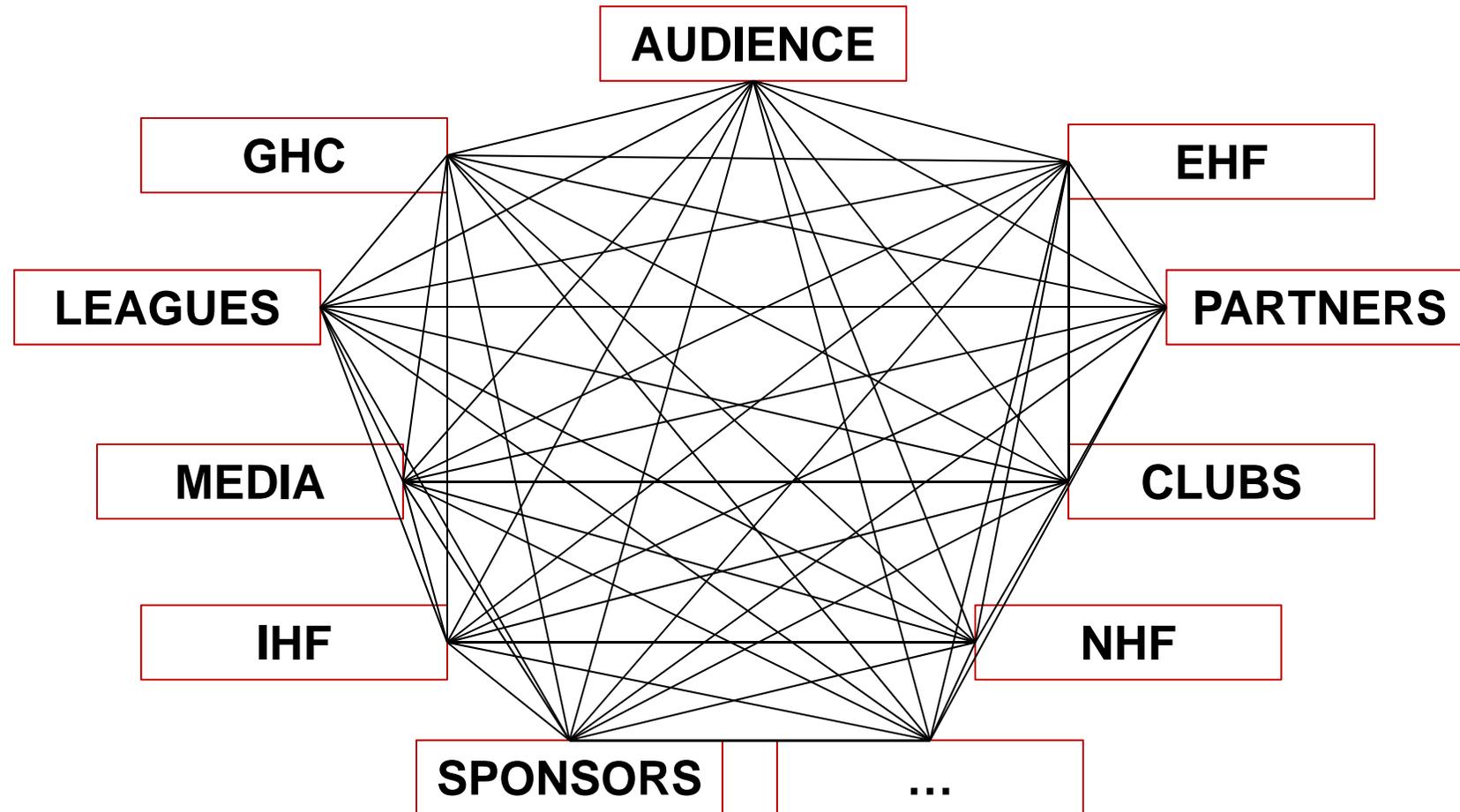


# THREATS FOR THE SPORT BUSINESS

- **Doping,**
- **Corruption,**
- **Match fixing,**
- **Lack of transparency,**
- **Overcommercialisation,**
- **Lack of sustainability,**
- **Uncertainty of outcome is not given,**
- **Integrity of sport is endangered,**
- **...**



# HANDBALL NETWORK





# thesolutionisnowhere



# The solution is nowhere

# The solution is now here



# KEY ASPECTS FOR GOOD SPORT GOVERNANCE

- **Sustainability / sustainable development**



## (SPORT) SUSTAINABILITY

- Sustainable development “meets the needs of the present without compromising the ability of future generations to meet their own needs.” (WCED)
- “Sport is sustainable when it meets the needs of today’s sporting community while contributing to the improvement of future sport opportunities for all and the improvement of the integrity of the natural and social environment on which it depends.” (Green & Gold, 2007)



# KEY ASPECTS FOR GOOD SPORT GOVERNANCE

- **Sustainability / sustainable development,**
- **Mutual trust,**
- **Integrity,**
- **Fairness,**
- **Coopetition,**
- **Uncertainty of outcome,**
- **Solidarity**



# INCENTIVES FOR GOOD GOVERNANCE

- Incentives are supposed to motivate stakeholders to a desired behaviour

**DANGER: COBRA-EFFECT !!!**

- How can we make sure that certain stakeholders will behave as desired?



## TASK

**What incentives would you recommend in order to make sure that the referees of a handball match will not be open for any bribe?**

- a) From EHF perspective**
- b) From the club perspective**
- c) From the referees perspective**





# INTRINSIC & EXTRINSIC MOTIVATION

- **Reputation**
- **Acknowledgment**
- **Appreciation**
- **Friendship**
- **Honour**
- ...
- **Money**
- **Gifts**
- **Tangible goods**
- ...



# **INCENTIVES FOR GOOD GOVERNANCE IN SPORT - PITFALL OR HOLY GRAIL ???**

- 1. (Sport) Managers are not homo oeconomicus and are driven by emotions.**
- 2. The sport business is different in many ways to other industries and the particularities need to be considered.**



## **INCENTIVES FOR GOOD GOVERNANCE IN SPORT - PITFALL OR HOLY GRAIL ???**

- 3. The sport and the many positive outcomes are threatened by individuals, actively or passively.**
- 4. Defining and adjusting the right incentives in order to secure the sport and its benefits is an enormous challenge for all of us.**



**THANK YOU VERY MUCH  
FOR YOUR ATTENTION**

**I am more than happy to answer your  
questions**



# CONTACT

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## REFERENCES

- **Green & Gold** (2007). *Defining the Principles of Sustainable Sport*. Retrieved 11 May 2011, from <http://www.greengold.on.ca/issues/6defining.html>.
- **Henry, I. & Lee, P.C.** (2004), Governance and ethics in sport. In J. Beech & S. Chadwick (eds.), *The business of sport management (pp. 25-42)*, London: Prentice Hall.
- **Hums, M.A. & McLean, J.C.** (2004), *Governance and Policy in Sport Organizations*, Scottsdale: Holcomb Hathaway.



## RECOMMENDED WEBSITES

- <http://www.transparencyinsport.org>
- <http://www.sport-transparency.org>
- <http://www.transparency.org/topic/detail/sport>