

# **Review of the Hellenic Observatory of Corporate Governance (HOCG)**

**Vol. 4, No. 1, February 2010**

ISSN 1759-0108

## **Editorial**

The *Review* –now in its fourth volume and year- is well on its way of meeting its initial goal of becoming a reliable source of data regarding issues on Boards, Directors and Corporate Governance in Greece. The current issue is contributing greatly to this direction by presenting data from a sector which admittedly attracts huge attention from the public.

Economists have devoted considerable attention on a number of theories regarding *professional sports*. Professional football is an unusual business. Both closed and open labor market models are based on assumptions that club-owners are *profit maximizers*; but it is also likely that sports-owners are sportsmen who are willing to sacrifice profit in order to win. At the extreme, sportsman owners are *win-maximizers* who seek to win at any cost.

Thus it can be argued that strategic decisions at football clubs are not made purely for business reasons, but most likely for securing sporting success. Furthermore, the loyalty of the customer (supporters) is unrelated to the quality of the product or service they receive (i.e., team success). Also, the concentration ratio that characterises the sector either in terms of wins or of revenues is extremely high not only in Greece but in all major European national leagues.

It would be becoming increasingly important for the sector to move towards a greater degree of transparency, disclosure and accountability. Our research hopefully contributes positively to this direction.

But as the principle that was set up by the UEFA postulates the “football is a game before being a product, a sport before being a market, and a show before being a business”.

**Dr Dimitrios N. Koufopoulos** *BSc, MBA, PhD, MCSI, MCMI, FIMC*

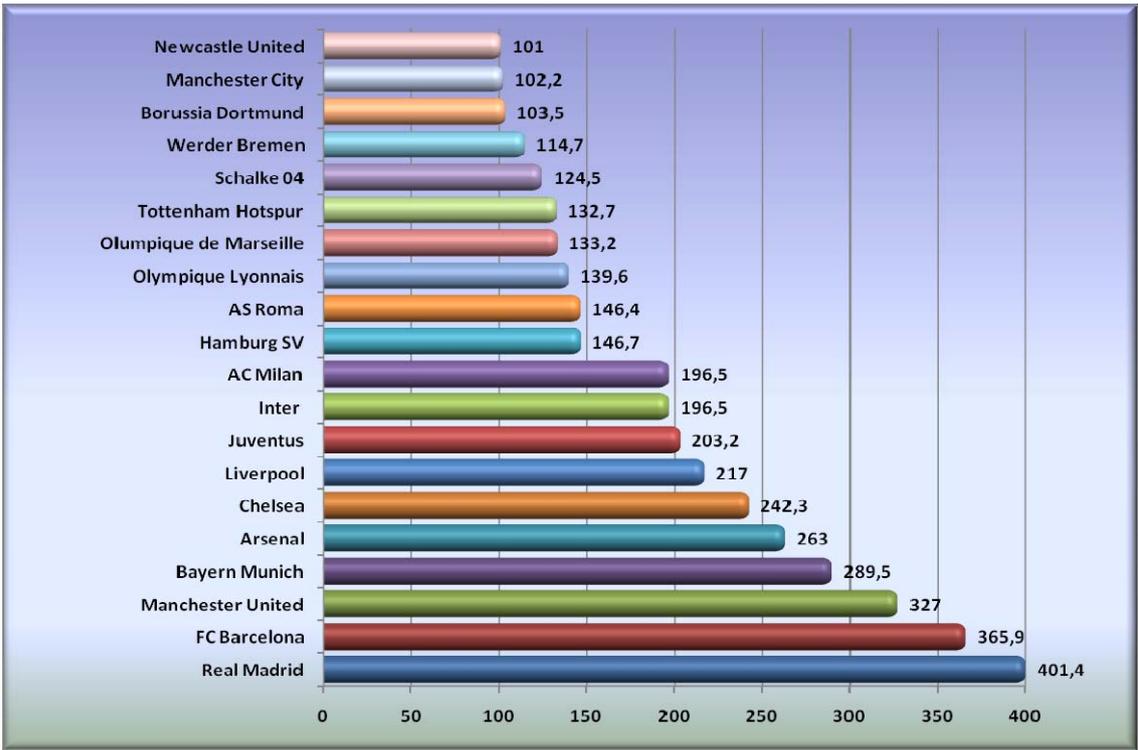
*Ed : 18-07-2010*

# Boards and Directors in Greek Football Clubs: Findings from the First Annual Research

## The World Football Scene

Over the past 15 years the football industry has gone through a period of change. Innovative financial and managerial strategies adopted by the leading clubs, have facilitated expansion — not only in terms of physical growth (bigger grounds, sport centre facilities etc.), but also in terms of expansion into other types of activities, such as media, merchandising and sponsorships. Astronomical sums spent on contracts for football players, intense competition amongst sponsors for popular football players to promote and advertise their products, negotiations of TV rights, are key parameters of the current soccer environment.

All the above were extensively presented by Deloitte in the Annual Soccer Money League 2008-9. The income of the 20 largest European clubs reached record levels in the period 2008/09. The combined revenues of the top 20 Money League clubs exceeded €3.9 billion in 2008/09, a €26m increase from the previous year (**Diagram 1**).



**Diagram 1: Top 20 Football clubs in revenue for the period 2008-2009 (in million €)**

All of this year’s top 20 clubs are from the ‘big five’ European leagues, with England retaining seven clubs in this year’s top 20, Germany contributing five clubs, Italy four, and France and Spain represented by two clubs each. In fact there is little change in the top 20 clubs compared with last year which reflects the fact that those clubs with the largest supporter bases, high attraction to commercial partners, and consistent participation in European competition dominate the top positions.

The relationship between soccer and macroeconomic consequences for the global economy is under strong debate. Analysts support that the impacts of a great soccer event on an economy, are important even to a small extent. ABN-AMRO investigated these impacts in its Soccernomics 2006 report on the occasion of the World Cup that took place in Germany in

2006. Data showed that the World Cup winning country (Italy) enjoyed, on average, an extra bonus of 0.7% in its economic growth rate.

Another interesting research delivered by Grant Thornton fifty days before the kick off of the 2010 FIFA World Cup in South Africa stated that the gross economic impact of the event is expected to reach R93 billion, with 62 percent generated pre-2010, and 38 percent during the course of the year.

Gillian Saunders principal of Grant Thornton noted: *“foreign tourism will account for 16 percent of the gross impact. The majority of economic spend comes from the national government's spend on infrastructure and some operational expenditure. This increased significantly compared to original budgets, from R17.4 billion in 2007, to R30.3 billion; with a further R9 billion or more spend by cities and provinces”*. Net additional economic impact in 2010 is 0.54 percent of South Africa's GDP. This is significant, since GDP growth in 2010 is estimated at 2 to 2.5 percent of which 0.5 percent is accounted for by a single event. The event's impact on jobs is encouraging according to the Grant Thornton audit and advisory group. The number of annual jobs sustained in total is 695,000. Of these, 280,000 annual jobs are set to be sustained in 2010 and 174,000 by the net additional economic activity in this year, according to the research.

### **Corporate Governance in Football Clubs**

The establishment of a best practice code, tailored specifically to the football industry, would help listed and unlisted clubs or even clubs owned by supporters' trusts to improve their governance structures and procedures. Supporters and other stakeholders would also be likely to benefit. A code of governance for professional football could also be developed to take account of the particular role of stakeholders in football.

Football is a challenging business because clubs have to balance the needs of the business with the desire to win. There is considerable scope for improving corporate governance in football that would place clubs in a better position to meet this challenge, bringing significant benefits to clubs and stakeholder groups. According to Michie (2005), one area of corporate governance where English football clubs were particularly weak was the need to have clear and transparent procedures for the appointment of directors and non-executive directors, including independent non-executive directors. Results from the same survey also revealed that clubs needed to improve their internal risk control and business planning systems.

Additionally the existence of committees also affects the governance of these companies. Hamil (et. al., 2004) found that less than a quarter of English football clubs had an internal audit committee. Even where clubs had an audit committee, almost one third of those clubs had no regular board review of risk assessment reports. The need to undertake risk assessment is now accepted as part of good corporate governance.

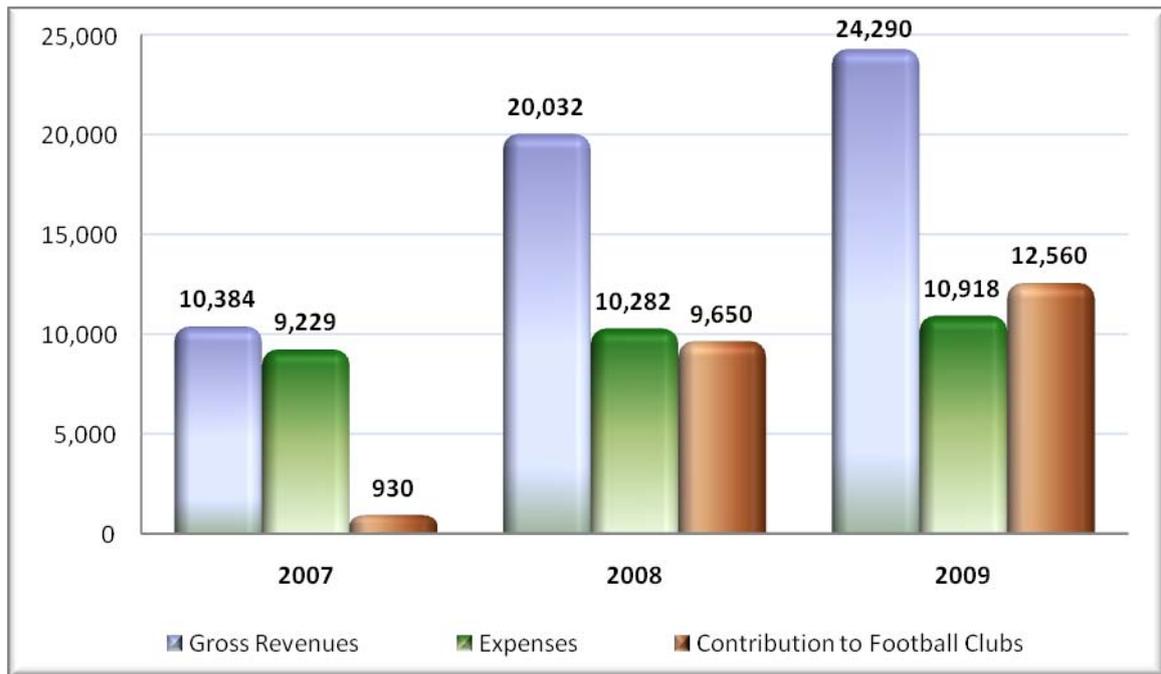
To sum up, good corporate governance depends on information disclosure from the board of directors to shareholders. Such information falls into two broad categories (Michie, 2005):

- i. information on the ownership of the club, its statutes and objectives and
- ii. information related to the board of directors, financial performance, size and strategy.

## Greek Football Overview

*Super League* (established in July 2006) is the official body in Greece for the organization of the “elite” football championship, under the legal framework set by *FIFA*, *UEFA* and the *Hellenic Football Federation*. The body comprises of sixteen Football S.A companies.

**Diagram 2** illustrates basic financials for the period 2007-2009. The organization’s gross revenue increased considerably, by 133.9% (Year base 2007), in the three year period, while total expenses increased at a much lower pace (18.3%, year base 2007). Amazingly, the funding contribution to the Greek Football Clubs was increased by 1250% (Year base 2007).



**Diagram 2: Basic financials of the Super League (2007-2009)**  
(in thousand €)

In **Table 1** the turnover of the 24 Greek Football Clubs, participated in Super League during the period of the study, is presented in detail, while the proportional difference in turnover has also been calculated. An interesting finding is the impact of the Division in which a team is competing, on its total turnover. For instance, during the period of 2005-2006 Kerkyra F.C. was competing in the 2<sup>nd</sup> Division, while its upgrade to Super League in the next period took off the revenues by 719.6% compared to the previous year. However, during the period of 2005-2006 Kalitheia F.C. was competing in the Super League, while next year the downgrade to the 2<sup>nd</sup> Division led the team to lose 86.43% of the previous year turnover.

No	Teams	Turnover (in €)				Difference in Turnover (%)		
		2005-6	2006-7	2007-8	2008-9	2006-2007	2007-2008	2008-2009
1	OLYMPIAKOS	18.940.565,60	24.426.305,86	36.536.762,50	44.929.887,15	28,96	49,58	22,97
2	PANATHINAIKOS	14.671.890,40	12.254.173,76	12.537.239,50	21.710.012,16	-16,48	2,31	73,16
3	AEK	11.464.170,97	14.327.374,63	17.945.990,11	18.701.729,44	24,98	25,26	4,21
4	PAOK	7.775.883,77	6.884.088,12	10.062.970,64	12.134.763,17	-11,47	46,18	20,59
5	IRAKLIS	2.354.160,54	2.135.974,08	1.999.585,50	1.959.174,90	-9,27	-6,39	-2,02
6	ARIS	1.550.118,16	5.160.386,47	9.620.092,83	12.303.211,74	232,90	86,42	27,89
7	SCODA XANTHI	2.583.219,25	2.710.507,55	3.076.242,42	2.849.859,64	4,93	13,49	-7,36
8	ATROMITOS ATHENS	567.529,18	562.761,43	1.472.943,06	245.729,34	-0,84	161,73	-83,32
9	LARISA	1.259.058,01	1.563.982,63	1.378.129,25	970.734,31	24,22	-11,88	-29,56
10	APOLLON KALAMARIAS	1.159.405,64	897.271,40	n/a	(n/a)	-22,61	(n/a)	(n/a)
11	EGALEO	244.963,81	231.100,11	50.030,72	16.990,90	-5,66	-78,35	-66,04
12	PANIONIOS	123.027,97	2.118.270,04	4.881.996,99	3.879.408,07	1621,78	130,47	-20,54
13	IONIKOS	347.928,47	160.961,33	98.140,17	(n/a)	-53,74	-39,03	(n/a)
14	OFI	3.294.374,25	2.984.368,14	2.564.416,07	1.957.796,30	-9,41	-14,07	-23,66
15	LEVADIAKOS	361.142,49	94.102,94	333.720,21	152.124,42	-73,94	254,63	-54,42
16	KALITHEA	1.368.834,85	185.767,76	399.933,78	228.980,84	-86,43	115,29	-42,75
17	AKRATITOS	n/a	(n/a)	(n/a)	(n/a)	(n/a)	(n/a)	(n/a)
18	ERGOTELIS	136.192,67	442.357,29	1.790.604,59	1.633.941,75	224,80	304,79	-8,75
19	KERKYRA	160.218,17	1.313.120,71	553.882,47	543.428,10	719,58	-57,82	-1,89
20	ASTERAS TRIPOLIS	n/a	527.359,82	1.871.182,36	2.447.758,05	(n/a)	254,82	30,81
21	VERIA	72.623,83	75.559,47	469.068,83	52.541,28	4,04	520,79	-88,80
22	PANTHRAKIKOS	(n/a)	1.195.653,96	154.484,36	751.504,53	(n/a)	-87,08	386,46
23	PANSERRAIKOS	167.706,37	442.730,34	447.248,84	722.161,50	163,99	1,02	61,47
24	THRASYVOULOS	797.904,65	1.791.997,38	1.541.851,07	2.160.102,94	124,59	-13,96	40,10

**Table 1: Turnover balance of the Super League Teams (2005-2009)**

\*in red the period where the team was competing in a lower Division

## Legal framework and Corporate Governance of Greek Football Clubs

Professional soccer in Greece is governed by the rules and provisions enforced by the Ministry of Development. The scope of the latter is to organise, promote, control, supervise and further advance football in Greece. After 2003, and in response to the irregularities ascertained in this sector, a new inspection body was established called “Professional Athletics Committee”. As an independent authority, the Committee is now the main inspector and principal guarantor of transparency and legality in the field of professional athletics in Greece.

The Greek Football Clubs have financial and administrative independence. They keep books of minutes of the decisions of the BoD, third class accounting books as per the Greek Code for Accounting Books and Records and are obliged to draw up a budget and balance sheet. The Athletic Football Clubs must submit to the Professional Athletics Committee, an income and expense budget for the new season, drafted and audited by at least one certified public accountant, at least 15 days before the season begins. Nevertheless, significant problems with regard to the mismanagement of club finances have remained unsolved for decades. The paradox is that with the tolerance of the authorities and under the legal shield provided by ARTICLE 44, LAW 1892/90, soccer teams continue to compete in the championships, while their debts are either prescribed or settled by long-term instalments which run the risk of never being collected. In any case, the current situation in Greece favours the phenomenon that the majority of teams, either to a large or small extent, show fictitious losses, which at all events are written off by the State, in order to avoid paying taxes.

## Methodology

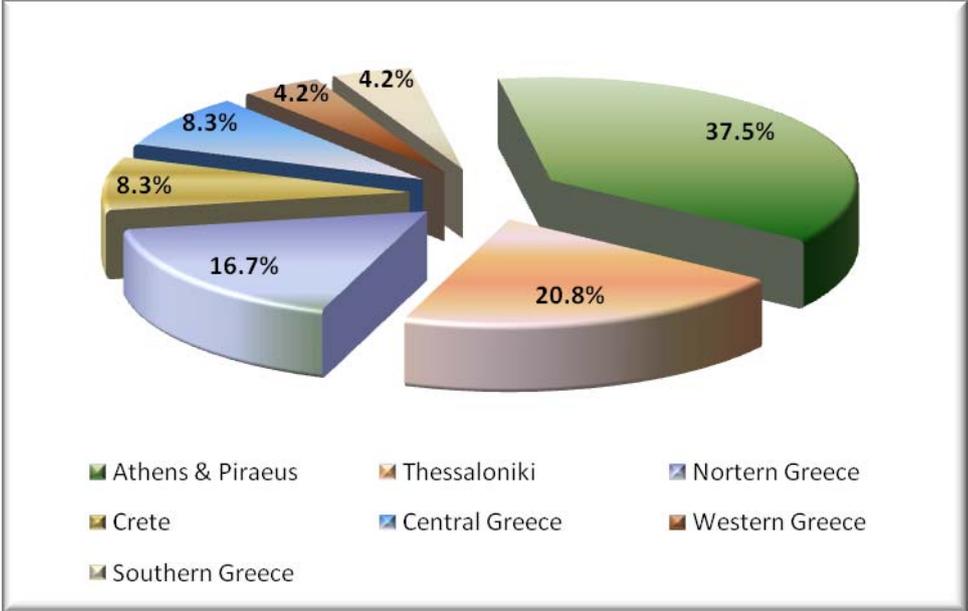
### Sample

The current study focuses on the board characteristics of the Greek Football Clubs and comprises data from 24 football clubs that participated in Super League for at least one year during the period of 2005-2009 (**Table 2**).

NO	TEAMS	EMBLEM	YEAR FOUNDED	LOCATION	TRADE REGISTER NO.
1	OLYMPIAKOS		1925	Piraeus	99124/06/B/86/40
2	PANATHINAIKOS		1908	Athens	99126/06/B/86/80
3	AEK		1924	Athens	99113/06/B/86/57
4	PAOK		1926	Thessaloniki	99130/06/B/86/77
5	IRAKLIS		1908	Thessaloniki	99119/06/86/93
6	ARIS		1914	Thessaloniki	99115/06/A/86/39
7	SCODA XANTHI		1967	Xanthi	20612/06/B/89/79
8	ATROMITOS ATHENS		1923	Athens	43456/006/B/99/24
9	LARISA		1964	Larisa	56204/06/A/04/02
10	APOLLON KALAMARIAS		1926	Thessaloniki	99134/06/A/86/59
11	EGALEO		1946	Athens	36578/06/A/96/41
12	PANIONIOS		1890	Athens	52282/06/A/02/15
13	IONIKOS		1965	Athens	20043/06/A/89/95
14	OFI		1925	Heraklion	99125/06/B/86/41
15	LEVADIAKOS		1961	Leivadia	52509/06/B/02/24
16	KALITHEA		1966	Athens	28701/06/A/93/97
17	AKRATITOS		1963	Athens	43457/06/B/99/25
18	ERGOTELIS		1929	Heraklion	52535/06/A/02/26
19	KERKYRA		1969	Corfu	49559/06/B/01/19
20	ASTERAS TRIPOLIS		1931	Tripoli	58903/06/B/05/4
21	VERIA		1960	Veria	54974/06/B/03/14
22	PANTHRAKIKOS		1963	Komotini	58971/06/B/05/6
23	PANSERRAIKOS		1964	Serres	99129/06/B/86/82
24	THRASYVOULOS		1938	Athens	52400/06/B/02/16

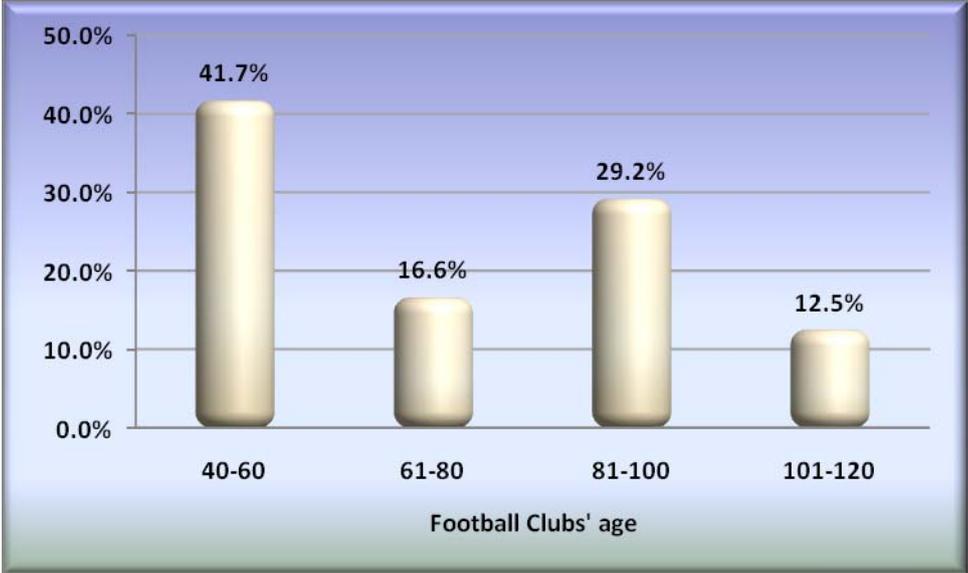
**Table 2: Greek Super League for the period 2005-2009**

Data was collected from Chapter SA – Ltd of the Governmental Gazette, published in the National Printing House ([www.et.gr](http://www.et.gr)), while the collection took place during the first quarter of 2010. **Diagrams 3, 4** illustrate the geographic location and age group of the teams of the sample.



**Diagram 3: Football Clubs' location**

As shown above, the majority of the Clubs is located in the region of Athens and Piraeus (9 or 37.5%); while five (or 20.8%) have their base in Thessaloniki. Furthermore, four (16.7%) are situated in the Northern Greece whilst the same percentage (2 or 8%) corresponds to the Central Greece and Crete Island. Finally, one (4.2%) Football Club is located in the Southern Greece, while another one (4.2%) in the Western Greece.



**Diagram 4: Football Clubs' age (in years)**

The average age of the Football Clubs which participated in the Super League throughout the years 2005 – 2009, was 69.2 years with a maximum age of 119 years (Panionios F.C.) and a minimum of 40 years (Kerkyra F.C.). Additionally, the majority of the Clubs (10 or 41.7%) aged

between 40 – 60 years while four (or 16.6%) had history ranged between six to eight decades. Moreover, seven Clubs (or 29.2%) were between 81 – 100 years old and only three (or 12%) had a life existence of more than one century.

## **Variables analyzed**

The study examined the following variables:

**Total Board Directorships** was captured by the number of all directorships through the years.

**Occupation** was identified and classified according to the International Labour Organization (ILO) through a system called ‘International Standard Classification of Occupations (ISCO-08)’.

**Total Female Board Members** was captured by the number of females that served the Boards through the years. The exact number was ascertained by examining their names and surnames.

**Total Male Board Members** was captured by the number of males that served the Boards through the years. The exact number was ascertained by examining their names and surnames.

**Board Size** as of 30<sup>th</sup> June of each year was measured by the number of directors.

**Average Board Size** was measured by summing up board size each year and dividing it by the years of the club in the Super League.

**Average Tenure of the Board** (in months) was measured by calculating the sum of the serving period (in months) of all directors (Chairman, CEO and members) and dividing it by their total number for each company.

**Average Tenure of Directors** (in Months excluding Chairperson and CEO) was measured as the “Average Tenure of the Board”, excluding the Chairpersons and the CEO(s).

**The number of Chairpersonships and CEO positions** was calculated by counting the number of Chairpersonships and CEO’s positions respectively through the years.

**The number of exclusive Chairpersons and CEOs** was calculated by counting the number of Chairpersons and CEOs respectively. In case of duality we counted only the Chairman and not the CEO.

**Average Tenure of Chairpersonships** and **Average Tenure of CEOs positions** were measured by calculating the fraction of the sum of the serving period (in months) for the Chairpersonships or CEOs position of each company, divided by the total number of Chairpersons or CEOs that served in each of the football companies.

**Average Tenure of exclusive Chairpersons** and **Average Tenure of exclusive CEOs** was measured by calculating the fraction of the sum of the serving period (in months) for the Chairpersons or CEOs of each company who served exclusively in these positions, divided by the total number of exclusive Chairpersons or CEOs that served in each of the football companies. In case of duality we placed emphasis on the Chairman tenure.

**The gender of Chairpersons and CEOs** was identified by their full names.

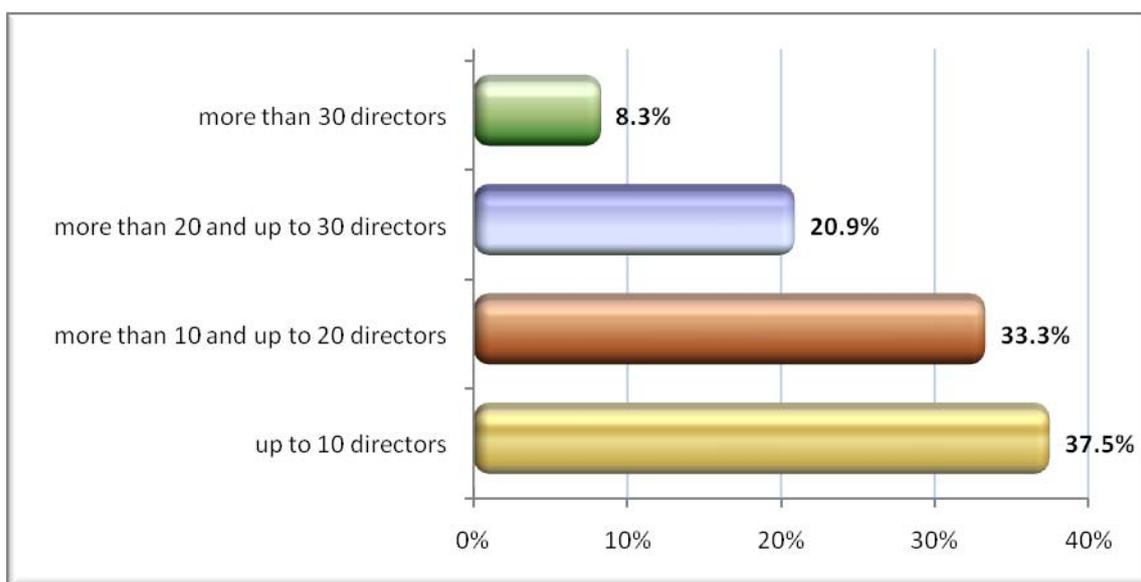
**CEO Duality**, as of 30<sup>th</sup> June of each year, was captured by examining whether the CEO was also the Chairperson or whether the two positions were separate.

**Cross Directorates:** the directors that were serving in more than one board of the sample have been identified and recorded along with the corresponding companies.

## Findings

### Total Board Memberships, gender and occupation issues

Total number of directorships during the years 2005-2009 was 372. It should be noted that since there was no mobility or cross directorships for those years, total number of directors remained 372. On average, there were 15.5 directors in each football club for this period, with a standard deviation of 8.6. **Diagram 5** illustrates the number of directors that served in the sampled companies throughout the years. As it can be seen, the majority of the football clubs (17 or 70,8%) had up to 20 directors in their boards, while boards of up to 10 directors were the norm in most cases.



**Diagram 5: Total Board Members Served in each company for the period 2005-2009**

Unsurprisingly women representation in boards was scarce, since football is traditionally a males' sport. More specifically, only 13 (3.3%) directorships were held by women with an average of 0.54 women per company and a standard deviation of 0.93.

Men comprised the vast majority in Boards; 359 (96.5%) out of 372 directorships in the examined period, with an average of 14.96 per company and a standard deviation of 8.73.

In the following table (**Table 3**) shows descriptive statistics for male and female directorships.

	TOTAL DIRECTORSHIPS	MALE DIRECTORSHIPS	FEMALE DIRECTORSHIPS
MEAN	15.5	14.96	.54
STD. DEV.	8.44	8.73	.93
MIN	5	4	0
MAX	32	31	3
SUM	372	359	13

**Table 3: Total Memberships, Men and Women Served in Boards (n=24)**

**Table 4** presents the occupation of the directors served in the Boards of the football clubs during the period 2005-2009. The classification was based on the International Labour Organization (ILO) coding system called 'International Standard Classification of Occupations (ISCO-08)'.

MAJOR GROUPS	SUB MAJOR GROUPS	MINOR GROUPS	UNIT GROUPS	FREQ.
<b>0 ARMED FORCES OCCUPATIONS</b>	<b>03 ARMED FORCES OCCUPATIONS, OTHER RANKS</b>	<b>031 ARMED FORCES OCCUPATIONS, OTHER RANKS</b>	<b>0310 ARMED FORCES OCCUPATIONS, OTHER RANKS</b>	<b>1</b>
<b>1 MANAGERS (81 OR 43.31%)</b>	<b>11 CHIEF EXECUTIVES, SENIOR OFFICIALS AND LEGISLATORS</b>	<b>111 LEGISLATORS AND SENIOR OFFICIALS</b>	<b>1112 SENIOR GOVERNMENT OFFICIALS</b>	<b>3</b>
			<b>1113 TRADITIONAL CHIEFS AND HEADS OF VILLAGE</b>	<b>1</b>
		<b>112 MANAGING DIRECTORS AND CHIEF EXECUTIVES</b>	<b>1120 MANAGING DIRECTORS AND CHIEF EXECUTIVES</b>	<b>5</b>
	<b>12 ADMINISTRATIVE AND COMMERCIAL MANAGERS</b>	<b>121 BUSINESS SERVICES AND ADMINISTRATION MANAGERS</b>	<b>1219 BUSINESS SERVICES AND ADMINISTRATION MANAGERS NOT ELSEWHERE CLASSIFIED</b>	<b>44</b>
	<b>13 PRODUCTION AND SPECIALIZED SERVICES MANAGERS</b>	<b>132 MANUFACTURING, MINING, CONSTRUCTION, AND DISTRIBUTION MANAGERS</b>	<b>1323 CONSTRUCTION MANAGERS</b>	<b>3</b>
		<b>134 PROFESSIONAL SERVICES MANAGERS</b>	<b>1342 HEALTH SERVICES MANAGERS</b>	<b>1</b>
	<b>14 HOSPITALITY, RETAIL AND OTHER SERVICES MANAGERS</b>	<b>141 HOTEL AND RESTAURANT MANAGERS</b>	<b>1411 HOTEL MANAGERS</b>	<b>2</b>
<b>142 RETAIL AND WHOLESALE TRADE MANAGERS</b>		<b>1420 RETAIL AND WHOLESALE TRADE MANAGERS</b>	<b>22</b>	
<b>2 PROFESSIONALS (45 OR 24.06%)</b>	<b>21 SCIENCE AND ENGINEERING PROFESSIONALS</b>	<b>211 PHYSICAL AND EARTH SCIENCE PROFESSIONALS</b>	<b>2111 PHYSICISTS AND ASTRONOMERS</b>	<b>3</b>
		<b>214 ENGINEERING PROFESSIONALS (EXCLUDING ELECTRO TECHNOLOGY</b>	<b>2142 CIVIL ENGINEERS</b>	<b>3</b>
		<b>216 ARCHITECTS, PLANNERS, SURVEYORS AND DESIGNERS</b>	<b>2161 BUILDING ARCHITECTS</b>	<b>2</b>
	<b>22 HEALTH PROFESSIONALS</b>		<b>2165 CARTOGRAPHERS AND SURVEYORS</b>	<b>1</b>
		<b>225 VETERINARIANS</b>	<b>2250 VETERINARIANS</b>	<b>1</b>
		<b>226 OTHER HEALTH PROFESSIONALS</b>	<b>2261 BUILDING ARCHITECTS</b>	<b>1</b>
			<b>2262 LANDSCAPE ARCHITECTS</b>	<b>1</b>
		<b>2264 PHYSIOTHERAPISTS</b>	<b>1</b>	
	<b>23 TEACHING PROFESSIONALS</b>	<b>232 VOCATIONAL EDUCATION TEACHERS</b>	<b>2320 VOCATIONAL EDUCATION TEACHERS</b>	<b>4</b>
		<b>233 SECONDARY EDUCATION TEACHERS</b>	<b>2330 SECONDARY EDUCATION TEACHERS</b>	<b>1</b>
	<b>24 BUSINESS AND ADMINISTRATION PROFESSIONALS</b>	<b>241 FINANCE PROFESSIONALS</b>	<b>2411 ACCOUNTANTS</b>	<b>3</b>
	<b>26 LEGAL, SOCIAL AND CULTURAL PROFESSIONALS</b>	<b>261 LEGAL PROFESSIONALS</b>	<b>2611 LAWYERS</b>	<b>11</b>
		<b>263 SOCIAL AND RELIGIOUS PROFESSIONALS</b>	<b>2631 ECONOMISTS</b>	<b>11</b>
<b>264 AUTHORS, JOURNALISTS AND LINGUISTS</b>		<b>2642 JOURNALISTS</b>	<b>1</b>	
<b>265 CREATIVE AND PERFORMING ARTISTS</b>		<b>2652 MUSICIANS, SINGERS AND COMPOSERS</b>	<b>1</b>	
<b>3 TECHNICIANS AND ASSOCIATE PROFESSIONALS (7 OR 3.74%)</b>	<b>31 SCIENCE AND ENGINEERING ASSOCIATE PROFESSIONALS</b>	<b>311 PHYSICAL AND ENGINEERING SCIENCE TECHNICIANS</b>	<b>3113 ELECTRICAL ENGINEERING TECHNICIANS</b>	<b>2</b>
	<b>33 BUSINESS AND ADMINISTRATION ASSOCIATE PROFESSIONALS</b>	<b>332 SALES AND PURCHASING AGENTS AND BROKERS</b>	<b>3324 TRADE BROKERS</b>	<b>1</b>
		<b>335 REGULATORY GOVERNMENT ASSOCIATE PROFESSIONALS</b>	<b>3359 REGULATORY GOVERNMENT ASSOCIATE PROFESSIONALS NOT ELSEWHERE CLASSIFIED</b>	<b>2</b>
	<b>34 LEGAL, SOCIAL, CULTURAL AND RELATED ASSOCIATE PROFESSIONALS</b>	<b>342 SPORTS AND FITNESS WORKERS</b>	<b>3421 ATHLETES AND SPORTS PLAYERS</b>	<b>2</b>
<b>4 CLERICAL SUPPORT WORKERS (32 OR 17.11%)</b>	<b>41 GENERAL AND KEYBOARD CLERKS</b>	<b>411 GENERAL OFFICE CLERKS</b>	<b>4110 GENERAL OFFICE CLERKS</b>	<b>24</b>
	<b>42 CUSTOMER SERVICES CLERKS</b>	<b>421 TELLERS, MONEY COLLECTORS AND RELATED CLERKS</b>	<b>4211 BANK TELLERS AND RELATED CLERKS</b>	<b>6</b>
		<b>422 CLIENT INFORMATION WORKERS</b>	<b>4221 TRAVEL CONSULTANTS AND CLERKS</b>	<b>2</b>
<b>5 SERVICE AND SALES WORKERS</b>	<b>54 PROTECTIVE SERVICES WORKERS</b>	<b>541 PROTECTIVE SERVICES WORKERS</b>	<b>5411 FIRE-FIGHTERS</b>	<b>1</b>
<b>7 CRAFT AND RELATED TRADES WORKERS</b>	<b>74 ELECTRICAL AND ELECTRONIC TRADES WORKERS</b>	<b>741 ELECTRICAL EQUIPMENT INSTALLERS AND REPAIRERS</b>	<b>7411 BUILDING AND RELATED ELECTRICIANS</b>	<b>1</b>
<b>8 PLANT AND MACHINE OPERATORS, AND ASSEMBLERS</b>	<b>83 DRIVERS AND MOBILE PLANT OPERATORS</b>	<b>832 CAR, VAN AND MOTORCYCLE DRIVERS</b>	<b>8322 CAR, TAXI AND VAN DRIVERS</b>	<b>1</b>
<b>N/A (9.6%)</b>				<b>18</b>
<b>SUM</b>				<b>187</b>

**Table 4: Directors' occupation**

Data were found for nearly half (187 of 372) of the directors and most of these 187 belonged to the major group “Managers” (81 or 43.3%).

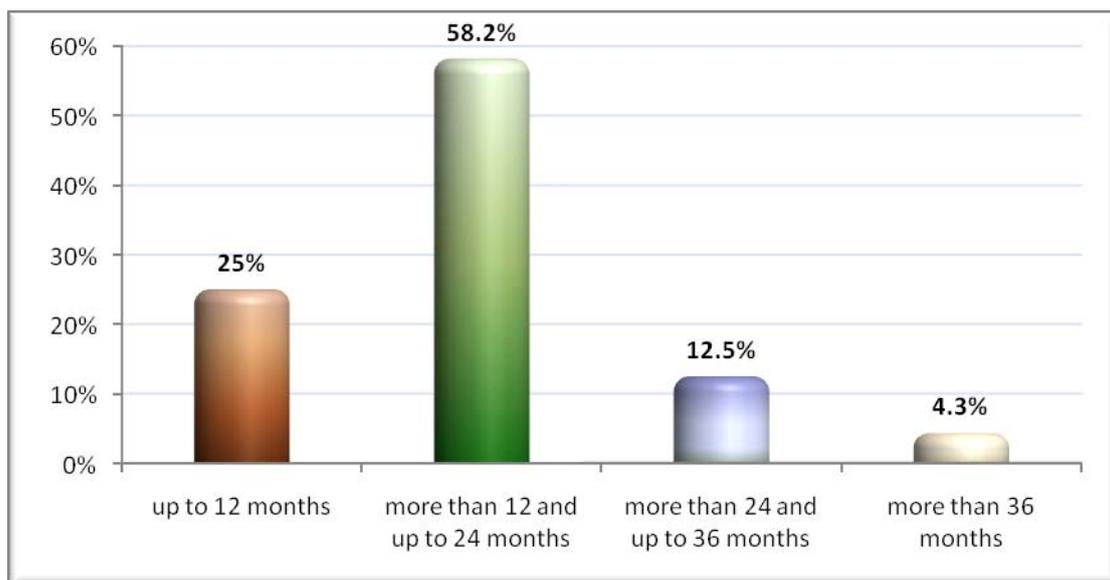
Moreover, 45 (24.1%) directors were incorporated in the major group “Professionals”, 32 (17.1%) in the “Clerical Support Workers”, while 7 (3.8%) in the group “Technicians and Associate Professionals”. Finally, 4 (2.1%) directors were distributed within the groups “Armed Forces Occupations”, “Service and Sales Workers”, “Craft and Related Trade Workers” and “Plant and Machine Operators and Assemblers”.

It should be noted that we found 18 (9.6%) directors for whom their occupation was not classifiable.

### Average Tenure of Directors

The average tenure of all directors in a board was 18.34 months with a standard deviation of 8.19. In 6 out of 24 football clubs (25%) the directors served the board for up to 12 months, while in the majority (14 or 58.3%) the members served the board for more than 12 months, but they quit or got replaced in less than 24 months. In addition, there were 3 (12.5%) football teams, in which their directors stayed in the board for more than 24 months and up to 36 months and one football club (4.2%) that their members served the board for more than 36 months (**Diagram 6**).

Based on our findings the minimum time that a board member had served was 5.81 months and the maximum 40.17.



**Diagram 6: Average Tenure of the whole Board in Month Intervals (n=24)**

### Average Tenure of Directors (excluding Chairpersons and CEOs)

The average tenure of all Directors (excluding Chairman and CEO) was 17.58 months with a standard deviation of 7.72. We noticed that after the exclusion of the Chairpersons and the CEOs from the Board of each company, the average tenure of the Board was slightly lower.

## **Number of Chairpersonships and exclusive Chairpersons**

The total number of Chairpersonships was 42, with an average of 1.75 and a standard deviation of 1.07 for each football club. As we mentioned in the section of 'Variables analyzed', a new variable called "Number of exclusive Chairpersons" (directors who only served as Chairmen) was examined. Results showed that the exact number of exclusive Chairpersons was similar to the total number of Chairpersonships.

We should clarify that in case of duality we counted only the role of the Chairman and not the CEO. Specifically, in 13 teams (54.2%) there was no change of Chairperson throughout the years 2005-2009 while in seven (29.2%) the Chairperson changed only once. Additionally, two companies (8.3%) changed twice their Chairpersons. In two companies (8.3%) three and four Chairpersons changed respectively throughout the years.

## **Number of CEO positions and exclusive CEOs**

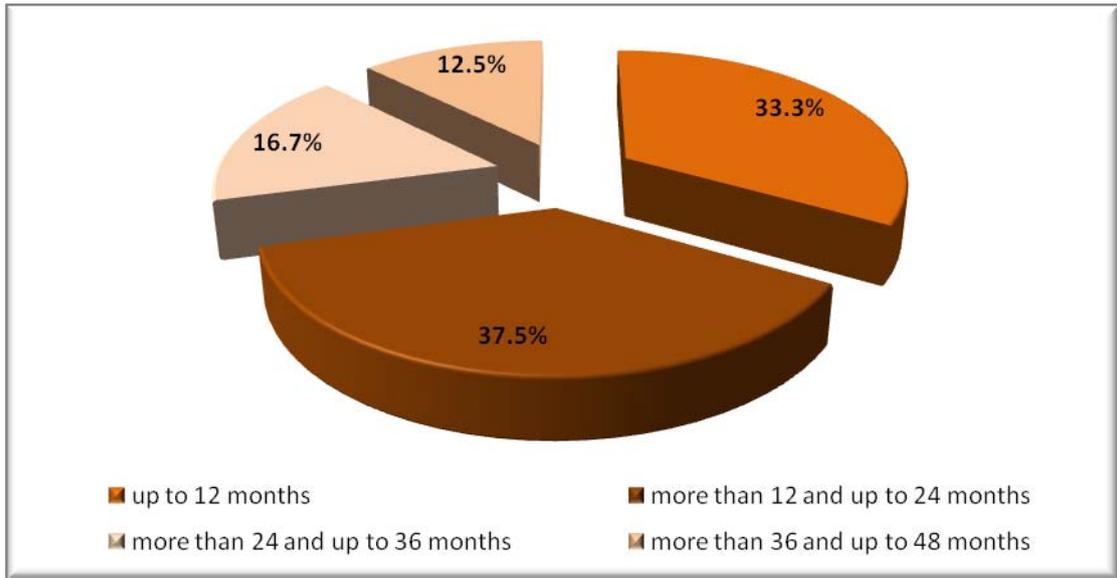
Total number of CEO positions was 44, with an average of 1.8 for each club and a standard deviation of 0.91. There were 11 boards (45.8%) that didn't change their CEO at all, seven (29.2%) that changed the CEO only once and five (20.8%) that had replaced their CEO twice.

Notably, in one Board (4.2%) three CEOs have been appointed throughout the years. "Exclusive CEOs", namely directors who only served as CEOs, were only 19, with an average of 1.35 and a standard deviation of 0.63. More specific, in ten Boards (71.4%) the CEO remained the same, while in three (21.5%) changed only once. Finally, in one football club (7.1%), two exclusive CEO persons served in the Board.

## **Average Tenure of the Chairpersons and the exclusive Chairpersons**

The Chairpersons' average tenure was 21.7 months with a standard deviation of 13.15 months. It should be noted that the minimum tenure of a Chairperson was 5.33 months while the maximum 48 months. More specifically, 8 (or 33.3%) of the football teams had Chairpersons that served for up to 12 months, while 9 (37.5%) had Chairpersons that stayed for more than 12 and up to 24 months. Moreover, in 4 (16.7%) teams, the Chairperson had been leading the board for more than 24 and up to 36 months, while there were also 3 (12.5%) where the Chairperson stayed for more than 36 and up to 48 months (**Diagram 7**).

Extending our research, we found that the average tenure of exclusive Chairpersons was slightly lower (20.29 months) with a standard deviation of 13.14. For this, the average tenure of the exclusive Chairpersons was similar to the Chairpersons including duality.

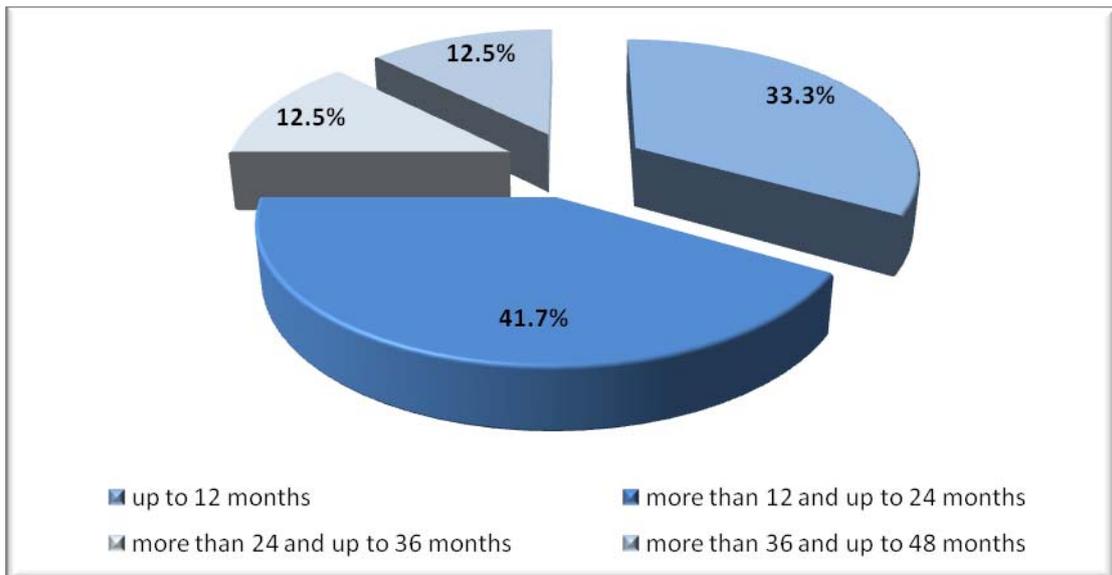


**Diagram 7: Average Tenure of Chairpersons (n=24)**

### Average Tenure of the CEOs and the exclusive CEOs

The average tenure of CEOs was 20.03 months, with a standard deviation of 12.76. The minimum tenure of a CEO was 5.5 months and the maximum 48 months. For 8 (33.3%) Boards the CEO served the company for up to 12 months. There were 10 Boards (41.7%) in which the CEOs served the board for more than 12 and up to 24 months. In addition, in 3 companies (12.5%), the CEO remained in his position for more than 24 months and up to 36 months, while in also 3 (12.5%) the CEO kept its position for more than 36 and up to 48 months (**Diagram 8**).

Further to our analysis, we found a significant lower average tenure of the exclusive CEOs (15.08 months) with a standard deviation of 11.75. In that case, the minimum tenure was 3 months will the maximum was 48 months. More specific, in 8 out of 14 teams (or 57.1%) they served up to 12 months, while in 3 (21.5%) for more than 12 months and up to 24 months.



**Diagram 8: Average Tenure of CEOs (n=24)**

Additionally, there were two teams (or 14.3%) where the exclusive CEO served for more than 24 and up to 36 months whereas in only one company (or 7.1%) the exclusive CEO served for more than 36 and up to 48 months.

### Gender issues of Chairpersons and CEOs

It is noteworthy but not surprising that during the period 2005 – 2009 there were no female directors served either as Chairpersons or CEOs. These two upmost roles of the Board seem to be ‘exclusively men privilege’.

### Board size

Average board size as of December of each year for the 25 Greek Football Clubs slightly fluctuated through the years. However, as it can be seen in **Table 5** for the period 2005-2009 board size ranged from 7 to 9 members.

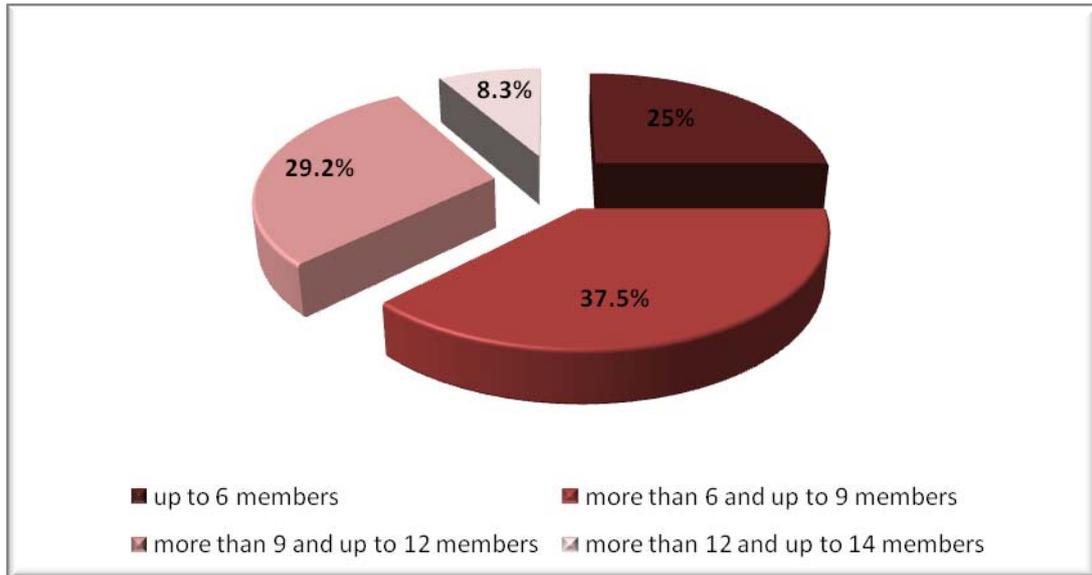
	BOARD SIZE 2006 (30 JUNE) N=16	BOARD SIZE 2007 (30 JUNE) N=16	BOARD SIZE 2008 (30 JUNE) N=16	BOARD SIZE 2009 (30 JUNE) N=16
MEAN	7.87	8.62	8.25	9.31
STD. DEV.	2.12	2.47	3.04	3.42
MIN	4	4	5	5
MAX	11	12	16	18

**Table 5: Board Size and descriptive statistics for the period 2005-2009**

These findings are relatively higher to the average of the Board Size of the Greek listed companies in ATHEX, which was 7.8 for 2006 and 7.9 for both 2007 and 2008 (see HOCG 2007; 2008; 2009).

### Average Board Size

The Average Board Size of the 24 football teams which participated in Super League throughout the period 2005 - 2009 was 8.44 with a standard deviation of 2.49. As it can be seen in **Diagram 9**, a quarter (6 or 25%) - had a preference for boards up to six members, while 9 (or 37.5%) preferred Boards with more than six and up to nine directors. Furthermore, 7 (or 29.2%) had Boards with nine and up to twelve members, whereas there were 2 (or 8.3%) which had more than twelve and up to fourteen members in their Boards.



**Diagram 9: Average Board Size for the period 2005 - 2009**

### CEO Duality

The CEO Duality was examined as of 30<sup>th</sup> June of each year for the period 2005-2009, while the number of the teams which participated in Super League throughout the aforementioned period was 24. **Diagram 10** illustrates the duality vs. separation between the roles of the Chairperson and the CEO.

During the period of 2005 - 2009 the percentage of the companies that had the same person as Chairperson and CEO fluctuated. More specifically, in 2005/6 half of the teams (8 or 50%) had a separate structure in their Boards; while in 2006/7 there were 6 (37.5%) which trusted their top directorships to different persons.

Similarly, in 2007/8 6 (37.5%) preferred a separated model for their Boards and finally in 2008/9 7 (43.8%) separated the role between the Chairman and the CEO.



**Diagram 10: Duality vs. Separation for the period 2005 - 2009**

## Interlocking

Not surprisingly, an interesting finding derived from this research was that there was no interlocking in Greek Football Clubs throughout the years. It seems that there is an emotional engagement between Board members and the team itself which prevents them from moving to another team's board.

## Summary

This study's main aim is to shed some light in the status of the Greek Football Clubs' board characteristics, during the period 2005-2009. With the majority being between their fifth and sixth decade of life the results show that during these five years there was a significant turnover of board members, who on average held their board positions for almost 18 months, while the average tenure of both Chairpersons and CEOs was 20-22 months.

The 'exclusive Chairpersons and CEOs', meaning those who served only as Chairmen or CEOs showed some interesting results. Although, regarding the Chairpersons (exclusive or not) there was no any difference in their tenure, in the case of the 'exclusive CEOs' the average was lower than the CEOs in case of duality.

Notably, the percentage of women's presence was in the lowest level of all the previous findings documented by the Hellenic Observatory of Corporate Governance (HOCG). Only 13 female directors served in Board positions through the whole period. The average board size of the Greek Football Clubs changed through the years and a slight increase from seven to almost ten members was documented. Moreover, separation fluctuated between 37.5% - 50%, showing a preference for duality of the role between the Chairperson and CEO.

Finally, an interesting but at the same time not surprising finding was the fact that there were no interlocking directorates, revealing the existence of strong emotional relationships between a director and the football club. Our findings have implications for the empirical research on the field of corporate governance in football clubs, as well as implications for the administrators of the Greek football federation and the managers of the Greek football teams.

**Note:** It is essential to clarify the terms of "directorship" and "director". When we refer to a "director" we mean the individual who serves the Board, while by using the word "directorship" we state the position held by the director.

## References

---

ABN AMRO, (2006), Economics Department, *Soccernomics 2006*, Holland

Deloitte & Touche, (2010), Sports Business Group, *Football Money League 2010*, London, Deloitte & Touche

Grand Thornton, *Updated economic impact of the 2010 FIFA World Cup*, Grand Thornton South Africa

Hamil S., Holt M., Michie J., Oughton Ch. and Shailer L., (2004), The corporate governance of professional football clubs, *Corporate Governance: An International Review*, Vol. 4, No. 2, pp. 44-51

HOCG, (2007), Review of the Hellenic Observatory of Corporate Governance, Vol.1, Issue 1, ISSN 1759-0108, Available from: <http://www.hocg.eu/index.php?lang=en>

HOCG, (2008), Review of the Hellenic Observatory of Corporate Governance, Vol. 2, Issue 1, ISSN 1759-0108, Available from: <http://www.hocg.eu/index.php?lang=en>

HOCG, (2009), Review of the Hellenic Observatory of Corporate Governance, Vol. 3, Issue 1, ISSN 1759-0108, Available from: <http://www.hocg.eu/index.php?lang=en>

Michie, J. and Oughton, C., (2005), The Corporate Governance of Professional Football Clubs in England, *Corporate Governance: An International Review*, Vol. 13, No. 4, pp. 517-531

**Dr. Dimitrios N. Koufopoulos of Brunel Business School is the Scientific Director of the HOCG and Editor of the Review ([www.hocg.eu](http://www.hocg.eu))**

**Project Leader:** Vasilios Th. **Zoumbos**

**Project Contributors:** Ioannis P. **Gkliatis**, Eudokia Ch. **Tsoni**, Niki **Agalioti**, Dimitra **Thanasoula** and Maria **Argyropoulou** have been assisting in the collection and analysis of the data.

**Disclaimer:** The views expressed in this newsletter are those of the authors of the research and not those of the Brunel University, Brunel Business School and the Federation of the Greek Industries and Enterprises.