Corporate governance and governance/management relationships: examining the role of systems thinking in organisational design

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ABSTRACT: *Contemporary interest in issues of corporate governance within the business sector has been mirrored worldwide by similar interest in matters of governance in the voluntary and sports sectors where it has been evidenced by major changes to organisational structures, in general, and constitutional structures and governance/management relationships, in particular. This paper signals the use of Beer's viable system framework to facilitate comparison of the nature and functioning of corporate boards with the functioning of governing boards of major sporting organisation. The comparative analysis links the literature on corporate governance to specific case studies of bodies drawn from individual and pan-sport organisations. The analysis highlights similarities and differences between the functioning of governance systems in business and the world of sport. Guided by Beer's framework, conclusions are drawn linking organisational design to aspects of organisational effectiveness and systemic organisational functioning. As such, the author not only demonstrates the diagnostic value of Beer's notion of systemic functioning, and Beer's framework, as management tools in the evaluation of organisational design and effectiveness, but also makes evident the necessary meta-systemic nature of effective governance.*

Keywords: viable systems, governance, sport, non-profit

INTRODUCTION

> "governance is the action, manner or system of governing;;
> governing is directing, controlling, ruling, regulating, influencing"   " (Collins ED, 1994: 669)
>
> from the Latin, "gubernare: to steer

Contemporary interest in corporate governance has been catalysed by media attention given to poor company performance, corporate failure, inappropriate accounting/audit practices, excessive remuneration packages, insider trading, pension fund mismanagement etc. However, such events are not just recent phenomena, and much of the increased scrutiny can be attributed to the advent of harsher economic conditions that have drawn to the surface these manifestations of underlying corporate frailty, weaknesses or excesses. Growing interest in governance can also be attributed to enhanced awareness by those organisations that operate in an international context, of the different governance practices that exist in the global corporate sector (Lanno, 1999: 269:294). Interest also reflects concerns about governing board structures, appointment and succession processes, the delineation of board/management authority and powers, and accountability/responsibility relationships (Cadbury, 1993: 9; Maw, 1994:85). Other issues that have surfaced in the literature include the appropriateness of board involvement in strategic and operational activities; the roles, independence and effectiveness of executive and non-executive directors; the appropriateness of dual chairman/CEO appointments; the extent of executive power; the value of interlocking directorships, and notions of stakeholders etc. (Argenti, 1997; Boyd, 1995)

The attention paid to corporate governance has had parallels elsewhere in the nonprofit and sport sectors. Such interest has been spawned by doubts about strategic directions and choices being taken by governing boards, and about the competence or independence of board members. Many leading sports bodies have restructured their governance processes voluntarily in recognition of a need to bring about greater effectiveness (Davies, 1999); by a desire for more controls on potential abuse of executive power; and by demands for more effective stakeholder representation and for greater accountability of board members/governors (Simson & Jennings, 1992). Yet, the opinion of Maw *et al* (1994: 1) based on their practitioner experiences, that "(c)orporate governance is a topic recently conceived, as yet ill-defined, and consequently blurred at the edges" may be surprising to those embarking on a study of governance. Their view is somewhat confirmed by empirical findings that describe boards as "complex, dynamic human systems charged with an ill-structured set of responsibilities" (Demb *et al*, 1992), a view which has a counterpart in the nonprofit sector (Middleton, 1987). Maw *et al* (1994: 3) have conceptualised corporate governance as a complex of interrelationships – involving duties and obligations - between the board, its shareholders, financiers, customers, employees, auditors, regulators etc. Carver's approach to governance (1990, 1:10) seeks to engender debate on values - about ends, goals etc, and to whom they relate; values about means, that they are achieved in a prudent and ethical way; and about the board-executive relationship - delegation of authority, power, the CEO's role, and assessment of performance. However, Demb *et al* take a systems view and see boards as part of a wider "system of governance", beyond duties and obligations. They conceptualise a governance system wherein a Board, as a sub-system, has an integral role interacting with, and being influenced by three other stakeholder sub-systems – the regulatory system, ownership and societal systems. Others have offered similar notions, outlining governance "systems" within which organisations operate. Cadbury (1998:2) describes a framework structured by the interacting forces of law, or of regulation, say, by the Stock Exchange; by shareholders and by public opinion. Allison (1998: 29) has commented that "the system of contemporary world governance in

sport" is also one of complex interdependence - between inter / national governing bodies, international law and the courts, the media, commerce and business, the fans, the public etc. The implication is that discussing Boards in terms of structural elements - size, committees, roles, chairman/CEO relations – may be necessary but not sufficient to build understanding of the governance processes that facilitate effective functioning (Cadbury, 1998; Pettigrew *et al*, 1995). As Charkham (1994) suggests, understanding governance means studying "structure and dynamics".

BEER'S VIABLE SYSTEM FRAMEWORK

Beer's approach (1979, 1981, 1985) to issues of organisational design and effectiveness, just like Cadbury's approach to governance (1992, 1998) is not pre-occupied with structure. Neither is the approach pre-occupied with the organisational typologies often used to reflect structure, or the configurations that are often embodied in organisational charts. Instead, Beer focuses on the systemic functions that enhance organisational viability, and which provide a basis for adaptive learning about what are effective organisational behaviours and goals in a climate of complexity and change (Davies, 1999). Beer's research (1979, 1981, 1985) has demonstrated that certain systemic features or functions are necessary to any system's viability or survival. Knowledge of these systemic functions can therefore be used to analyse the systemic strengths and weaknesses in existing organisations, and/or to, guide the design of organisations to provide required systemic features. Beer's cybernetic framework for analysing organisational systems is known as the Viable Systems Model (VSM).

   The use of cybernetic science to underpin the design of self-regulating, adaptive technical systems that can maintain required outputs, and work within established norms, is well known and predates Beer's attempts to extend its use to organisational systems (Francois, 1999; Shenhav, 1995). But, his deliberate use of a definition of cybernetics as "the science of effective organisation - the science of communication and control", implies that Beer (1985: ix) goes beyond emphasising the applicability of cybernetics to natural or technical systems. It also emphasises the importance of communication - building communication channels, generating information flows and installing information feedback mechanisms - as part of organisational systems design to enhance learning and adaptive response, that is, to develop requisite variety in action.

   Beer conceptualises all viable systems as a network of communication channels bonding five complementary sub-systems. The sub-systems, whose effective functioning and communication links are necessary to any system's viability, comprise - an operational system, S1, of autonomous operational units that act out the very identity and purpose of the overall system, and a meta-system comprising four other sub-systemic functions: S2 - effecting overall coordination of the autonomous units; S3 - operational planning, monitoring, control and audit functions relating to the autonomous units; S4 - intelligence and strategy development serving the whole organisation's future; and S5 - the creation and promulgation of identity, vision, direction, purpose and mission, throughout the organisation and its wider environment (Brocklesby *et al*, 1995). All sub-systems are part of the larger system under investigation, which is defined as the System-in-Focus (SIF). In terms of systems logic, no one sub-system is considered to be more important than another in contributing to the viability of the SIF. However, it will be S1's activities that directly serve the organisation's purpose; and it will be the meta-system's function to provide the organisational climate, the direction, resources and support for S1 to best manage in a changing complex environment, and for the S1 units to become viable sub-systems themselves at a lower level of recursion or embeddedness. Each S1 unit, therefore, conceptualised as a viable system, will be comprised of the five VSM sub-systems, at one logical level of recursion lower than the original SIF, which may, itself, be part of, or embedded within a larger organisation or system (Davies, 1999). Although, this conceptualisation of embeddedness, or nestedness, can seemingly go on 'ad infinitum', Beer (1985) contends that the effective assertion of identity and self-reference by S5, provides appropriate 'logical closure' to the viable system at the level of the SIF.

THE NATURE & FUNCTIONING OF US & EUROPEAN BOARDS

This section presents a selective review of literature relating to the nature and functioning of boards operating within the corporate environments of the US and Europe in order to provide a comparative base for an examination of governance in sport. In doing so, we note the range of "philosophies, national characteristics, and powers of management and shareholders" (Maw *et al*, 1994:130), and the "distinctive historical, political, social and economic developments" (Clarke *et al*, 1997:248) that are characteristic of governance systems.

   Germany and Holland have two-tier systems involving a managing board and a supervisory board comprised of 'independent' or non-executive directors. Whilst, the US and the UK operate unitary board systems, France and Switzerland allow their companies to operate with a choice, as does Germany for small (<500 pax) companies (Maw, 1994:120). The primary functions of the supervisory boards (Aufsichtsrat) of German public companies are to appoint and 'supervise' the managing board of directors; to report on performance and to ensure competence (Nexia International, 1996:47). Over time, though, it has been apparent that the supervisory board's work has shifted towards advising and counselling, the rationale being to prevent mistakes happening rather than to detect them (Charkham, 1994: 47-50) - in the manner of Carver's executive limitation policies (1997: 74). The essence of 'supervision', as it has developed in the two-tier German system, is not that it should be regarded only as "a regular series of examinations" – ie a formalised reporting and inspection S3 function - but as a more informal S3* function

of ad hoc reviews. In bigger companies, the managing board is "entrusted with the task of driving the business forward", needing to exhibit S5 vision, S4 strategy development and planning capability. However, in VSM terms, the supervisory board also contributes to the S4 intelligence function, providing a flow of information to the managing board. It can also be regarded as being an S5 keeper of organisational conscience. Charkham (1994: 31, 32, 44) has contrasted the UK auditing convention that accounts should show a 'true and fair view', with the German auditors' philosophy of 'commercial prudence'. The philosophy not only reflects an ethos of valuing all stakeholders: employees, customers and community, it also establishes the right to set aside reserves for perceived risk. Charkham suggests other impacts on aspects of work culture, seeming to promote "long-term thinking … and investment with a conscious interest in quality and excellence", manifest as an S5 strength pervading the system.

In France, the framework of company by-law provision determines what substantive matters the supervisory board has to be consulted on, and what matters require its authorisation or ratification. Otherwise, the supervisory board is similarly required to oversee the activities / plans of management, and report to shareholders. In the Dutch system, the supervisory board is given three primary roles to perform in relation to the managing board (Douma, 1997: 613): to act as counsel, sounding board or devil's advocate; to ratify its decisions; and to monitor the performance of the board and chairman. By contrast, British and US requirements of boards have evolved through legal precedent, case law, and other regulatory requirements. The legal responsibilities of the UK's unitary boards of directors are "to manage the business …, in accordance with its constitution" and "to comply with the financial reporting and other disclosure requirements stipulated by company law" (Ezzamel *et al*, 1997: 54). The preference for non-governmental regulatory activity over statutory requirements has been long standing in the US and the UK.

O'Neal *et al* (1996:317) describe US governance systems which were initially designed to oversee management, but which are primarily chairman-driven, with the selection of directors dominated by directors' networks, and by the influence of the chairman and senior management. Ashburner (1997: 286) reports that accountability and probity can be threatened in such circumstances, with over-powerful or dominant executives unwittingly suppressing S5 functionality, overlooking constituents' interests and undermining the autonomy of S1 operations. Similar systemic consequences are possible with duality - when the chairman also fills the Chief Executive's role.

The two-tier boards of the Dutch and German systems already exemplify a more overt representation and involvement of stakeholders than in the US/UK. Implicit in the conceptualisation of these two-tier systems is the "essential point that 'ownership' is a necessary but insufficient definition of accountability" (Demb *et al*, 1992:28). These systems signal an acceptance that corporate governance extends beyond the corporate body, beyond regulatory and statutory requirements; and an acceptance that stewardship, trusteeship and prudential supervision can be enhanced by the involvement of stakeholders as non-executive board members. The aim in the two-tier system has been to secure contributions to board activities that are independent of management; which enhance strategic oversight and the monitoring of senior management; and which add to S4 intelligence on external matters.

NATURE & FUNCTIONING OF GOVERNANCE IN THE SPORTS SECTOR

This section presents two caselets depicting different systems of governance for global-level single and pan-sport sport organisations. Sufficient narrative will be provided to allow insights about governance to be drawn using Beer's notions of systemic functionality. In particular, the impact of alternative processes for gaining membership of the 'governing board', and of duality in chairman/chief executive appointments, will be explored.

FIFA – The Federation of International Football Associations

FIFA is an association of national football associations operating at a global level. It was founded in 1904 with a membership of seven national associations from the continent of Europe. By the end of the century, about 200 hundred national associations had affiliated to FIFA (Sugden *et al,* 1998: 10-11). Membership of FIFA covers national football associations, and individuals who are members of a FIFA committee.

The FIFA Congress of members is, by statute (Article 11), the ultimate decision making body of FIFA. It meets every two years! The FIFA President is elected by Congress, and presides as full-time chair of the Executive Committee, and since 1996, of its constituent Management Board. FIFA has a General Secretary fulfilling the role of chief executive of the FIFA Secretariat. FIFA's committee structure includes an Emergency Committee, fourteen standing committees and additional commissions– world cup, referees, media etc - all subservient to the Executive Committee. Apart from the Executive Committee, which is elected at congress, committees are formed, and their membership determined by the President or General Secretary at their subjective whim or will. As a consequence, committee members may or may not meet otherwise objective criteria for appointment, and may or may not be the preferred or nominated representatives of national associations, thus contributing to systemic differences in the nature and quality of information flow between the national associations and FIFA. In 1996, FIFA had constituted nineteen committees or commissions - involving over eighty commissioners (Sugden *et al,* 1998: 53-55, 69).

In formal terms, FIFA is/was a democratic institution accountable to its members and its biennial Congress. It has been described, however, as operating like a personal 'fiefdom' (Sugden *et al,* 1998: 71), based upon patronage from the centre, and reciprocal deference or acquiescence. Its Statutes can only be changed at Congress – and then any changes would need to attract three quarters of votes cast by members. Sugden *et al* (1998: 58) suggest that this

arrangement, compounded with the difficulty of bringing together the membership/congress physically, and metaphorically, begets dysfunctional S2 behaviour, limiting cooperation; spawning a symptomatic lack of S5 identity in the wider system, S1 self-interest; and inspiring intense political lobbying in order to create change. Such systemic disorder was noted in 1999, when the Asian confederation threatened to boycott the 2002 World Cup Finals to be jointly held in South Korea/Japan, unless their quota of Finals places was increased to four!

Membership of FIFA comes with 'strict clauses and constraints', which for example, forbid national associations, clubs or club members from taking disputes to a court of law rather than to an arbitration tribunal. In this regard, such lack of recognition or acceptance of accountability to the wider community reflects a serious S5 dysfunction in self-identity and in the identification of football's wide-ranging constituency and constituents. It may also reflect a limited ethical base to S5 functioning. Indeed, FIFA pronouncements suggest that it has regarded itself as a supra-national body, beyond the laws of individual countries and even the European Union. However, its position as the sole instrument of governance for football has been called into question by, for example, the European Union Court (the 1995 Bosman Ruling) and the UK High Court (1995 Ruling on 'restraint of trade').

Governance processes have been difficult to discern in terms of to whom FIFA and the FIFA 'board', its Executive Committee, have been accountable. Sugden *et al* (1998: 53, 59) state that FIFA has been regarded as being an oligopoly run in an autocratic and unaccountable style by the President and General Secretary. As such, FIFA's Executive Committee had done little more than " rubber stamp" decisions of strategic significance made by the President and/or the General Secretary, on its behalf. The Executive Committee have, it would seem, provided little leadership and few checks and balances, of an ethical or financial nature, on the actions of the President, General Secretary or the secretariat – exhibiting System 5 dysfunction. It would seem that as a consequence, much of the S5 functionality within the FIFA system, for example, identity creation, visionary leadership, and development of a values based, longer term perspective, have been conducted elsewhere at a lower level of recursion in the football system, by the continental confederations acting as S1 units for FIFA. The systemic consequences of the duality encompassed in the 'Executive' President's role bear out the view of Ashburner (1977: 286) that accountability & probity can be seriously threatened in the presence of dominant executives or directors. The involvement of the Executive Committee in the development and maintenance of an appropriate ethos has been perceived as minimal, refelcting the lead role played by the President in all affairs. Additionally, the de facto roles filled by the President and the General Secretary have exacerbated the systemic role conflict, manifest as the incompatibility of fulfilling necessary monitoring and strategic oversight duties alongside other executive action and operational duties.

Much of FIFA's affairs have been conducted through delegation to the continental confederations, who, whilst not having been members of FIFA, with no voice at the 'top table', still administered and promoted the game, organised competitions at club and international level etc, on FIFA's behalf. With FIFA still claiming ultimate responsibility for the game, and controlling the structure of the game, political tensions have been manifest (Sugden *et al*, 1998: 63). Given the absence of formal communication channels within the system linking the FIFA meta-system to the confederations as its de facto S1 units, systemic distrust, disunity, misunderstanding and discord have been rife.

However, the concerns of the confederations were recognised, and their emergent strength was demonstrated in 1996, when they secured a voice and a formal role within FIFA. The incorporation of a Management Board within the Executive Committee, comprising the six Confederation Presidents and the FIFA President (Sugden *et al*, 1998: 64-65) has provided opportunity for the confederations to contribute to the reconstitution of S5 functionality within FIFA. In addition, FIFA, its Executive Committee, and the national association representatives who sit on its committees (and who are confederation nominees), now have to meet additional accountabilities demanded by the confederations, via the Management Board (Sugden *et al*: 70). The changes within the FIFA governance system, although induced by political machinations, signal potential improvements in meta-system functionality, including the S2 cooperative strategies of the S1 operational units, and the setting of mutually acceptable goals with appropriate funding for the confederations. The developing FIFA governance system not only admits to recognition of an enlarged set of constituencies to which it must respond and demonstrate accountability, but its acceptance of a different base for democratic representation is also indicative of S5 activity recreating identity, reconfiguring its values base, acting within a different moral framework, and taking a long term view (Johannson, 1997).

The Olympic Movement and the International Olympic Committee – (IOC)

The IOC is a global, non governmental, pan-sport organisation, responsible for the stewardship of Olympism and the Olympic Movement, including the Games and other associated Olympic symbols and artifacts (Thoma *et al*, 1996: 21). It is a private organisation, governed by its members. It can not be classified as an association of National Olympic Committees (NOCs) in contrast with FIFA as an association of national football associations. IOC Members are not delegates of the NOCs of the countries where they reside. They are representatives of the IOC in their respective countries. Prospective members are vetted, shoulder-tapped, nominated by the Executive Board of the IOC, and then elected by the incumbent commissioners at a formal meeting in Session, to serve if they choose until 75 years of age (Thoma *et al*, 1996: 21-48). The electoral process is meant to preserve the independence of the IOC, and its Members from what may be the "parochial" or "chauvinistic" influence of their own nation's NOC. Where such a process may mitigate against destabilising internal politics, it may also create S5 dysfunction in relation to building identity, creating an incestuous seeding ground for the growth of inappropriate

value systems, and it may diminish S4 capacity for critical self reflection. Indeed, a down-side effect of this attempt to preserve the supposed existing global outlook and institutional values, involves increasing the risk of misguidedly serving or preserving the IOC as a body corporate, rather than serving Olympic ideals (Simson *et al*, 1992: ix-x). It suggests that the S4 self-monitoring and critical self-refection function required for healthy viability is ineffective.

The supreme organ of governance is said to be the Session – an annual general meeting of all members of the IOC. Session can delegate to the Executive Board and/or the President - who is elected by members of the IOC by secret ballot at Session, for an initial eight year term, re-electable for successive four year terms. He presides over the board, who comprise four vice-presidents and six members elected at Session for a four year term. The board appoint a Director General and a Secretary General to lead the administrative machine and conduct daily business.

The President establishes and appoints to Commissions and Working Parties that consider policy issues, eg the Athletes Commission, Cultural and Medical Commissions, and in 1999, the Drugs Commission. However, the creation of the Drugs Commission required prolonged diplomatic action by European parliamentarians, followed by threats to establish a drug testing authority independent of the IOC. The President is also de facto executive chairman of the IOC, presiding over all IOC activities (Thoma *et al*, 1996: 25). Any excesses in this duality relationship are manifest in criticisms of secretive, elitist, authoritarian and undemocratic decision making behaviour that run counter to the ideals of respect for ethical principles and human dignity proclaimed in IOC Rules. (IOC, 1993). Such inability to engender appropriate ethical behaviour is a significant S5 failing, and provides an example of Ashburner's threat (1977: 286) to accountability and probity. In addition, whilst the lack of understanding of, or lack of sensitivity towards how the organisation is perceived, reflects serious S4 dysfunction, it is compounded by ineffective projection of identity within and without the organisation – a further failure of systemic S5 functioning.

In summary, the concern about governance processes can be traced to systemic S4/S5 dysfunction of the IOC management meta-system – related to loss of the founding S5 identity; an S4 inability to critically reflect on self-identity; a systemic S5 distortion of the ethical base; the S4 loss of focus on its constituencies and the corresponding S5 marginalisation of stakeholders; excessive S3 control from the centre, and the accompanying loss of S1 autonomy and direction for the operational staff.

BOARD ROLES & GOVERNANCE – a Viable Systems Perspective in summary

Charkham has commented that the success of a corporate governance system is dependent upon its ability to reconcile entrepreneurial freedom with effective accountability, or as Beer frames it, to effect an appropriate balance of S1 autonomy and S3 control. Charkham (1993: 391) claims that such notions of governance have relevance in many spheres of activity – economic, political, sporting etc. However, on a practical level, Ashburner (1996: 286) has advised against the unthinking transfer of private sector systems, concepts and models of governance, to the public and nonprofit sectors, especially given their fundamental differences in role and purpose.

Carver (1997: 214) suggests that appointing/electing directors, councillors, governors etc, when each member represents a different constituency, can lead to problems where "working together for the whole can be difficult", and where the creation and building of identity is problematic. In Beer's terms, the latter issue is symptomatic of S5 dysfunction, whilst the former is indicative of S2 coordination dysfunction. Establishing and promulgating ethos throughout the organisation is a necessary S5 function, whose effectiveness is linked to the background, quality and character of board members. When those board members, as in the British and US systems, are necessarily involved in multi-systemic functions as executive directors, the breeding ground for systemic conflict between board level S5 leadership, board level supervision, S3 monitoring and executive S1 operational activities, is rife. In some cases, involvement in the S1 role may lead to role conflict elsewhere. In other cases, board room dominance of the S3 function will lead to an overpowering of S1 operational units, with consequent loss of autonomy for S1, and centralised bureaucratic decision making lacking in knowledge of local environments. O'Neal *et al* have proposed a governance system where board structure, composition and roles should be driven by the needs of meta-system strategising. Their views echo those of other writers (Lorsch, 1995:113) who also advocate an increased board involvement in strategy. They also have much in common with Carver (1997: 204), who advocates that board roles and design should be led by values, and driven by S5 value-led strategies and policies. He claims that "a board member's greatest gift to enterprise is educing, weighing, challenging … fighting over values", concurring with Mintzberg's views (1983) against overt "credentialism" in the selection of directors, and implicitly disavowing "representational" criteria. The views are broadly supported too, by Demb *et al*, (1992: 189-199), who predict that boards will shift towards the "arena of conduct" in governance, and that the conduct of business will need to be consistent with the demands of various stakeholders and society. That is, boards have an S5 responsibility for developing ethos and appropriate ethical behaviour, and also have to ensure that S1 operations have sufficient autonomy to act responsively and responsibly to different stakeholders in their local environments.

The governance activities of the case organisations have been examined using the VSM framework and Beer's notions of systemic function. Beer's framework can readily identify systemic dysfunction, multiple role filling, systemic role overlap and role conflict – as well as systemic gaps in the prescriptive advice of practitioners. It highlights the governance of boards as being S4 and predominantly S5 functions. Where non-executive directors play a leading role in the S4 intelligence function, and also contribute to S4 strategy development or S3 operational planning, systemic role conflict is possible, with consequent loss of objectivity in the strategic audit process.

We note, with particular relevance to the sport and nonprofit sector, that Carver's values-led-policy-driven governance framework (1997) has notable systemic coherence. Carver's prescriptions relate predominantly to S5/S4 meta-systemic functions. In particular, Carver promotes governing board S5 behaviour that builds identity by facilitating diversity; that is relationship oriented, identifying and describing constituencies and accountabilities; that is values driven, explicitly addressing fundamental values; that is visionary; that is proactive, leading, creating rather than approving, reviewing, monitoring etc. Similarly, he addresses S4 functionality by endorsing forward thinking and the long term view; by developing an external focus, building responsiveness; by valuing intelligence; and by seeking understanding of the board's systemic role on any matter. His awareness of the need to seek the right mix of autonomy and control reflects the systemic balancing act between S3 and S4, and S1; and his call for decisions to be outcome driven, weighted against purpose, would lead to enhanced S2/S3 functionality.

This paper has described a variety of governance practices within the sports case organisations, and demonstrated the value of Beer's systemic framework in the diagnosis of effective governance functioning. It is clear that Beer's framework facilitates a move away from "the spotty applicability of anecdote" in analysis, and perhaps the self-righteous moralising often found in sport, to the recognition of systemic pattern and differences. Regardless of any overt structural differences in governance frameworks, the effectiveness of governance is founded on the contribution it makes to the success of the organisational system. All systems of governance, whether they act through unitary or two-tier boards, whether boards are representational of stakeholders or not, have a common need to fulfil the meta-systemic functions required for viability. We conclude that understanding governance requires a holistic approach, and that conceptualising Board activities in terms of Beer's systemic roles and functions delivers insights that contribute understanding to issues of board ethics, board/management relationships, role overload and role conflict. Furthermore, Beer's emphasis on systemic functioning supports the views of Boyd (1995: 301) and Demb *et al* (1992:182) that copying the structure or role of another board, or following private sector prescription, will likely be fruitless. Indeed, effective governance is dependent on boards tailoring "their roles, working styles, and membership" to meet their own systemic requirements rather than engaging in mimetic behaviour.

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